

Court File No.: BK-24-03063478-0031  
Estate File No.: 31-3063478

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,**  
**R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL**  
**OF CANNMART LABS INC., OF THE CITY OF TORONTO IN THE PROVINCE OF**  
**ONTARIO**

**MOTION RECORD**  
**Returnable May 2, 2024**

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# **TAB 1**

**ONTARIO**  
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**NOTICE OF MOTION**

**CANNMART LABS INC.** (“**CannMart Labs**” or the “**Applicant**”) will make a motion to Justice Penny presiding over the Commercial List on Thursday, May 2, 2024, at 10:30 a.m. (Eastern), or as soon after that time as the motion can be heard via Zoom videoconference, at the courthouse 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard by video conference. Video conference sign-in details will be made available on Caselines prior to the hearing.

**THIS MOTION IS FOR:**

1. An Order (the “**Initial Order**”) substantially in the form attached at Tab 4 of this Motion Record that, among other things:
  - (a) abridges and validates the time for service of this Notice of Motion and the Motion Record and dispenses with further service thereof;



- (b) declares that CannMart Labs is a company to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) applies;
- (c) authorizes the continuation under the CCAA of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) proposal proceedings commenced on April 3, 2024, pursuant to the Notice of Intention to Make a Proposal filed by CannMart Labs (the “**NOI**”);
- (d) appoints msi Spergel Inc., (“**Spergel**” or the “**Monitor**”) as an officer of this Honourable Court to monitor the business and financial affairs of the Applicant;
- (e) provides for a stay of proceedings in respect of the Applicant up to and including July 17, 2024 (the “**Stay Period**”);
- (f) approves the DIP Term Sheet (the “**DIP Term Sheet**”) between CannMart Labs and Lifeist Wellness Inc. (“**Lifeist**” or in such capacity, the “**DIP Lender**”) to provide interim financing to CannMart Labs (the “**DIP Facility**”) up to the maximum principal amount of \$400,000 (excluding interest, fees and expenses);
- (g) grants a charge against all of the Applicant’s property to secure amounts advanced under the DIP Facility (the “**DIP Charge**”) with priority over all other charges and encumbrances other than the Administration Charge (defined below);
- (h) establishes the Administration Charge (as defined below) in the maximum amount of \$300,000; and
- (i) declares that the directors and officers of CannMart Labs shall be indemnified for obligations and liabilities that they may incur in their capacity as directors or officers after the commencement of these proceedings and granting the D&O

Charge (as defined below) in the maximum amount of \$75,000 as security for the aforesaid indemnity, which charge shall rank behind the Administration Charge and the DIP Charge;

2. An Order (the “**SISP Order**”) substantially in the form attached at Tab 6 of this Motion Record approving a sale and investor solicitation process (the “**SISP**”) to identify one or more financiers, purchasers of and/or investors in the Company, the Business and/or Assets (each as defined in the SISP).
3. Such further and other relief as this Honourable Court may deem just and equitable.

**THE GROUNDS FOR THE MOTION ARE:**

4. The material facts, including CannMart Labs’s corporate history and structure, operations and assets, creditors, financial position, and recent pre-filing marketing efforts, are set forth in detail in the Affidavit of Daniel Stern sworn April 26, 2024 (the “**Stern Affidavit**”).
5. CannMart Labs filed an NOI on April 3, 2024 (the proceedings commenced by such filing, the “**NOI Proceedings**”). Spergel was appointed as the proposal trustee in the NOI Proceedings (in such capacity, the “**Proposal Trustee**”).
6. CannMart Labs is located in Etobicoke, Ontario, and is a licensed producer of cannabis pursuant to the *Cannabis Act*, S.C. 2018, c. 16 and the *Cannabis Regulations*, SOR/2018-144.
7. CannMart Labs’s monthly disbursements exceeds its monthly receipts by approximately \$25,000, before payment of the professional fees associated with the restructuring. As a

result, CannMart Labs is insolvent, faces a liquidity crisis and requires relief under the CCAA.

8. CannMart Labs has entered into a DIP Term Sheet with its parent company, Lifeist, as the debtor-in-possession (“**DIP**”) lender and has agreed to provide up to \$400,000 in DIP financing to CannMart Labs.
9. The CCAA offers the most flexibility for the Applicant to reorganize its business. If certain deadlines are not met, or if the creditors reject a BIA proposal from the Applicant, the NOI Proceedings will automatically transition into bankruptcy. Normally, the Applicant’s assets would be transferred to Spergel in its role as bankruptcy trustee. However, due to the Applicant’s status as a licensed producer and distributor of Cannabis Products, a legal complication arises: Spergel is legally prohibited from taking possession of the cannabis products. Consequently, Spergel would not assume possession or control of the Applicant’s assets.
10. CannMart Labs requires the protections afforded under the CCAA in order to maintain the *status quo* and obtain the breathing room required to in order for CannMart Labs to complete its SISP so it can maintain its going concern value and preserve its cannabis licenses in an effort to maximize value for the benefit of CannMart Labs stakeholders.

### ***Background***

11. CannMart Labs is a private corporation incorporated under the *Business Corporations Act* (Ontario).
12. CannMart Labs is a wholly-owned subsidiary of Lifeist, a publicly-traded company trading on the TSX Venture Exchange under the ticker symbol LFST.

13. CannMart Labs develops butane hash oil (“**BHO**”) extracts. BHO extracts is a concentrated extraction of cannabis that is used to create topical treatments, liquids in vaping, edibles, and other cannabis-related products (collectively the “**Cannabis Products**”). The Applicant’s principal activities are the production and distribution of Cannabis Products.

***Financial Situation of the Applicant***

14. The Applicant has prepared a 13-week cash flow forecast that demonstrates that subject to the approval of the proposed DIP Term Sheet, CannMart Labs will have sufficient liquidity to meet its obligations during the requested stay period up to July 17, 2024.
15. The Applicant has over \$5 million of current liabilities, but only has \$38,000 of cash. It cannot meet its current obligations generally as they become due and is therefore insolvent. The Applicant has temporarily ceased operations to reduce its monthly cash burn.

***Creditors***

16. Two *Personal Property Security Act* registrations have been made against the Applicant. In summary, the following sets out the relative priority of the security interests of each secured creditor:
  - (a) Namaste Technologies (Lifeist); and
  - (b) Bank of Montreal.
17. The amount of secured indebtedness owed by the Applicant is over approximately \$10 million.
18. The Applicant has unsecured indebtedness of approximately \$13 million.

***DIP Facility and the DIP Charge***

19. On April 26, 2024, CannMart Labs entered into a DIP Term Sheet with the DIP Lender, who agreed to provide a DIP Facility according to the Applicant's cash flow forecast, developed with the Proposal Trustee's help. The approval of this DIP Facility will ensure the Applicant has enough liquidity to maintain operations and cover restructuring costs while pursuing a sales process to optimize stakeholder value.
20. However, the DIP Facility requires Court approval and the assignment of a priority DIP Charge before any funds are advanced.
21. The Proposal Trustee supports both the approval of the DIP Facility and the granting of the DIP Charge.

***Administration Charge***

22. The Applicant seeks a super-priority charge (the "**Administration Charge**") over all of its property, to secure the fees and disbursements of the Applicant's counsel, the Proposal Trustee and its legal counsel, that are incurred in connection with services rendered to the Applicant both before and after the commencement of the NOI Proceeding, up to a maximum amount of \$300,000. The implementation of the Administration Charge is essential for protecting the fees and disbursements of restructuring professionals, who have played and continue to play a critical role in the sale and restructuring efforts of the Applicant.

***D&O Charge***

23. To maintain stability during the CCAA Proceedings and enhance the likelihood of a successful sale or restructuring, the Applicant needs its directors and officers to remain

involved. These individuals possess specialized expertise, knowledge, and maintain essential relationships with suppliers, employees, and other stakeholders.

24. However, these directors and officers will not continue in their roles unless the Court issues an order that: (a) indemnifies them against liabilities incurred post-NOI Proceedings commencement, and (b) establishes a charge on the Applicant's property in the maximum amount of \$75,000 (the "**D&O Charge**") as security for the indemnity given by the Applicant.
25. The existing directors and officers' insurance policy has exclusions and limitations that might leave them unprotected by their insurance. The proposed Directors' Charge will be subordinate to both the Administration Charge and the DIP Charge.
26. After consultation with the Proposal Trustee, who supports with the assessed amount, the Directors' Charge is deemed fair and reasonable in the circumstances.

***The SISP***

27. The proposed SISP will enable the Applicant to market its business and assets effectively to maximize returns for its stakeholders. In collaboration with the Proposal Trustee, the Applicant has designed the SISP with a 45-day sales timeline. This process takes into account prior marketing efforts before the NOI Proceedings and aims to provide sufficient time to thoroughly canvass the market for potential bids.
28. The proposed SISP will be initiated by the distribution of a teaser document to potentially interested parties, to outline the opportunity and invite them to explore a transaction with the Applicant.

29. The SISP is designed to be flexible and allows interested parties to submit binding offers for any or all of CannMart Labs's assets, invest in CannMart Labs, or acquire the business as a going concern. It also grants CannMart Labs and the proposed Monitor the authority to extend or amend the SISP to enhance the sales process, with the approval of the Court required for any changes.
30. The outside date for closing a transaction under the proposed SISP is anticipated to be a maximum of four weeks after the Sale Approval Hearing (as defined in the SISP).

***Continuation under the CCAA***

31. The Applicant seeks to continue the NOI Proceeding under the CCAA pursuant to section 11.6 of the CCAA. The CCAA is the best forum for these insolvency proceedings and presents the best possible chance of maximizing value for all stakeholders of CannMart Labs, including its equity holders.
32. Further, in the event that the NOI Proceeding failed, the Proposal Trustee will not take possession of the cannabis assets of the Applicant because it is not a licensed producer under the Act and the Regulations. The foregoing issue is eliminated by continuing the NOI Proceeding under the CCAA.
33. The Proposal Trustee supports CannMart Labs's motion to continue the NOI Proceeding under the CCAA.

***Objective of the CCAA Proceeding***

34. CannMart Labs requires the protections afforded under the CCAA in order to maintain the *status quo*, obtain the breathing room required to pursue and implement its restructuring strategy.

35. CannMart Labs current level of cash flow is insufficient to allow it to meet its financial obligations as they become due.
36. As part of its restructuring strategy, CannMart Labs intends to, among other things, explore options as follows:
  - (a) initiate a structured sales process to sell CannMart Labs for the maximum achievable value for the benefit of all stakeholders; and
  - (b) if there remains value for unsecured creditors, to conduct a claims procedure to accurately identify all potential unsecured claims against CannMart Labs in order to develop and submit a plan of compromise or arrangement.
37. The proposed Monitor has consented to act as Monitor in the CCAA proceedings.

***Statutory Regime Relied On***

38. The provisions of the BIA, including section 50.4(9), and the statutory, inherent and equitable jurisdiction of this Honourable Court;
39. The provisions of the CCAA, including sections 2(1), 3(1), 10(2), 11.02, 11.2, 11.6, 11.7, 11.51, 11.52 and the statutory, inherent and equitable jurisdiction of this Honourable Court.
40. Section 8(1) of the *Cannabis Act* and the *Cannabis Regulations*.
41. Rules 1.04, 2.03, 3.02, 16.04 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, and section 106 of the *Courts of Justice Act*, R.R.O. 1990 c. C.43, as amended.
42. Such further and other grounds as counsel may advise.



**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Stern Affidavit, and the Exhibits thereto;
- (b) the First Report of the Monitor;
- (c) a copy of a blackline of the Model Order to the Initial Order at Tab 5;
- (d) the Consent of Spergel to act as Monitor in the CCAA proceedings;
- (e) such further and other evidence as counsel may advise and this Honourable Court may permit.

April 26, 2024

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**TO: THIS HONOURABLE COURT**

**AND TO: THE ATTACHED SERVICE LIST**

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CANNMART LABS INC., OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

Court File No.: BK-24-03063478-0031  
Estate File No. 31-3063478

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**NOTICE OF MOTION**

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# TAB 2

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,**  
**R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL**  
**OF CANNMART LABS INC., OF THE CITY OF TORONTO IN THE PROVINCE OF**  
**ONTARIO**

**AFFIDAVIT OF DANIEL STERN**  
**(sworn April 26, 2024)**

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I, Daniel Stern, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

**I. INTRODUCTION**

1. I am the Chief Executive Officer (“**CEO**”) of CannMart Labs Inc. (“**CannMart Labs**”) and have been in this position since March 2018. As CEO, I am responsible for the day-to-day overall operational strategy of CannMart Labs and the execution of same.
2. As a result of my position, I am familiar with CannMart Labs’ day-to-day operations, business and financial affairs, the books and records of CannMart Labs, and I have personal knowledge of the matters deposed to in this affidavit. Where I have relied on information received from others, I have stated the source of such information, and I believe it to be true. In preparing this affidavit, I have consulted with other members of CannMart Labs’ senior leadership, legal counsel, and other advisors.
3. On April 3, 2024 (the “**NOI Filing Date**”), CannMart Labs filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). Msi Spergel Inc. (“**Spergel**”), was appointed as the proposal trustee (in such capacity, the “**Proposal Trustee**”) in the NOI proceeding. Attached hereto as **Exhibit “A”** is a copy of the Certificate of Filing of a Notice of Intention to Make a Proposal that was filed with the Office of the Superintendent of Bankruptcy.
4. This affidavit is sworn in support of a motion for an Order (the “**Initial Order**”), among other things:
  - (a) abridging the time for service of the Motion Record and dispensing with service on any other person other than those served;

- (b) converting the proceeding initiated by way of the NOI to a proceeding under the *Companies' Creditors Arrangement Act* (Canada) (the “**CCAA**”);
  - (c) appointing Spergel as the court-appointed monitor of CannMart Labs (in such capacity, the “**Monitor**”) in the CCAA proceeding;
  - (d) providing for a stay of proceedings in respect of CannMart Labs up to and including July 17, 2024 (the “**Stay Period**”);
  - (e) establishing the Administration Charge (defined below);
  - (f) approving the DIP Term Sheet and granting the DIP Charge (each as defined below); and
  - (g) approving an indemnity by CannMart Labs in favour of its directors and officers for any liability that may be incurred after the commencement of this proceeding, and granting the Directors' Charge (defined below) as security for such indemnity.
5. This affidavit is also sworn in support of an order (the “**SISP Order**”) that, among other things, approves a sale and investment solicitation process (the “**SISP**”) to identify one or more purchasers, financiers, and/or investors of CannMart Labs, the Business and/or the Assets (each as defined in the SISP).
6. The purpose of the CCAA proceeding is to provide CannMart Labs with stability and access to additional liquidity through the proposed debtor-in-possession financing (“**DIP Financing**”) while CannMart Labs attempts to identify a purchaser of all, or substantially all of its assets, or an investor in CannMart Labs' business through the proposed SISP. The relief requested is integral to achieving this goal, and absent the approval of the DIP

Financing, CannMart Labs will be required to liquidate its assets through a forced liquidation, which is not in the best interests of CannMart Labs' stakeholders.

7. All monetary amounts referred to in this Affidavit are in Canadian dollars, unless otherwise noted.

## **II. FINANCIAL DIFFICULTIES OF CANNMART LABS**

8. CannMart Labs is one of the few licensed cannabis producers that produces butane hash oil (“**BHO**”) extracts in Canada. It operates from a production facility located in Etobicoke, Ontario. CannMart Labs primarily sells the BHO extracts it produces to its indirect affiliate, CannMart Inc.
9. CannMart Labs' financial issues arise from the intense regulatory nature of the Canadian cannabis industry and the disproportionately high tax and regulatory fees imposed on licensed cannabis producers under the regulatory and taxation regimes. Approximately half of CannMart Labs' revenue is used to pay for these obligations. This financial burden limits CannMart Labs' operational flexibility, and hampers its ability to invest in growth initiatives, further compounding CannMart Labs' financial difficulties.
10. The Cash Flow Forecast (defined below) projects that CannMart Labs' ordinary course monthly disbursements will exceed its monthly receipts by approximately \$25,000 before payment of the professional fees associated with the restructuring. CannMart Labs does not have sufficient cash to continue to sustain losses.
11. Historically, CannMart Labs was funded either directly or indirectly by its parent company, Lifeist Wellness Inc. (“**Lifeist**”). However, Lifeist has reached a juncture where continuing to fund CannMart Labs will jeopardize its own financial stability. Lifeist has decided that



it will only continue to provide financial assistance in the context of CannMart Labs' proposed restructuring. Furthermore, CannMart Labs has no realistic prospect of securing capital from alternative sources due to the challenging conditions prevailing in the capital markets and the general decline in the cannabis industry in Canada.

12. Due to CannMart Labs' liquidity issues, it has temporarily ceased operations to focus on this restructuring. Without approval of the proposed DIP Financing, CannMart Labs does not have the requisite liquidity to restructure and would be required to immediately liquidate, causing a loss in value associated with its cannabis licenses and the institutional knowledge associated with the BHO extraction process.
13. The CCAA provides the most appropriate forum for CannMart Labs to restructure its affairs. CannMart Labs requires the protections afforded under the CCAA to maintain the *status quo* and obtain the breathing room required to implement its restructuring strategy. With the benefit of the protections afforded by the CCAA, CannMart Labs will be able to maintain its going concern value and preserve its cannabis licenses to maximize value for the benefit of CannMart Labs' stakeholders.
14. The CCAA provides additional flexibility that is not available in the NOI Proceeding under the BIA. For example, I am advised by Mitch Grossell of Thornton Grout Finnigan LLP that if certain statutory timelines are not met in the NOI Proceeding or if a proposal under the BIA is rejected by CannMart Labs' creditors, the debtor company is automatically deemed bankrupt pursuant to the BIA. In the normal course, this would result in CannMart Labs' assets vesting in Spergel as the *de facto* bankruptcy trustee. However, given the

nature of CannMart Labs' business as a licensed producer of cannabis products, this creates an unworkable issue.

15. I am advised by Mr. Grossell that Spergel is not permitted by law to take possession of cannabis products because Spergel is not licensed to do so under the *Cannabis Act*, S.C. 2018, c. 16 (the "**Act**") or the *Cannabis Regulations*, SOR/2018-144 (the "**Regulations**"). As a result, if there is a deemed bankruptcy in the NOI proceeding, Spergel has advised that it will not take possession of, or secure any of, the cannabis products because that would directly contravene the Act and the Regulations. The cannabis products comprise a significant portion of CannMart Labs' operating assets and such a result would not be in the best interests of CannMart Labs or its stakeholders since significant value would be lost.

### **III. OVERVIEW OF CANNMART LABS**

#### **A. Background & Corporate Structure**

13. CannMart Labs is a private corporation incorporated pursuant to the *Business Corporations Act* (Ontario) (the "**OBCA**") on March 7, 2018, and is a wholly-owned subsidiary of Lifeist. Lifeist is a publicly traded and widely held company listed on the TSX Venture Exchange under the ticker symbol LFST. CannMart Labs' registered head office is located at 18 Canso Road, Etobicoke, Ontario. Attached hereto as **Exhibit "B"** is a copy of CannMart Labs' corporate profile report, and a copy of CannMart Labs' organizational chart is attached hereto as **Exhibit "C"**.
14. The board of directors is comprised of one director, Meni Morim. In addition, CannMart Labs has two officers: myself as CEO and Mr. Morim as President.

**B. *The Business***

15. CannMart Labs is a licensed cannabis producer in accordance with the Act and the Regulations that is in the business of developing BHO extracts. BHO extracts are a concentrated extraction of cannabis that is used to create topical treatments, liquids in vaping, edibles, and other cannabis-related products (collectively the “**Cannabis Products**”). BHO extracts may be sold as a stand-alone product, or can also be used to increase potency in other cannabis products.
16. CannMart Labs sources cannabis biomass from other licensed producers, and extracts the biomass to produce the BHO extracts. In BHO extraction, the type of biomass used significantly influences the extraction process and the quality of the final product. The primary function of the biomass is to purify and refine the BHO produced during the extraction process.

**C. *CannMart Brands***

17. The BHO extracts produced by CannMart Labs are packaged under the brand names “Roilty” and “Zest Cannabis”. The Cannabis Products packaged under these brands are sold by CannMart Inc. to the various provincial entities across Canada who are largely responsible for the distribution of cannabis products to retailers. CannMart Inc. is not a party to these proceedings.

**D. *Cannabis Licensing & Regulations***

**i. Cannabis License**

18. In accordance with the Act and Regulations, CannMart Labs renewed its cannabis license (the “**License**”) from Health Canada on December 19, 2023. The License is valid until February 12, 2026 (the “**Expiry Date**”). The License is for the possession, production, and

sale of cannabis at CannMart Labs' facility at 7 Canso Road, Etobicoke, Ontario (the "**Facility**") A copy of the License is attached hereto as **Exhibit "D"**.

19. The License permits CannMart Labs to undertake the following activities (collectively, the "**Licensed Activities**") at the Facility:
  - (a) possess cannabis;
  - (b) obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by production, other than by cultivating, propagating or harvesting it; and
  - (c) sell cannabis in accordance with subsection 17(5) of the Regulations;
  
20. The License is subject to the following conditions:
  - (a) CannMart Labs must satisfy the requirements set out in Health Canada's directive entitled "Mandatory cannabis testing for pesticide active ingredients – Requirements";
  - (b) CannMart Labs may only sell or distribute to holders of a license for sale and persons that are authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, the following products: (i) cannabis plants; (ii) cannabis plant seeds; (iii) dried cannabis; and (iv) fresh cannabis; and
  - (c) CannMart Labs may only send or deliver to a purchaser, at the request of holders of a license for sale and persons that are authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, the following products: (i) cannabis plants; (ii) cannabis plant seeds; (iii) dried cannabis; and (iv) fresh cannabis.

21. As of today's date, the License remains in good standing and Health Canada has not expressed any material issues or concerns with respect to CannMart Labs' compliance with the Act, the Regulations or conditions under the License.

**ii. Excise Cannabis License**

22. CannMart Labs obtained its cannabis license under the *Excise Act, 2001* (Canada) on March 18, 2021 (the "**Excise License**"). A copy of the Excise License is attached as **Exhibit "E"**. The Excise License expires on May 17, 2024. A copy of the Excise License renewal letter from the CRA is attached as **Exhibit "F"**.

23. As part of the application process to obtain the Excise License, CannMart Labs was required to post security with Canada Revenue Agency ("**CRA**") in the amount of \$250,000. CannMart Labs obtained a Surety Bond for Cannabis (the "**Security Bond**") from Trisura Guarantee Insurance Company ("**Trisura**") on July 1, 2022. The Security Bond was renewed by a Continuation Certificate from Trisura dated July 11, 2023 (the "**Continuation Certificate**"), for a one-year period, expiring July 1, 2024. A copy of the Continuation Certificate is attached hereto as **Exhibit "G"**.

24. On April 4, 2024, Trisura delivered a letter (the "**Cancellation Letter**") to the CRA advising that it wished to be relieved of its obligations under the Security Bond and provided 60 days' written notice of Trisura's intention to cancel the Security Bond. Attached here as **Exhibit "H"** is a copy of the Cancellation Letter.

25. I am advised by Josh Hone, controller of Lifeist, that on or around April 22, 2024, that, due to the expiration of the Excise License, the CRA intends to audit CannMart Labs at the Facility in or around early May 2024. CannMart Labs has not received formal written

notice of an audit or any other actions that CRA may take. However, I understand that the CRA advised it may be required to destroy cannabis inventory that already has excise stamps on it due to the expiration of the Excise License. CannMart Labs is evaluating its options at this time, but the destruction of any cannabis inventory may destroy value in the proposed sales process and may potentially compromise the viability of this restructuring.

***E. Employees***

26. As of today, CannMart Labs has no employees. At the peak of its operations, CannMart Labs had 40 employees. After it temporarily ceased operations because of its liquidity issues, CannMart Labs transferred its employees to CannMart Inc.

***F. Material Contracts***

**i. Facility Lease**

27. CannMart Labs operates from a 6,000 sq ft Facility that is located 7 Canso Road, Etobicoke, Ontario. CannMart Labs leases the Facility from Stellar Construction Enterprises Limited pursuant to a Lease Extension and Amending Agreement dated April 28, 2023 (the “**Lease**”). A copy of the Lease is attached hereto as **Exhibit “I”**. CannMart Labs pays approximately \$6,000 of rent each month, with annual increases. The term of the Lease expires in April 2028.

**IV. FINANCIAL SITUATION AND CASH FLOW FORECAST**

***A. Financial Statements***

28. CannMart Labs’ fiscal year-end is November 30. A copy of CannMart Labs’ most recent internal Profit and Loss statements for the period from December 1, 2022 to November 30, 2023, are attached hereto as **Exhibit “J”**. The most recent internal interim balance sheet and Profit and Loss Statement of CannMart Labs as of February 29, 2024 is also attached hereto as **Exhibit “K”**.

**B. Assets**

29. As at February 29, 2024, CannMart Labs had assets with a book value of approximately \$25.9 million. The salient assets on the balance sheet include:

- (a) Cash (\$23,408);
- (b) Security collateral (\$187,500);
- (c) Cannabis inventory and packaging (\$540,600);
- (d) Sales tax receivable (\$568,446);
- (e) Intercompany receivables \$23,031,577);<sup>1</sup> and
- (f) Plant, property and equipment (\$1,411,558).

**C. Liabilities**

30. As at February 29, 2024 CannMart Labs recorded liabilities in the aggregate amount of approximately \$46.2 million. The salient liabilities on the balance sheet include:

- (a) Accounts payable (\$1,687,463);
- (b) Accrued liabilities (\$3,359,666); and
- (c) Intercompany liabilities (\$40,433,981).<sup>2</sup>

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<sup>1</sup> This includes a receivable from Lifeist in the amount of \$873,475.70 and two receivables from CannMart Inc. in the aggregate amount of \$22,158,101.33.

<sup>2</sup> The intercompany liabilities include: (a) Lifeist in the amount of \$11,279,551.84, (b) NamasteMD in the amount of \$65,155.43, (c) CannMart Inc. in the amount of \$29,084,984.64, and (d) CannMart Marketplace in the amount of \$4,289.37.

**D. Cash Flow Forecast**

31. Attached hereto as **Exhibit “L”** is a statement of CannMart Labs’ projected 13-week cash flow forecast (the “**Cash Flow Forecast**”) for the period of the week beginning April 27, 2024, to the week ending July 20, 2024. The Cash Flow Forecast was prepared by CannMart Labs, with the assistance of the proposed Monitor.
32. The Cash Flow Forecast demonstrates that, subject to the approval of the proposed DIP Financing, CannMart Labs will have sufficient liquidity to meet its obligations during the requested stay period up to July 17, 2024.

**V. CREDITORS OF CANNMART**

33. Attached hereto as **Exhibit “M”** is a copy of the creditor list included in the NOI.

**A. PPSA Registrations**

34. Based on a search conducted in the Personal Property Security Registration System, the following entities have security interest registrations in respect of CannMart Lab:

<b>Secured Parties</b>	<b>Debtors</b>	<b>Registration Date</b>	<b>Collateral</b>	<b>Security Agreement</b>
Namaste Technologies (now operating as Lifeist Wellness Inc.)	CannMart Labs Inc.	December 14, 2020	I, E, A, O, MV	General Security Agreement
Bank of Montreal (“ <b>BMO</b> ”)	CannMart Labs Inc.	September 20, 2023	A, O	Cash Collateral

35. A copy of a certified search of the Personal Property Security Registration System (the “**PPSA Registry**”) as at April 21, 2024, with respect to CannMart Labs is attached hereto as **Exhibit “N”**.

**B. BMO Term Sheet**

36. On July 27, 2022, CannMart Labs and BMO entered into a term sheet (the “**BMO Term Sheet**”). Pursuant to the BMO Term Sheet, BMO provided CannMart Labs with a letter of



credit facility in the principal amount of \$187,500 (the “**BMO Facility**”). A copy of the BMO Term Sheet is attached hereto as **Exhibit “O”**.

37. The BMO Facility matures and is payable within one year from the date of issuance. As security in respect of the BMO Facility, pursuant to a Cash Collateral Pledge, CannMart Labs has provided cash collateral in the principal amount to BMO. A copy of the BMO Pledge is attached hereto as **Exhibit “P”**.
38. On July 7, 2023, BMO renewed the BMO Facility pursuant to its autorenewal clause in the BMO Term Sheet until August 3, 2024. A copy of the BMO renewal letter is attached hereto as **Exhibit “Q”**.

**C. *Intercompany Transactions***

**i. Lifeist**

39. As previously described, Lifeist directly and indirectly funded CannMart Labs’ operations. Pursuant to a Promissory Note dated November 17, 2020 (the “**Promissory Note**”) between Namaste Technologies Inc. (now Lifeist) and CannMart Labs, CannMart Labs was authorized to borrow amounts from Lifeist. As of today’s date, CannMart Labs has been unable to locate a copy of the Promissory Note.
40. The Promissory Note is secured by a General Security Agreement dated November 17, 2020 (the “**GSA**”). Pursuant to the GSA CannMart Labs granted a security interest over all of its assets to Lifeist.
41. As at February 29, 2024, CannMart Labs owes Lifeist approximately \$10.4 million.

**ii. CannMart Inc.**

42. From time to time, CannMart Inc. provided funding to CannMart Labs instead of directly from Lifeist. There is no loan agreement between CannMart Labs and CannMart Inc.
43. As of February 29, 2024, CannMart Labs owes CannMart Inc. approximately \$6.9 million. This represents the difference between the funding received from CannMart Inc. (approximately \$29.1 million) less the amounts owed to CannMart Labs (approximately \$22.2 million) due to the Cannabis Products supplied by CannMart Labs to CannMart Inc.
44. Since February 29, 2024, CannMart Inc. has continued to fund CannMart Labs. This has resulted in a further increase to the net amount owed to CannMart Inc. from approximately \$6.9 million to approximately \$8.7 million.

**VI. INSOLVENCY**

45. While CannMart Labs was still operating, its disbursements exceeded its receipts by approximately \$600,000 each month. As at April 3, 2024, CannMart Labs has approximately \$38,000 in its bank account. As previously described, CannMart Labs has temporarily ceased operations to reduce its monthly cash burn.
46. In light of the foregoing, CannMart Labs cannot meet its obligations generally as they become due and is therefore insolvent.

**VII. OBJECTIVE OF THE RESTRUCTURING**

47. As described above, CannMart Labs is insolvent and facing a severe liquidity crisis. CannMart Labs requires the protections afforded under the CCAA to maintain the *status quo*, and obtain the breathing room required to pursue and implement its restructuring strategy.

48. As part of its restructuring strategy, CannMart Labs intends to, among other things:
- (a) initiate the proposed SISP to sell CannMart Labs for the maximum achievable value for the benefit of all stakeholders; and
  - (b) if there remains value for unsecured creditors, conduct a claims procedure to accurately identify all potential unsecured claims against CannMart Labs.
49. Addressing these claims effectively will allow CannMart Labs to resolve its historical obligations and continue its operations in the ordinary course, cleansed of past liabilities and positioned for future stability and growth.

#### **VIII. CONTINUATION OF PROCEEDING UNDER CCAA**

50. CannMart Labs seeks to continue the NOI proceeding under the CCAA pursuant to section 11.6 of the CCAA. Due to the nature of CannMart Labs' assets, the CCAA is the best forum for these insolvency proceedings and presents the best possible chance of maximizing value for all stakeholders of CannMart Labs.
51. As described previously, an untenable situation would arise if CannMart Labs was deemed bankrupt as a result of the NOI proceeding. Given the complicated factual and legal issues currently facing CannMart Labs, I believe that the CCAA is a better forum to restructure CannMart Labs due to its flexible nature.
52. I am advised by Mukul Manchanda of Spergel that the proposed Monitor supports CannMart Labs' motion to continue the NOI proceeding under the CCAA and consents to its appointment as Monitor.

**IX. DIP TERM SHEET**

53. In connection with the SISP and given CannMart Labs' liquidity constraints, CannMart Labs and Lifeist (the "**DIP Lender**") engaged in discussions with respect to the proposed DIP Financing provided by the DIP Lender for working capital purposes and to finance the restructuring.
54. As reflected in the Cash Flow Forecast, CannMart Labs requires immediate financing to fund its ongoing operations. On April 26, 2024 CannMart Labs and the DIP Lender executed a DIP Term Sheet (the "**DIP Term Sheet**") pursuant to which the DIP Lender agreed to provide interim financing up to a maximum amount of \$400,000 (the "**DIP Facility**"), subject to the satisfaction of certain conditions. A copy of the DIP Term Sheet is attached hereto as **Exhibit "R"**.
55. Among other conditions, the DIP Lender is prepared to provide the DIP Facility to CannMart Labs provided that the Court approves the DIP Facility and the DIP Lender obtains a charge (the "**DIP Charge**") securing all amounts advanced and obligations incurred pursuant to the DIP Term Sheet that ranks in priority to all other encumbrances save and except for the Administration Charge (defined below). The proposed DIP Charge provides a security interest in favour of the DIP Lender over all present and future assets of CannMart Labs.
56. The execution of the DIP Term Sheet by CannMart Labs is subject to approval of the Court. The salient terms of the DIP Term Sheet include:
- (a) the amount of the DIP Facility is \$400,000;

- (b) advances under the DIP Facility shall consist of minimum advances of \$100,000. Each advance shall be requested by CannMart Labs in writing;
- (c) interest accrues on amounts advanced at a rate of 10% per annum;
- (d) CannMart Labs shall pay the DIP Lender's expenses arising in connection with the DIP Term Sheet;
- (e) as security for the obligations of CannMart Labs under the DIP Facility, the DIP Lender will obtain the benefit of the proposed DIP Charge; and
- (f) CannMart Labs shall pay to the DIP Lender a commitment fee equal to two percent of the amount of the DIP Facility. The commitment fee is non-refundable and fully earned and payable as of the date of the first advance.

57. The primary purpose of the DIP Facility is to fund capital requirements of CannMart Labs, including the payment of professional fees incurred during the CCAA proceeding, while CannMart Labs conducts the proposed SISP to maximize recoveries for the benefit of its stakeholders, subject to approval of the Court.

58. I believe the DIP Term Sheet is in the best interests of CannMart Labs in the circumstances and will allow it to solicit and pursue a transaction with the intention of maximizing value for its stakeholders.

**X. THE SISP**

59. The proposed SISP provides for the marketing of CannMart Labs' business and assets. Attached hereto and marked as **Exhibit "S"** is a copy of the proposed SISP.

60. Prior to the development of the SISP and the commencement of the NOI proceeding, CannMart Labs spent time and resources in marketing the company. CannMart Labs commenced a sales process in January 2023. Lifeist has been trying to sell CannMart Labs for two years. As part of these efforts, Lifeist engaged Kronos Capital Partners, a transactional advisory firm with expertise in the cannabis industry.
61. Lifeist engaged with dozens of cannabis companies and held exploratory discussions with four parties who were interested in acquiring CannMart Labs. However, none of the offers were acceptable and CannMart Labs did not enter into a transaction. Lifeist continued to entertain discussions several interested parties who remained interested in CannMart Labs.
62. On February 1, 2024, Lifeist and several of its subsidiaries, including CannMart Labs, entered into a share purchase agreement (“SPA”) with 1463663 B.C. Ltd. The consideration payable under the transaction was approximately \$5 million, consisting of a cash payment of \$500,000, and a vendor takeback promissory note in the amount of \$4.5 million. Attached hereto and marked as **Exhibit “T”** is a copy of the SPA.
63. This transaction required approval from the shareholders of Lifeist. Unfortunately, Lifeist’s shareholders rejected the transaction, leading to the termination of the SPA. Attached hereto and marked as **Exhibit “U”** is a copy of the Lifeist press release relating to the termination of the SPA.
64. The proposed SISP contemplates a one phase bidding process over a 45-day period. CannMart Labs has worked with the proposed Monitor to develop the SISP timelines. The timelines were determined based on the amount of the DIP Facility and estimated cash burn during the proposed SISP. In consultation with the proposed Monitor, CannMart Labs will

identify as many strategic and financial parties to adequately canvass the market for possible bids that are superior to the proposed transaction in the SISP while keeping in mind the precarious financial situation of CannMart Labs.

65. The single-phase bidding process aims to quickly attract binding bids for CannMart Labs' assets and business by encouraging potential purchasers or investors to promptly submit offers. The SISP also allows sufficient time for potential purchasers to begin and complete their due diligence before finalizing their binding offers.
66. During the bidding process, bidders will receive access to a confidential data room to permit interested parties to evaluate the opportunity and determine if they are interested in submitting a binding bid. The deadline for submission of binding bids under the SISP is proposed to be 5:00 p.m. (Eastern Time) on June 17, 2024.
67. The proposed SISP will be initiated by distribution of a teaser letter (the "**Teaser Letter**") to potentially interested parties that describes the opportunity and invites those parties to consider a transaction with CannMart Labs by gaining access to a confidential data room upon execution of a confidentiality agreement.
68. The Teaser Letter will be distributed to known potential bidders, including: (a) parties that have approached CannMart Labs or the proposed Monitor indicating an interest in the opportunity; and (b) strategic parties whom CannMart Labs or the proposed Monitor believe may be interested in purchasing all or part of the Business and Assets, or investing in CannMart Labs, pursuant to the SISP.

69. The proposed SISP contemplates that, in the case of a qualified bid considered by the Monitor, in consultation with CannMart Labs, the following requirements must be met:
- (a) a cover letter stating that the Binding Bid is irrevocable until Court approval of the Successful Bid(s):
    - (i) in the case of a Sale Proposal, a duly authorized and executed definitive purchase agreement, together with all completed schedules thereto substantially in the form of the Form Purchase Agreement, together with a blackline comparing the purchase agreement submitted to the Form Purchase Agreement; and
    - (ii) in the case of an Investment Proposal, a duly authorized and executed binding term sheet;
  - (b) evidence that the bid is unconditional;
  - (c) written proof of the potential purchaser's financial wherewithal;
  - (d) a statement from the bidder that it has relied solely on its independent review of the information about CannMart Labs, the Business, and/or the Assets;
  - (e) satisfactory proof of authorization and approval from the bidder's board of directors or comparable governing body for the submission, execution, delivery, and closure of the transaction;
  - (f) details regarding the number of employees who will be retained by the bidder; and
  - (g) Any additional information that may be reasonably requested by CannMart Labs or the proposed Monitor.



70. The SISP is designed to be flexible and allows interested parties to submit a binding offer for some or all of CannMart Labs' assets, to make an investment in CannMart Labs, or acquire the business as a going concern. The SISP also gives CannMart Labs and the proposed Monitor the right to extend or amend the SISP to better promote a robust sale process, subject to the Court's approval.
71. The outside date for closing a transaction under the proposed SISP is anticipated to be a maximum of four weeks after the Sale Approval Hearing (as defined in the SISP).

## **XI. RELIEF SOUGHT UNDER INITIAL ORDER**

### ***A. The Monitor***

72. Spergel has consented to act as the Court-appointed Monitor of CannMart Labs, subject to its consent to any form of order of appointment that may be approved by the Court. A copy of Spergel's consent attached at **Tab "7"** of the Motion Record. I am advised by counsel that Spergel is a "trustee" within the meaning of section 2 of the BIA and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

### ***B. Administration Charge***

73. CannMart Labs seeks a super-priority charge (the "**Administration Charge**") on the Property (as defined in the draft Initial Order) up to the maximum amount of \$300,000 to secure the fees and disbursements incurred in connection with services rendered to CannMart Labs both before and after the commencement of the CCAA proceedings by counsel to CannMart Labs, the proposed Monitor, and counsel to the proposed Monitor.
74. It is contemplated that each of the aforementioned parties: (a) will have extensive involvement during the CCAA proceedings; (b) have contributed and will continue to

contribute to the restructuring of CannMart Labs; and (c) will ensure that there is no unnecessary duplication of work.

75. I understand that the proposed Monitor has reviewed the proposed quantum of the Administration Charge and is of the view that it is reasonable and appropriate in the circumstances given the contemplated work required to be completed during the pendency of the CCAA proceedings and the services provided and to be provided by the beneficiaries of the Administration Charge.

***D. Directors' Charge***

76. To ensure the ongoing stability of CannMart Labs' business during the CCAA proceeding, CannMart Labs requires the continued participation of its directors and officers who are responsible for managing the business and commercial activities of CannMart Labs. Those directors and officers include Mr. Morim and myself (the "D&Os"). The D&Os have considerable institutional knowledge, valuable expertise and experience and are required for the ongoing restructuring.
77. CannMart Labs' director and officer liability insurance policy (the "D&O Policy") with Berkley Canada expires on April 26, 2024. A copy of the D&O Policy is attached hereto as **Exhibit** "Consent of msi Spergel inc. to act as Court-appointed Monitor". The D&O Policy provides coverage up to \$7,500,000 for insured claims. CannMart Labs is currently in the processing of renewing the D&O Policy on substantially similar terms, other than reducing the coverage to \$5,000,000 which saves approximately \$250,000 in annual premiums.

78. I am advised by Mr. Grossell that that in certain circumstances directors and officers can be held personally liable for certain obligations and liabilities that they may incur as a director or officer after the commencement of the CCAA proceeding.
79. As a result, to ensure that the D&Os avoid liability in cases where the D&O Policy does not provide coverage, the D&Os require an indemnity for actions taken after the commencement of the CCAA proceedings and for such indemnity to be supported by an appropriate super-priority charge (the “**Directors’ Charge**”). This will allow the D&Os to be protected while they continue their efforts in the sales process and restructure the business.
80. The Directors’ Charge is intended to limit any personal liability that the D&Os may face after the commencement of the CCAA proceeding that is not covered by D&O Policy.
81. The proposed Initial Order contemplates that the Directors’ Charge will be in the amount of \$75,000. The Applicant worked with the proposed Monitor in determining the proposed quantum of the Directors’ Charge and believes that the Directors’ Charge is reasonable and appropriate in the circumstances. The Directors’ Charge is proposed to rank behind the Administration Charge and the DIP Charge. The proposed Monitor supports the granting of the Directors’ Charge and will expand on such support for the Directors’ Charge in its report to the Court.

***F. Ranking of Court-Ordered Charges***

82. The proposed ranking of the Administration Charge, DIP Charge and the Directors’ Charge (collectively, the “**CCAA Charges**”) is as follows:
- (a) first, the Administration Charge (up to a maximum amount of \$300,000);

(b) second, the DIP Charge; and

(c) third, the Directors' Charge (up to a maximum amount of \$75,000);

83. The CCAA Charges are proposed to rank ahead of any other secured creditor of the Applicant, save and except for any valid and existing purchase money security interests.

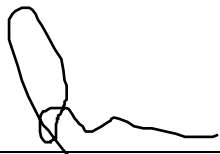
**XII. FORM OF ORDER AND CONCLUSION**

84. CannMart Labs seeks an Initial Order substantially in the form of the Model Initial Order adopted for proceedings commenced in Toronto, subject to certain changes reflected to address the specific circumstances of CannMart Labs, substantially in the form appended at **Tab "4"** of the Motion Record.

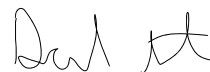
85. CannMart Labs also seeks a SISP Order substantially in the form attached at **Tab "6"** of the Motion Record.

86. This affidavit is sworn in support of CannMart Labs' motion for an Initial Order and the SISP Order and for no other or improper purpose.

SWORN before me via videoconference by DANIEL STERN, stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 26<sup>th</sup> day of April, 2024, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



\_\_\_\_\_  
Commissioner for Taking Affidavits



\_\_\_\_\_  
**DANIEL STERN**

This is Exhibit "A" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Toronto  
Court No. 31-3063478  
Estate No. 31-3063478

In the Matter of the Notice of Intention to make a proposal of:

**CANNMART LABS INC**

Insolvent Person

**MSI SPERGEL INC**

Licensed Insolvency Trustee

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Date of the Notice of Intention:

April 03, 2024

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

E-File/Dépôt Electronique

Date: April 08, 2024, 08:16

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

**Canada**

This is Exhibit "B" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**



## Profile Report

CANNMART LABS INC. as of April 17, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	CANNMART LABS INC.
Ontario Corporation Number (OCN)	2624078
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	March 07, 2018
Registered or Head Office Address	Attention/Care of CANNMART LABS INC., 18 Canso Rd, Etobicoke, Ontario, M9W 4L8, Canada

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.



**Active Director(s)**

Minimum Number of Directors	1
Maximum Number of Directors	10

Name	MENI MORIM
Address for Service	18 Canso Rd, Etobicoke, Ontario, M9W 4L8, Canada
Resident Canadian	No
Date Began	March 03, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Officer(s)**

<b>Name</b>	MENI MORIM
<b>Position</b>	President
<b>Address for Service</b>	18 Canso Rd, Etobicoke, Ontario, M9W 4L8, Canada
<b>Date Began</b>	March 03, 2021

<b>Name</b>	DANIEL STERN
<b>Position</b>	Chief Executive Officer
<b>Address for Service</b>	18 Canso Rd, Etobicoke, Ontario, M9W 4L8, Canada
<b>Date Began</b>	September 01, 2023

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Corporate Name History**

<b>Name</b>	CANNMART LABS INC.
<b>Effective Date</b>	June 13, 2018
<b>Previous Name</b>	2624078 ONTARIO INC.
<b>Effective Date</b>	March 07, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

### Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

## Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: MENI MORIM	December 06, 2023
Annual Return - 2022 PAF: MENI MORIM	October 18, 2023
Annual Return - 2021 PAF: MENI MORIM	October 18, 2023
Annual Return - 2020 PAF: MENI MORIM	October 18, 2023
Annual Return - 2019 PAF: DANIEL STERN - OFFICER	January 26, 2021
Annual Return - 2018 PAF: DANIEL STERN - OFFICER	December 27, 2020
BCA - Articles of Amendment	June 13, 2018
CIA - Initial Return PAF: DAVID SHEKHTER - DIRECTOR	March 07, 2018
BCA - Articles of Incorporation	March 07, 2018

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

This is Exhibit “C” referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



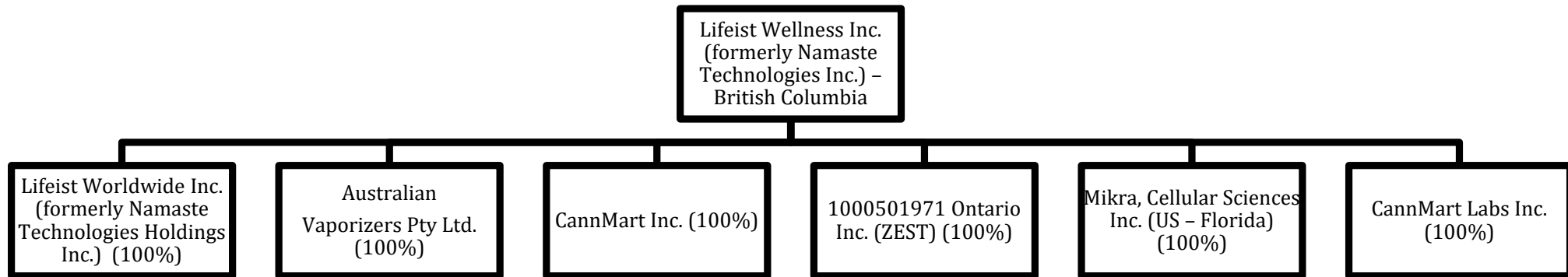
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A Commissioner for taking affidavits

**INES FERREIRA**

# Corporate Divisional Structure – November 30, 2023

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This is Exhibit "D" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**



Licence No. - N° de licence  
LIC-0VXMIHWQWJ-2023

**LICENCE**

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

**LICENCE**

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

**Licence Holder / Titulaire de la licence :**  
CannMart Labs Inc.

**Licensed Site / Lieu autorisé :**  
7 CANSO ROAD  
ETOBICOKE, ON, CANADA, M9W 4L9

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses.

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes.

Standard Processing

Transformation standard

Activities	Activités
<ul style="list-style-type: none"> <li>To possess cannabis</li> <li>To produce cannabis, other than obtain it by cultivating, propagating or harvesting it</li> <li>To sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations</li> </ul>	<ul style="list-style-type: none"> <li>Avoir du cannabis en sa possession</li> <li>Produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte</li> <li>Vendre du cannabis en vertu du paragraphe 17(5) du Règlement sur le cannabis</li> </ul>
Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled "Mandatory cannabis testing for pesticide active ingredients - Requirements".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « <i>Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences</i> ».
The only cannabis products that the licence holder may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; and fresh cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; et cannabis frais.
The only cannabis products that the licence holder may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; and fresh cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; et cannabis frais.

**Indoor Area(s) / Zone(s) intérieure(s)**

The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autres activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

Building 1

**Effective date** of the licence:

This licence is effective as of **December 19, 2023**

**Date d'entrée** en vigueur de la licence:

Cette licence entre en vigueur à compter du **19 décembre 2023**

**Expiry date** of the licence:

This licence expires on **February 12, 2026**

**Date d'expiration** de la licence:

La présente licence expire le **12 février 2026**

Manager, Controlled Substances and Cannabis Branch

Gestionnaire, Direction générale des substances contrôlées et du cannabis

This is Exhibit "E" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**



March 31, 2021

Daniel Stern  
CannMart Labs Inc.  
7 Canso Road  
Etobicoke ON M9W 1C3

Dear Daniel Stern:

**RE: Issuance of Cannabis Licence under the Excise Act, 2001**

As all conditions for licence issuance have now been met, your application for a cannabis licence under the Excise Act, 2001 (Act) has been approved effective March 18, 2021.

**Cannabis licence number**

The following licence number should be recorded on all correspondence with the CRA:

**76594 1919 RD0001**  
**7 Canso Road Toronto ON M9W 1C3**

Each of the physical business locations included in the licence application has been provided with a separate account number as follows:

<b>Location</b>	<b>Account Identifier</b>	<b>Account Type</b>	<b>Premises Address</b>
1	RD0001	Filing	<b>7 Canso Road Etobicoke ON M9W 1C3</b>

**Acknowledgement of Security**

We acknowledge receipt of the required security in the form of bank draft and the amount of \$5,000 (five thousand dollars).

**Renewal of Cannabis Licence**

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your licence will be March 17, 2023. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

## **Obligations of a Cannabis Licensee**

### Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

### Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records or the licensed premises could result in a suspension or the cancellation of a cannabis licence.

### Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account). Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account) or by phone at 1-800-959-5525..

Monthly excise cannabis returns may also be printed from our website at [canada.ca/cannabis-excise](https://canada.ca/cannabis-excise) so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

## **Outreach Visit**

Unless an outreach visit has already been conducted, an excise duty officer may contact you in the future to arrange a site visit. The purpose of the outreach visit is to provide you with more information regarding the excise duties on cannabis products, including the calculation of excise duties on cannabis products. For more information, please visit our web page [canada.ca/cannabis-excise](https://canada.ca/cannabis-excise), which includes links to relevant publications and regulations.

## Further Approvals

### Destruction of cannabis product

During the review of the cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16 of the Act, a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister of National Revenue (Minister). Your request has been approved. Please see attached Appendix A for more information. If this approved method of destruction changes, a request in writing must be submitted to the Regional Manager of Excise Duty, and approval must be obtained prior to any destruction using the new, unapproved method.

As per section 187.1 of the Act, the Minister may refund to a cannabis licensee the duty paid on a cannabis product that is re-worked or destroyed by the cannabis licensee in accordance with section 158.16 if the licensee applies for the refund within two years after the cannabis product is re-worked or destroyed.

Subparagraph 158.3(a)(iv) of the Act provides that duty is not payable on a cannabis product that is destroyed by the cannabis licensee in a manner approved by the Minister.

### Cannabis product taken for analysis

We also reviewed your request for approval of a method of taking cannabis products for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister. Your request has been approved. Please see attached Appendix B for more information. If this approved method of taking a cannabis product for analysis changes, a request must be submitted in writing to the Regional Manager of Excise Duty, and approval must be obtained prior to any cannabis being taken for analysis using the new method.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Dina Durakovic at 289-922-9305. For general information regarding the excise duty on cannabis products please go to [canada.ca/cannabis-excise](http://canada.ca/cannabis-excise). To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email [cannabis@cra-arc.gc.ca](mailto:cannabis@cra-arc.gc.ca).

Sincerely,

Dan Reggio  
Ontario Regional Manager  
Excise Duties and Taxes

## Appendix A

### Request for approval of method of destruction

During the review of your cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16, a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister. Subparagraph 158.3(a)(iv) also states that duty is not payable on a cannabis product that is destroyed by a cannabis licensee in a manner approved by the Minister.

Based on the information that you provided on **in-process product**, we understand the following:

- The location of the destruction will be at 7 Canso Road Etobicoke M9W 1C3;
- The method of destruction will be mixing cannabis with kitty litter;
- The method will be ongoing; and
- The controls in place will be to have the responsible person with security clearance oversee this destruction.

You also indicated that you will maintain the following records: batch records which are logged into your inventory control system.

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization to destroy cannabis products under the following conditions (these conditions would apply to any cannabis products in your possession):

- Adequate records and information, including the date of destruction, type and quantity of cannabis products being destroyed, etc. must be kept/maintained;
- Once the destruction is complete, create a record/certificate of destruction, which should accompany any refund claims submitted for the destruction of duty-paid products;
- All records for the destruction must be maintained at 7 Canso Road Etobicoke ON, M9W 1C3; and

We have not approved your proposed method of destruction for **finished products** a third party location licenced by Health Canada for incineration as it requires additional information for destruction approval on an ongoing basis. You may submit a request for an approved method of destruction again at a later date.

**Prior** to sending any finished product to a third party for destruction, please provide details on the location of the destruction, the manner in which the products will be identified for destruction, controls in place at your location for the identified products, the manner in which the products will be sent to the third party and the controls in place at the third party to ensure products are sufficiently destroyed. Until an approved method of destruction is obtained, approval will be granted on a case-by-case basis for your finished products.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction.

However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.



## Appendix B

### Request for approval of a method of taking cannabis products for analysis

In addition to the review of your cannabis licence application, we considered your request for approval of a method of taking for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister.

Based on the information provided, we understand the following:

- The analysis will be conducted at 2136 Jetstream Road London ON, N5V 3P5;
- The method of analysis will be to use A&L Canada Laboratories Inc.;
- The method will be ongoing; and
- The controls in place will be to document onto batch records the quantity taken for samples. The quantities are logged into your inventory control system.

Please note that if the analysis will be conducted off-site by a third party, the intermediary testing facility will require authorization from Health Canada.

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization for taking cannabis products for analysis under the following conditions (these conditions would apply to any cannabis product in your possession):

- You must keep adequate records and information including the date taken for analysis, type and quantity of cannabis products taken, etc.;
- All records for the cannabis taken for analysis must be maintained at 7 Canso Road Etobicoke ON, M9W 1C3.

This is Exhibit "F" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**



000000013

<b>Date</b>	Apr 24, 2024
<b>Account number</b>	76594 1919 RD0001
<b>Reference number</b>	OL241132103121

CANNMART LABS INC.  
7 CANSO RD  
ETOBICOKE ON M9W 4L9

**Subject: Renewing your cannabis licence**

Dear Licensee:

Your cannabis licence, number 76594 1919 RD0001, will expire on **May 17, 2024**.

To apply to renew your licence, fill out Form L300, Cannabis Licence Application under the Excise Act, 2001. You may also need to fill out Form L300SCHA Schedule A, Other Business Location(s), and L300SCHB Schedule B, Information Relating to Individuals, Partners, Directors, Officers and Shareholders, if they apply.

Please send your completed forms to your regional office before **April 17, 2024**. To find the address, go to [canada.ca/en/revenue-agency/services/forms-publications/publications/contacts](https://canada.ca/en/revenue-agency/services/forms-publications/publications/contacts).

To qualify for renewal, you must show that you still meet all eligibility requirements in the Regulations Respecting Excise Licences and Registrations. Once we have your application, we will contact you if we need more documents or to confirm your information. After we review your application, we will write to you to let you know our decision.

If you have already taken steps to renew your licence, please disregard this letter.

If you have questions about renewing your licence, please contact your regional office.

You can find more information at [canada.ca/cannabis-excise](https://canada.ca/cannabis-excise).

Sincerely,

Bob Hamilton  
Commissioner of Revenue



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Toronto, in the Province of Ontario,  
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A Commissioner for taking affidavits

**INES FERREIRA**

**Continuation Certificate**

Bond Number: **TMS 903 12944**  
Bond Amount: **\$250,000.00**  
Issued in favour of: **Canada Revenue Agency**  
Issued on behalf of: **CannMart Labs Inc.**  
Dated: **August 9, 2022**  
Renewal Effective: **July 1, 2023**  
Expiry: **July 1, 2024**

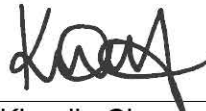
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The above bond, TMS 903 12944, is hereby extended for the period between the dates mentioned above, subject to the provisions and conditions of the bond. It is hereby agreed that the liability of the surety under the bond of this certificate and any other certificate is not cumulative, but remains at all limited to the amount stated on the bond.

All other terms and conditions of the said bond remain unchanged.

Executed the 11th day of July, 2023.

**Trisura Guarantee Insurance Company**



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Klaudia Ciasnocha , Attorney-in-fact

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**Vancouver Office**

Royal Centre  
1055 West Georgia Street  
Suite 3020, Box 11160  
Vancouver, B.C. V6E 3R5  
Tel.: (604) 688-5641  
Fax: (604) 688-5826

**Calgary Office**

421 – 7th Ave SW  
Suite 3730  
Calgary, AB T2P 4K9  
Tel.: (403) 663-3343  
Fax: (416) 214-9597

**Toronto Office**

333 Bay Street  
Suite 1610  
Toronto, ON M5H 2R2  
Tel.: (416) 214-2555  
Fax: (416) 214-9597

**Montréal Office**

1501 McGill College Ave  
Suite 1502  
Montreal, QC H3A 3M8  
Tel.: (514) 845-4555  
Fax: (514) 845-6876

**Halifax Office**

201 Brownlow Ave  
Suite 4  
Dartmouth, NS B3B 1W2  
Tel.: (902) 468-6889  
Fax: (416) 214-9597

This is Exhibit "H" referred to in the  
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Toronto, in the Province of Ontario,  
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A Commissioner for taking affidavits

**INES FERREIRA**



April 4, 2024

Canada Revenue Agency  
Ontario Region  
Excise Duty - General Information  
5800 Hurontario Street  
Mississauga, ON L5R 4B4

To Whom It May Concern:

**RE: CannMart Labs Inc.  
Cannabis Bond  
Bond No: TMS 903 12944  
Limit: \$250,000.00  
Effective: July 1, 2022**

We wish to be relieved of our liability under the above mentioned bond. In accordance with the terms and conditions of the bond, we hereby give you Sixty (60) days written notice of our intention to cancel.

Thank you for your co-operation in this matter.

Yours truly,

A handwritten signature in black ink, appearing to read "Sarah Mainella".

Sarah Mainella, Attorney-in-Fact

Cc: CannMart Labs Inc.

**Vancouver Office**  
Royal Centre  
1055 West Georgia Street  
Suite 3020, Box 11160  
Vancouver, B.C. V6E 3R5  
Tel.: (604) 688-5641  
Fax: (604) 688-5826

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**Halifax Office**  
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Suite 4  
Dartmouth, NS B3B 1W2  
Tel.: (902) 468-6889  
Fax: (416) 214-9597

This is Exhibit "I" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
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A Commissioner for taking affidavits

**INES FERREIRA**



**LEASE EXTENSION AND AMENDING AGREEMENT**

**THIS AGREEMENT** made as of April 28<sup>th</sup>, 2023.

**B E T W E E N:**

**STELLAR CONSTRUCTION ENTERPRISES LIMITED**  
(the "Landlord")

**OF THE FIRST PART**

- and -

**CANNMART LABS INC.**  
(the "Tenant")

**OF THE SECOND PART**

**WHEREAS** by a lease dated April 13, 2018 (the "Lease"), the Landlord granted to the Tenant, a lease of the building municipally known as 7 Canso Road, Toronto, Ontario (the "Premises") comprising of six thousand (6,000) square feet for a term of five (5) years commencing on May 1, 2018, and expiring on April 30, 2023 (the "Term");

**AND WHEREAS** by Articles of Amendment effective June 13, 2018, 2624078 Ontario Inc. changed its name to Cannmart Labs Inc.

**AND WHEREAS** the Tenant hereby exercises its right to extend the Term for a further period of five (5) years commencing on May 1<sup>st</sup>, 2023, and expiring on April 30<sup>th</sup>, 2028 (the "Extension Term") and to amend certain other provisions of the Lease, upon the terms and conditions hereinafter set forth.

**NOW THEREFORE THIS AGREEMENT WITNESSTH** that in consideration of the mutual covenants and agreements herein contained, other good and valuable consideration and the sum of two dollars (\$2.00) now paid by each of the parties to the other (the receipt and sufficiency whereof is acknowledged), the parties hereto covenant and agree each with the other as follows:

1. The Term of the Lease is hereby extended for the Extension Term.
2. The Extension Term shall be upon and subject to the same terms and conditions as are contained in the Lease, save and except for the following:
3. **Minimum Rent**

The Tenant shall pay rent to the Landlord during the Extension Term period, monthly and every month during the Term, without any deduction, abatement or set-off whatsoever except as may otherwise be provided for in the Lease, Minimum Rent plus HST, in lawful money of Canada, as follows:

YEAR	FROM	TO	ANNUAL RENTAL	MONTHLY PAYMENT	RATE PER SQ. FT. PER YEAR
1	01-May-23	30-Apr-24	\$ 72,000.00	\$ 6,000.00	12.00
2	01-May-24	30-Apr-25	\$ 78,000.00	\$ 6,500.00	13.00
3	01-May-25	30-Apr-26	\$ 84,000.00	\$ 7,000.00	14.00
4	01-May-26	30-Apr-27	\$ 90,000.00	\$ 7,500.00	15.00
5	01-May-27	30-Apr-28	\$ 96,000.00	\$ 8,000.00	16.00

**4. Additional Rent**

The Landlord estimates Additional Rent for the Year 2023 to be \$9.50 per square foot per annum, payable monthly plus HST together with Minimum Rent in the amount of four thousand seven hundred and fifty dollars (\$4,750.00).

**5. Second Extension Term**

If the Tenant has not been in material or frequent default under the Lease, and the Tenant gives the Landlord not less than one hundred eighty (180) days written or electronic notice prior to the expiration of the then current Term, then the Tenant shall have the right to renew the Term for:

- (i) One (1) further period of three (3) years (the "Second Extension Term"), provided that the annual minimum rent payable during the Second Extension Term shall be at the then fair market rental rate for comparable buildings in the vicinity, but in no event shall the rental rate be less than the minimum rent paid in the last year of the Extension Term, and there shall be no leasehold improvement allowance, Landlord's work, rent free period, or other inducements.

**6. Overholding**

If the Tenant remains in possession of all or any part of the Premises after the end of the Term *with* the consent of the Landlord and without any further written agreement, or *without* the consent of the Landlord, this is not implied renewal or extension of the Lease. Despite any statutory provision or legal presumption to the contrary, the Tenant is deemed to be occupying the Premises as a monthly tenant, if the Landlord did consent to the Tenant remaining in possession or as a tenant at will if the Landlord did not consent to the Tenant remaining in possession, in either case, on the same terms as set out in the Lease (except for the Term and the exceptions subsequently set out in this Section 5 but including payment of Additional Rent) in so far as they would be applicable to a monthly tenancy in the former case, and as would be applicable to a day-to-day tenancy in the latter case. The monthly Minimum Rent during such overholding period shall be 150% of the total of the monthly Minimum Rent payable during the last month of the Term.

Notwithstanding the above, nothing contained in this Section 5 shall (i) preclude Landlord from

taking action for recovery of possession of the Premises, or (ii) be construed to constitute Landlords consent Tenant holding over at the expiration or earlier termination of this Lease or to give Tenant the right to hold over after the expiration or earlier termination of this Lease or (iii) limit the liability of Tenant in damages or otherwise.

**7. Use and Operation**

Notwithstanding the provisions as outlined in Section 6.06 of the Lease, the following shall be added;

“The Tenant shall provide the Landlord with an up-to-date copy as maybe required from time to time and throughout the term, any and all licenses obtained from Health Canada in accordance with the *Cannabis Act* and *Cannabis Regulations* as may be required for the Tenant to perform its business activities and operations within the Premises. Should at any time such licenses be cancelled, terminated or changed the Tenant is required to immediately notify the Landlord same.”

**8. Tenant Change of Name**

Pursuant to information provided to Landlord by Tenant (see Schedule “A” attached hereto) it is acknowledged by Landlord that effective on or about June 13, 2018, the Tenant “2624078 Ontario Inc.”, has changed its name by Corporate Resolution to “CANNMART LABS INC.”. The change in name did not result in a change in ownership structure and for all intents and purposes all the assets and liabilities of 2624078 Ontario Inc. are now the assets and liabilities of CANNMART LABS INC., will be responsible for the full performance of all terms, covenants, and conditions of said Lease Agreement from the date of the Lease (April 13, 2018) through the effective Termination Date of said Lease. In the event there was a change in ownership or there is not a complete transfer 100% of the assets and liabilities 2624078 Ontario Inc. to CANNMART LABS INC., both companies agree to be jointly and severally liable for the full terms and conditions of the Lease Agreement from through the Termination Date of said Lease.

9. Except as is provided for herein, all other terms, conditions and covenants contained in the Lease and this Lease Extension shall remain unaltered and in full force and effect.

10. The parties hereby acknowledge, confirm and agree that the foregoing recitals are true and in substance and in fact. Any word or phrase used herein which is defined in the Lease shall have the same meaning as set forth in the Lease.

11. The Landlord and Tenant hereby covenant that they shall perform and observe the covenants, provisos and stipulations in the Lease, and this Second Lease Renewal as fully as if such covenants, provisos and stipulations had been repeated in this Agreement in full, save as amended or superseded hereby.

12. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

13. This Agreement may be executed in any number of counterparts and all such counterparts shall for all purposes constitute one agreement binding on the parties, notwithstanding that all parties

are not signatories to the same counterpart.

14. This Agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors, representatives and permitted assigns.

**IN WITNESS WHEREOF** the parties have executed this Lease Extension and Amending Agreement.

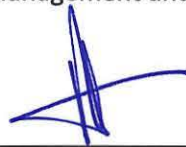
Dated at Toronto this 1<sup>st</sup> day of May 2023.

**STELLAR CONSTRUCTION ENTERPRISES LIMITED**

(Landlord)

By its managing agent:

Imperra General Management and Investment Corporation Limited



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Per: Philip Heilborn, President

I have the authority to bind the corporation.

**CANNMART LABS INC.**

(Tenant)

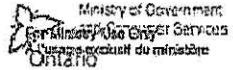


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Per: Daniel Stern, CEO

I have the authority to bind the corporation.

# SCHEDULE "A"



**CERTIFICATE**  
This is to certify that these articles are effective on

Ministère des Services gouvernementaux et des Services aux consommateurs

**CERTIFICAT**  
Ceci certifie que les présents statuts entrent en vigueur le

Ontario Corporation Number  
Numéro de la société en Ontario

002624078

**JUNE 13 JUNI, 2018**

*Suzanne Jackitt*

(17)

Director / Directrice  
Business Corporations Act / Loi sur les sociétés par actions

Form 3  
Business  
Corporations  
Act

Formule 3  
Loi sur les  
sociétés par  
actions

**ARTICLES OF AMENDMENT  
STATUTS DE MODIFICATION**

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)  
Dénomination sociale actuelle de la société (écrire en LETTRES MAJUSCULES SEULEMENT):

2	6	2	4	0	7	8	O	N	T	A	R	I	O	I	N	C	.													

2. The name of the corporation is changed to (if applicable): (Set out in BLOCK CAPITAL LETTERS)  
Nouvelle dénomination sociale de la société (s'il y a lieu) (écrire en LETTRES MAJUSCULES SEULEMENT):

C	A	N	M	A	R	T	L	A	B	S	I	N	C	.																	

3. Date of incorporation/amalgamation:  
Date de la constitution ou de la fusion:  
**2018/03/07**

(Year, Month, Day)  
(année, mois, jour)

4. Complete only if there is a change in the number of directors or the minimum / maximum number of directors.  
Il faut remplir cette partie seulement si le nombre d'administrateurs ou si le nombre minimal ou maximal d'administrateurs a changé.

Number of directors to/are: minimum and maximum number of directors to/are:  
Nombre d'administrateurs : nombre minimum et maximum d'administrateurs :

Number minimum and maximum  
Nombre minimum et maximum

	or	
	ou	

5. The articles of the corporation are amended as follows:  
Les statuts de la société sont modifiés de la façon suivante :

Be it resolved that:

(a) the name of the Corporation is changed to CANNMART LABS INC.

6. The amendment has been duly authorized as required by sections 166 and 170 (as applicable) of the Business Corporations Act.  
 La modification a été dûment autorisée conformément aux articles 166 et 170 (selon le cas) de la Loi sur les sociétés par actions.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on  
 Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2018/06/04

(Year, Month, Day)  
 (année, mois, jour)

These articles are signed in duplicate.  
 Les présents statuts sont signés en double exemplaire.

2624078 ONTARIO INC.

(Print name of corporation from Article 1 of page 1)  
 (Veuillez écrire le nom de la société de l'article 1 de la page un).

By/  
 Par :

(Signature)  
 (Signature)

Director  
 (Description of Office)  
 (Fonction)

This is Exhibit "J" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
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A Commissioner for taking affidavits

**INES FERREIRA**

# CannMart Lab Inc. (CAD)

## Profit and Loss

December 2022 - November 2023

	DEC. 2022 - FEB. 2023	MAR - MAY, 2023	JUN - AUG., 2023	SEP - NOV., 2023	TOTAL
<b>INCOME</b>					
40000 Sales - Gross Revenue	2,103,532.80	1,917,816.91	2,024,334.04	2,181,688.94	\$8,227,372.69
40004 Sales - Shipped by Third Parties	-2,103,532.80	-1,917,816.91	-2,024,334.04	-2,181,688.94	\$ -8,227,372.69
40005 Sales - Excise Taxes	-1,491,085.37	-1,441,058.88	-1,645,473.50	-1,375,326.84	\$ -5,952,944.59
<b>Total Income</b>	<b>\$ -1,491,085.37</b>	<b>\$ -1,441,058.88</b>	<b>\$ -1,645,473.50</b>	<b>\$ -1,375,326.84</b>	<b>\$ -5,952,944.59</b>
<b>COST OF GOODS SOLD</b>					
50000 COGS - Product Costs	1,662,058.05	1,533,397.02	1,456,484.35	2,393,869.76	\$7,045,809.18
50001 COGS - Product Costs - Shipped by Third Party	-1,664,823.07	-1,528,508.59	-1,443,972.32	-1,448,330.67	\$ -6,085,634.65
50003 COGS - Direct Labour Costs - FTE	0.00	0.09	7,005.48	-42.80	\$6,962.77
50004 COGS - Direct Labour Costs - Temp		0.00			\$0.00
50006 COGS - Warehouse Supplies	7,823.88	7,206.57	2,820.83	6,725.45	\$24,576.73
50007 COGS - Production Utilities				715,408.03	\$715,408.03
50008 COGS - Lab Testing Services	28,079.10	33,739.92	72,158.20	51,110.10	\$185,087.32
50009 COGS - Lab Testing Products	973.76	871.32	1,608.10	3,859.75	\$7,312.93
50010 COGS - Retained Products	1,511.82	2,607.88	1,430.98	3,348.49	\$8,899.17
50012 COGS - Inventory Movement Adj	-9,959.42	3,881.59	-379,586.07	122,543.67	\$ -263,120.23
50014 COGS - Work in Progress	-328.35	0.00	0.00	0.00	\$ -328.35
50015 COGS - Excise Stamps	20,390.11	21,969.99	31,955.18	10,369.56	\$84,684.84
50016 COGS - Destruction	69.47		3,065.88	27,660.92	\$30,796.27
50021 COGS - Sales Commissions to Employees	70,606.00	-70,606.00			\$0.00
50022 COGS - Outbound Freight			5,891.92	-5,891.92	\$0.00
<b>Total Cost of Goods Sold</b>	<b>\$116,401.35</b>	<b>\$4,559.79</b>	<b>\$ -241,137.47</b>	<b>\$1,880,630.34</b>	<b>\$1,760,454.01</b>
<b>GROSS PROFIT</b>	<b>\$ -1,607,486.72</b>	<b>\$ -1,445,618.67</b>	<b>\$ -1,404,336.03</b>	<b>\$ -3,255,957.18</b>	<b>\$ -7,713,398.60</b>
<b>EXPENSES</b>					
60001 Salaries - Payroll	0.00	0.00	0.00	0.00	\$0.00
60002 Salaries - Payroll Taxes	14,989.60	20,543.50	21,282.54	27,130.86	\$83,946.50
60040 Independent Contractor - Personnel Costs	30,000.00	116,864.52	60,313.30	79,852.14	\$287,029.96
60100 Internet and Communication	491.43	1,174.73	524.74	525.30	\$2,716.20
60101 Software, Subscriptions & Licenses	12,267.80	15,951.62	11,216.24	6,206.10	\$45,641.76
60104 Insurance Expense	1,250.01	1,250.01	1,250.01	1,250.01	\$5,000.04
60105 Rent Expense	6,915.00	5,099.28		-12,014.28	\$0.00
60106 Office Expenses	20,125.91	2,918.74	10,245.69	17,455.23	\$50,745.57
60111 Training Expenses		0.00			\$0.00
60112 Repair and Maintenance Costs	13,351.02	19,005.22	8,141.98	5,493.98	\$45,992.20
60121 Travel Expense - Accomodations	610.67				\$610.67
60122 Travel Expense - Other	-16.00		133.28		\$117.28
60131 Meals and Entertainment	394.30	250.09			\$644.39
60141 License Fees	7,472.01	5,750.01	5,750.01	5,750.01	\$24,722.04
60142 Listing Fees & Filing Costs	2,087.68			720.00	\$2,807.68
60147 Security & Monitoring	13,852.02	2,725.00	1,290.60		\$17,867.62
60149 Utilities	13,760.58	26,873.14	19,388.38	-60,022.10	\$0.00
60200 Bank Fees	249.57	211.38	187.31	157.89	\$806.15
60201 Late Fees/Penalties		11,636.78	14,317.69	17,252.76	\$43,207.23
60401 Other Professional Fees	3,210.18		0.00		\$3,210.18
60500 Advertising & Promotional Expenses				35,695.99	\$35,695.99
60507 Outbound Freight				58,688.27	\$58,688.27
70002 Depreciation Expense	212,042.58	217,290.57	228,425.11	-630,165.74	\$27,592.52
<b>Total Expenses</b>	<b>\$353,054.36</b>	<b>\$447,544.59</b>	<b>\$382,466.88</b>	<b>\$ -446,023.58</b>	<b>\$737,042.25</b>
<b>OTHER INCOME</b>					
80001 Interest Income			6,215.51		\$6,215.51
<b>Total Other Income</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,215.51</b>	<b>\$0.00</b>	<b>\$6,215.51</b>
<b>OTHER EXPENSES</b>					
80002 Interest Expense	2,500.44	5,658.36	13,005.91	12,582.78	\$33,747.49
80003 Miscellaneous (Income) Expense	39,830.00	-125,566.34			\$ -85,736.34
80010 Foreign Exchange Loss (Gain)	-787.63	5,165.06	-327.56	-6,905.90	\$ -2,856.03
80031 Impairment Loss - Intangible Assets				899,022.00	\$899,022.00
<b>Total Other Expenses</b>	<b>\$41,542.81</b>	<b>\$ -114,742.92</b>	<b>\$12,678.35</b>	<b>\$904,698.88</b>	<b>\$844,177.12</b>
<b>PROFIT</b>	<b>\$ -2,002,083.89</b>	<b>\$ -1,778,420.34</b>	<b>\$ -1,793,265.75</b>	<b>\$ -3,714,632.48</b>	<b>\$ -9,288,402.46</b>



This is Exhibit “K” referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**

# CannMart Lab Inc. (CAD)

## Balance Sheet

As of February 29, 2024

DEC. 2023 - FEB. 2024

Assets	
Current Assets	
Cash and Cash Equivalent	
10001 Cash Held with BMO - CAD	23,408.58
10007 CRA Labs Surety Bond	187,500.00
<b>Total Cash and Cash Equivalent</b>	<b>\$210,908.58</b>
Accounts Receivable (A/R)	
11000 Accounts Receivable - Third Parties (CAD)	0.00
11010 Other Receivables	0.00
<b>Total Accounts Receivable (A/R)</b>	<b>\$0.00</b>
Inventory	
10300 Inventory - Cannabis	282,744.30
10301 Inventory - Hardware	-0.01
10302 Inventory - Packaging materials	257,856.17
10305 Inventory - Landed Costs	0.00
10306 Inventory Provision - Cannabis	0.00
10401 Inventory Deposits	101,702.01
10410 Prepaid Expenses	11,789.84
10411 Deposits	18,949.60
11021 Sales Tax Receivable - GST/HST	568,446.80
Intercompany AR (CAD)	
11030 Intercompany AR - Namaste Technologies Inc	873,475.70
11033 Intercompany AR - CannMart Inc.	8,502,423.82
11049 Intercompany AR - CannMart Inc. Project Excise	13,655,677.51
<b>Total Intercompany AR (CAD)</b>	<b>23,031,577.03</b>
Inventory Asset	0.00
<b>Total Current Assets</b>	<b>\$24,483,974.32</b>
Non-current Assets	
Property, plant and equipment	
PP&E [Cost]	
10700 PP&E Cost - Computer Equipment	19,385.40
10701 PP&E Cost - Furniture, Fixtures & Equipment	76,275.09
10702 PP&E Cost - Plant & Machinery	475,952.05
10703 PP&E Cost - Leasehold Improvements	2,542,707.53
10704 PP&E Cost - Construction in Progress (CIP)	0.00
10705 PP&E Cost - ROA	806,072.14
<b>Total PP&amp;E [Cost]</b>	<b>3,920,392.21</b>
PP&E [Depreciation]	
10750 PP&E Accumulated Depreciation - Computer Equipment	-19,385.42
10751 PP&E Accumulated Depreciation - Furniture, Fixtures & Equipment	-57,952.22
10752 PP&E Accumulated Depreciation - Plant & Machinery	-347,927.49
10753 PP&E Accumulated Depreciation - Leasehold Improvements	-1,760,333.68
10755 PP&E Accumulated Depreciation - ROA	-323,235.00
<b>Total PP&amp;E [Depreciation]</b>	<b>-2,508,833.81</b>
<b>Total Property, plant and equipment</b>	<b>\$1,411,558.40</b>

# CannMart Lab Inc. (CAD)

## Balance Sheet

As of February 29, 2024

	DEC. 2023 - FEB. 2024
11101 Long-term Portion of Deposits	7,350.35
<b>Total Non Current Assets</b>	<b>\$1,418,908.75</b>
<b>Total Assets</b>	<b>\$25,902,883.07</b>
<b>Liabilities and Equity</b>	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
20000 Accounts Payable - Third Parties (CAD)	1,663,448.82
20003 Accounts Payable - Third Parties (USD)	13,119.27
20010 Accounts Payable - Affiliates	10,895.46
<b>Total Accounts Payable (A/P)</b>	<b>\$1,687,463.55</b>
20011 Accrued Liabilities	3,359,666.31
20013 Payroll Accrual	0.00
20014 Payroll Tax Accrual	0.00
20016 Bonus Payable	30,210.14
20019 Dropship Accrual	-1,456.25
20031 Sales Tax Payable - GST/HST	136,295.53
20100 Short-term Portion of Lease Liabilities	120,887.40
Intercompany AP (CAD)	
20050 Intercompany AP - Namaste Technologies Inc	11,279,551.84
20052 Intercompany AP - NamasteMD	65,155.43
20053 Intercompany AP - CannMart Inc.	29,084,984.64
20055 Intercompany AP - CannMart Marketplace	4,289.37
20059 Intercompany AP - Namaste Bahamas Inc.	0.00
<b>Total Intercompany AP (CAD)</b>	<b>40,433,981.28</b>
<b>Total Current Liabilities</b>	<b>\$45,767,047.96</b>
Non-current Liabilities	
20500 Long-term Portion of Lease Liabilities	383,442.78
<b>Total Non-current Liabilities</b>	<b>\$383,442.78</b>
<b>Total Liabilities</b>	<b>\$46,150,490.74</b>
Equity	
30102 30102 OCI - CTA - Period	-264,781.00
30104 30104 NCI Period	264,781.00
Opening Balance Equity	0.00
Retained Earnings	-17,917,389.43
Profit for the year	-2,330,218.24
<b>Total Equity</b>	<b>\$ -20,247,607.67</b>
<b>Total Liabilities and Equity</b>	<b>\$25,902,883.07</b>

# CannMart Lab Inc. (CAD)

## Profit and Loss

December 2023 - February 2024

	DEC. 2023 - FEB. 2024	TOTAL
<b>INCOME</b>		
40000 Sales - Gross Revenue	2,419,385.92	\$2,419,385.92
40004 Sales - Shipped by Third Parties	-2,419,385.92	\$ -2,419,385.92
40005 Sales - Excise Taxes	-1,909,904.60	\$ -1,909,904.60
<b>Total Income</b>	<b>\$ -1,909,904.60</b>	<b>\$ -1,909,904.60</b>
<b>COST OF GOODS SOLD</b>		
50000 COGS - Product Costs	1,620,574.02	\$1,620,574.02
50001 COGS - Product Costs - Shipped by Third Party	-1,645,269.66	\$ -1,645,269.66
50003 COGS - Direct Labour Costs - FTE	-0.01	\$ -0.01
50006 COGS - Warehouse Supplies	2,893.88	\$2,893.88
50008 COGS - Lab Testing Services	72,971.25	\$72,971.25
50009 COGS - Lab Testing Products	2,723.04	\$2,723.04
50010 COGS - Retained Products	2,955.31	\$2,955.31
50011 COGS - Weight Adjustments	551.17	\$551.17
50012 COGS - Inventory Movement Adj	-67,392.94	\$ -67,392.94
50014 COGS - Work in Progress	0.00	\$0.00
50015 COGS - Excise Stamps	24,227.30	\$24,227.30
50016 COGS - Destruction	364.07	\$364.07
50022 COGS - Outbound Freight	0.00	\$0.00
<b>Total Cost of Goods Sold</b>	<b>\$14,597.43</b>	<b>\$14,597.43</b>
<b>GROSS PROFIT</b>	<b>\$ -1,924,502.03</b>	<b>\$ -1,924,502.03</b>
<b>EXPENSES</b>		
60001 Salaries - Payroll	0.00	\$0.00
60002 Salaries - Payroll Taxes	5,787.49	\$5,787.49
60100 Internet and Communication	530.93	\$530.93
60101 Software, Subscriptions & Licenses	9,140.00	\$9,140.00
60104 Insurance Expense	1,250.01	\$1,250.01
60106 Office Expenses	14,665.75	\$14,665.75
60112 Repair and Maintenance Costs	10,356.56	\$10,356.56
60141 License Fees	5,750.01	\$5,750.01
60142 Listing Fees & Filing Costs	-720.00	\$ -720.00
60147 Security & Monitoring	180.00	\$180.00
60149 Utilities	22,750.74	\$22,750.74
60200 Bank Fees	216.20	\$216.20
60201 Late Fees/Penalties	55,180.37	\$55,180.37
60500 Advertising & Promotional Expenses	20,048.26	\$20,048.26
60507 Outbound Freight	22,744.98	\$22,744.98
70002 Depreciation Expense	225,942.30	\$225,942.30
<b>Total Expenses</b>	<b>\$393,823.60</b>	<b>\$393,823.60</b>
<b>OTHER EXPENSES</b>		
80002 Interest Expense	12,112.60	\$12,112.60
80010 Foreign Exchange Loss (Gain)	-219.99	\$ -219.99
<b>Total Other Expenses</b>	<b>\$11,892.61</b>	<b>\$11,892.61</b>
<b>PROFIT</b>	<b>\$ -2,330,218.24</b>	<b>\$ -2,330,218.24</b>

This is Exhibit "L" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



---

A Commissioner for taking affidavits

**INES FERREIRA**

**CannMart Labs Inc.**

Cash Flow Statement (in CAD\$)

For the 13-week period ending July 20, 2024

<b>Week Ending</b>	<b>Week 1 27-Apr</b>	<b>Week 2 4-May</b>	<b>Week 3 11-May</b>	<b>Week 4 18-May</b>	<b>Week 5 25-May</b>	<b>Week 6 1-Jun</b>	<b>Week 7 8-Jun</b>	<b>Week 8 15-Jun</b>	<b>Week 9 22-Jun</b>	<b>Week 10 29-Jun</b>	<b>Week 11 6-Jul</b>	<b>Week 12 13-Jul</b>	<b>Week 13 20-Jul</b>
<b>Receipts</b>													
Funding from DIP lender	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Receipts</b>	-	150,000	-	-	-	150,000	-	-	-	-	100,000	-	-
<b>Disbursements</b>													
Rent	-	12,148	-	-	-	12,148	-	-	-	12,148	-	-	-
Utilities (electricity, phone, internet)	-	9,700	-	-	-	9,700	-	-	-	9,700	-	-	-
Software Costs	-	-	-	3,390	-	-	-	3,390	-	-	-	3,390	-
Other Office Expenses	-	20	-	-	-	20	-	-	-	20	-	-	-
Professional Fees - Monitor	14,000	-	-	-	25,000	-	-	-	-	30,000	-	-	25,000
Monitor's legal counsel	-	10,000	-	-	15,000	-	-	-	-	20,000	-	-	20,000
Legal Counsel - CannMart Labs Inc	-	60,000	-	-	25,000	-	-	-	-	40,000	-	-	40,000
<b>Total Disbursements</b>	14,000	91,868	-	3,390	65,000	21,868	-	3,390	-	111,868	-	3,390	85,000
<b>Net Change in Cash</b>	(14,000)	58,132	-	(3,390)	(65,000)	128,132	-	(3,390)	-	(111,868)	100,000	(3,390)	(85,000)
<b>Net Change in Cash</b>	(14,000)	58,132	-	(3,390)	(65,000)	128,132	-	(3,390)	-	(111,868)	100,000	(3,390)	(85,000)
<b>Opening Cash</b>	35,327	21,327	79,459	79,459	76,069	11,069	139,201	139,201	135,811	135,811	23,943	123,943	120,553
<b>Ending Cash</b>	21,327	79,459	79,459	76,069	11,069	139,201	139,201	135,811	135,811	23,943	123,943	120,553	35,553

**Notes**

1. The company has temporarily ceased its operations in order to be restructured through this CCAA process.
2. Professional fees have been estimated with the assumption that all steps in the planned CCAA process occur as scheduled and that all information as needed is provided by the company.

Dated the 26th of April, 2024

*Meni Morim*Meni Morim  
Director

Report on Cash-Flow Statement by the Insolvent Company  
(Paragraph 10(2) of the CCAA)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, C. C-36, AS AMENDED  
(the "CCAA")

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
CANNMART LABS INC

The management of CannMart Labs Inc. (the "**Company**") has developed the assumptions and prepared the attached statement of projected cash flow as of the 26th day of April, 2024 consisting of statement of Projected Cash Flow for the 13 week period ending July 20, 2024 (the "**Cash Flow**").

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 26th day of April, 2024.

**CannMart Labs Inc.**

Per:

*Meni Morim*

---

Meni Morim, President

Report on Cash-Flow Statement by the Insolvent Company  
(Paragraph 10(2) of the CCAA)

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  
CANNMART LABS INC.

**Purpose**

1. The Purpose of the projection is to present the Cash Flow of the Company in accordance with the requirements of Section 10(2)(b) of the CCAA.

**Projections Notes**

2. The Cash Flow should be read in conjunction with the Monitor's Report on the Cash Flow Statement and the assumptions below.

**Assumptions**

3. The main purpose of the Cash Flow is to determine the liquidity requirement of the Company.
4. The company has temporarily ceased operations in order to fix the amount of inventory on hand and to reduce ongoing expenses until the SISP can be completed.
5. The Company is projecting to obtain, subject to court approval, debtor-in-possession in financing to fund its operations during the forecasted period.

Dated at the City of Toronto in the Province of Ontario, this 26<sup>th</sup> day of April, 2024.

**CannMart Labs Inc.**

Per:

*Meni Morim*

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Meni Morim, President



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Title	Cash flow documents CCAA
File name	Debtor_s_Report_o...week_cashflow.pdf
Document ID	d0ecf3f8423294fe4adc0e59ed0c9b75fbbeec44
Audit trail date format	MM / DD / YYYY
Status	● Signed

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## Document history



SENT

**04 / 26 / 2024**

16:45:07 UTC-4

Sent for signature to Meni Morim (meni.m@lifeist.com) from  
msispergelinc@gmail.com  
IP: 104.171.204.20



VIEWED

**04 / 26 / 2024**

18:52:51 UTC-4

Viewed by Meni Morim (meni.m@lifeist.com)  
IP: 216.208.243.21



SIGNED

**04 / 26 / 2024**

18:53:02 UTC-4

Signed by Meni Morim (meni.m@lifeist.com)  
IP: 216.208.243.21



COMPLETED

**04 / 26 / 2024**

18:53:02 UTC-4

The document has been completed.

This is Exhibit "M" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



---

A Commissioner for taking affidavits

**INES FERREIRA**

District of: Ontario  
Division No. 09 - Toronto  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
CANNMART LAB INC  
of the City of Toronto, in the Province of Ontario

Take notice that:

1. I, CANNMART LAB INC, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. msi Spergel inc. of 200 Yorkland Blvd., Suite 1100, Toronto, ON, M2J 5C1, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 3rd day of April 2024.

*Meni Morim*

---

CANNMART LAB INC  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

---

Official Receiver

District of: Ontario  
 Division No. 09 - Toronto  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 CANNMART LAB INC  
 of the City of Toronto, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Adastra Labs Inc	5451-275 St Langley BC V4W 3X8		912,735.00
Air Track	16 Falconer Drive, Unit 5 Mississauga ON L5N 3M1		4,861.00
Ample	452-455 Danforth Ave Toronto ON M4K 1P1		3,390.00
Canadian Bank Note	145Richmond Road Ottawa ON K1Z 1A1		15,894.00
CannMart Inc	18 Canso Road Toronto ON M9W 4L8		8,679,941.00
CannMart Marketplace	18 Canso Road Toronto ON M9W 4L8		4,289.00
Cintas Corporation (Kingston/Napanee)	1150 Gardiner Rd Kingston ON K7P 1R7		1,797.00
CRA - Hamilton Tax Services Office	PO Box 2220 55 Bay St. N. Hamilton ON L8N 3E1	765941919RD0001	3,709,583.00
Ecolab Marjorie Hanmui	5105 Tomken Road Mississauga ON L4W 2X5		3,558.00
Greenfield Global Inc	2 Chelsea Lane Brampton ON L6T 3Y4		1,688.00
HD Engineering	954 Ave. Ponce De Leon Suite 205 San Juan 00907 Puerto Rico		13,230.00
Health Canada	Address Locator 0900C2 Ottawa ON K1A 0K9		3,806.00
Heritage Cannabis	333 Jarvis Street Fort Erie ON L2A 2S9		6,789.00
HTS Engineering	115 Norfinch Drive Toronto ON M3N 1W8		5,195.00
Hygiene Canada Ltd	11-3750A Laird Road Mississauga ON L5L 0A6		1,248.00

District of: Ontario  
 Division No. 09 - Toronto  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
 CANNMART LAB INC  
 of the City of Toronto, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Lead Construction	1190 Barton Street Stoney Creek ON L8E 5G9		350.00
Lifeist Wellness Inc	18 Canso Road Toronto ON M9W 4L8		10,406,076.00
Nacora Insurance Brokers Ltd	5627 Kamloops Vernon Highway Westwold BC V0E 3B1		3,390.00
Namaste MD	18 Canso Road Toronto ON M9W 4L8		65,155.00
Onyx Fire	400 Matheson Blvd Mississauga ON L5R 0H1		858.00
Orah Brands Limited	1275 Ponds Ave Kelowna BC V1W 5N1		65,480.00
Tri-Air Systems	391 Steelcase Road West Markham ON L3R 3V9		565.00
Vari-Therm Limited	128 Coons Road Richmond Hill ON L4E 2M8		985.00
<b>Total</b>			<b>23,910,863.00</b>

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CANNMART LAB INC  
 Insolvent Person

- Proposal Consent -  
In the Matter of the Proposal of  
CANNMART LAB INC  
of the City of Toronto, in the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of CANNMART LAB INC.

Dated at the City of Toronto in the Province of Ontario, this 3rd day of April 2024.

msi Spergel inc. - Licensed Insolvency Trustee



---

200 Yorkland Blvd., Suite 1100  
Toronto ON M2J 5C1  
Phone: (416) 497-1660 Fax: (416) 494-7199



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Toronto  
Court No. 31-3063478  
Estate No. 31-3063478

In the Matter of the Notice of Intention to make a proposal of:

**CANNMART LAB INC**

Insolvent Person

**MSI SPERGEL INC**

Licensed Insolvency Trustee

---

Date of the Notice of Intention:

April 03, 2024

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: April 03, 2024, 14:12

Official Receiver

E-File/Dépôt Electronique

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

**Canada**

Court No.

File No.

---

In the Matter of the Proposal of  
CANNMART LAB INC  
of the City of Toronto, in the Province of Ontario

---

Form 33  
Notice of intention to make a proposal

---

Trustee: Mukul Manchanda  
License: 3774  
Email: mmanchanda@spergel.ca

msi Spergel inc. - Licensed Insolvency Trustee  
Per:

---

Mukul Manchanda - Licensed Insolvency Trustee  
200 Yorkland Blvd., Suite 1100  
Toronto ON M2J 5C1  
Phone: (416) 497-1660 Fax: (416) 494-7199



This is Exhibit "N" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



---

A Commissioner for taking affidavits

**INES FERREIRA**

RUN NUMBER : 113  
RUN DATE : 2024/04/22  
ID : 20240422152035.43

PROVINCE OF ONTARIO  
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 1  
( 6649)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE  
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : CANNMART LABS INC.

FILE CURRENCY : 21APR 2024

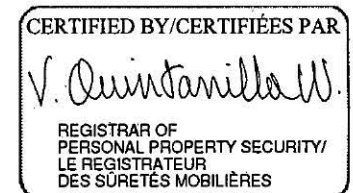
ENQUIRY NUMBER 20240422152035.43 CONTAINS 6 PAGE(S), 3 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME  
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER  
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THORNTON GROUT FINNIGAN LLP - ROXANA MANEA

100 WELLINGTON STREET WEST  
TORONTO ON M5K 1K7

CONTINUED... 2



(crfj6.05/2022)

Ontario 

RUN NUMBER : 113  
RUN DATE : 2024/04/22  
ID : 20240422152035.43

PROVINCE OF ONTARIO  
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 2  
( 6650)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CANNMART LABS INC.  
FILE CURRENCY : 21APR 2024

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
797350077

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20230920 1538 1532 7494	P PPSA	05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME CANNMART LABS INC

04 ADDRESS 227 HADDINGTON AVE NORTH YORK ONTARIO CORPORATION NO. ON M5M 2P7

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT BANK OF MONTREAL/BANQUE DE MONTREAL

09 ADDRESS 100 KING ST. W, 28TH FLOOR TORONTO ON M5X1A1

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE  
X X

11 MOTOR YEAR MAKE MODEL VIN

12 VEHICLE

13 GENERAL LF199 PLEDGE OF STATED SUM AS CASH COLLATERAL

14 COLLATERAL DESCRIPTION

16 REGISTERING AGENT D + H LIMITED PARTNERSHIP

17 ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
RÉGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTREUR  
DES SÛRETÉS MOBILIÈRES

(c)1fv 05/2022

Ontario 

RUN NUMBER : 113  
RUN DATE : 2024/04/22  
ID : 20240422152035.43

PROVINCE OF ONTARIO  
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 3  
( 6651)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CANNMART LABS INC.  
FILE CURRENCY : 21APR 2024

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN \*\* THIS REGISTRATION HAS BEEN DISCHARGED \*\*

00 FILE NUMBER  
791508375

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	001		20230315 1808 1031 7484	P PPSA	05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME CANNMART LABS INC.

04 ADDRESS 7 CANSO RD ETOBICOKE ONTARIO CORPORATION NO. ON M9W 4L9

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT HIS MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE

09 ADDRESS 33 KING ST W, 6TH FLR OSHAWA ON L1H 8H5

COLLATERAL CLASSIFICATION					MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED		MATURITY OR	MATURITY DATE
X	X	X	X		10745		15MAR2028	

11 MOTOR YEAR MAKE MODEL VIN

12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT MINISTRY OF FINANCE, AM & COLLECTIONS BRANCH (EHT 765941919) T697/763

17 ADDRESS 33 KING ST W, 6TH FLR OSHAWA ON L1H 8H5

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTREUR  
DES SÛRETÉS MOBILIÈRES

(c)1fv 05/2022



RUN NUMBER : 113  
RUN DATE : 2024/04/22  
ID : 20240422152035.43

PROVINCE OF ONTARIO  
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 4  
( 6652)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CANNMART LABS INC.  
FILE CURRENCY : 21APR 2024

FORM 3C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

REGISTRATION  
NUMBER

20240404 1212 1031 6015

01  
31 RECORD REFERENCED : FILE NUMBER : 791508375 CHANGE REQUIRED : C DISCHARGE RENEWAL YEARS :

32 INDIVIDUAL DEBTOR  
33 BUSINESS DEBTOR : CANNMART LABS INC.

ONTARIO CORPORATION NO :

SECURED PARTY/LIEN CLAIMANT/REGISTERING AGENT

08/16 NAME : MINISTRY OF FINANCE, AM & COLLECTIONS BRANCH (EHT) BN 765941919  
09/17 ADDRESS : 347 PRESTON ST, 3RD FLOOR (697/187) OTTAWA ON K1S 3H8

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED...

5

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES

(crj3fv 05/2022)

Ontario 

RUN NUMBER : 113  
RUN DATE : 2024/04/22  
ID : 20240422152035.43

PROVINCE OF ONTARIO  
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 5  
( 6653)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CANNMART LABS INC.  
FILE CURRENCY : 21APR 2024

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
768544551

01 CAUTION FILING PAGE NO. OF PAGES TOTAL 001 1 MOTOR VEHICLE SCHEDULE 20201214 1527 9234 4754 REGISTRATION NUMBER 4754 REGISTERED UNDER P PPSA REGISTRATION PERIOD 5

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME CANNMART LABS INC.

04 ADDRESS 18 CANSO ROAD ETOBICOKE ONTARIO CORPORATION NO. ON M9W 4L8

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT NAMASTE TECHNOLOGIES INC.

09 ADDRESS 365 BLOOR STREET EAST, SUITE 2001 TORONTO ON M4W 3L4

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE

11 MOTOR VEHICLE YEAR MAKE MODEL VIN

12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT BENNETT JONES LLP (88426.13/A.TAYLOR/JS)

17 ADDRESS 3400-1 FIRST CANADIAN PLACE TORONTO ON M5X 1A4

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 6

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES

(cij1fv 05/2022)



RUN NUMBER : 113  
RUN DATE : 2024/04/22  
ID : 20240422152035.43

PROVINCE OF ONTARIO  
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 6  
( 6654)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CANNMART LABS INC.  
FILE CURRENCY : 21APR 2024

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
797350077	20230920 1538 1532 7494			
791508375	20230315 1808 1031 7484	20240404 1212 1031 6015		
768544551	20201214 1527 9234 4754			

4 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES

(cr1j6 05/2022)

Ontario 

This is Exhibit “O” referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**



**CannMart Labs Inc.**  
**Summary of Terms and Conditions**  
(the “Term Sheet”)  
**July 15, 2022**

*The Terms and Conditions outlined below are for discussion purposes only and do not, at this time, represent an offer or commitment to provide financing. A formal commitment would require, among other items, a satisfactory due diligence review and authorization of the proposal by the Lenders and shall not be established unless and until the parties execute and deliver definitive loan documentation and the satisfaction of any conditions. All dollar amounts are in Canadian dollars unless expressly stated otherwise.*

*This document is for the confidential use of the Borrower, and may not, without the prior written consent of the Lenders be disclosed to any other party other than the Borrower’s senior management, lawyers and financial advisors (but not commercial lenders) on a need-to-know basis. All dollar amounts are in Canadian dollars unless expressly stated otherwise.*

- Borrowers:** CannMart Labs Inc. (the “**Borrower**” or “**Company**”)
- Lender:** Bank of Montreal (the “**Lender**” or “**BMO**”).
- Facilities:** 1. Letter of Credit for up to \$187,500 (“**LC Facility**” or “**LC**” or “**Letter of Credit**”)  
(collectively, *the “**Facilities**”*)
- Term / Maturity:** 1. Available for a term not to exceed 1 year from the date of issuance.
- Purposes:** 1. For security deposit of excise tax with Canada Revenue Agency.
- Availability:** All advances, repayments and rollovers are subject to standard notice requirements.
- Applicable Margins, Interest Rates & Standby Fees:** 1. Per Trade Finance client fee schedule  
**Note:** All interest rates and fees shall be calculated on a 365 or 366-day basis as appropriate. LC fees are calculated and payable quarterly in advance. Standard Trade Finance work fees apply.
- Application Fee:** \$1000
- Security:** 1. Cash Collateral in the amount equal to 100% of available Facilities.
- Non-Financial Covenants:** Positive and negative covenants outlined in Schedule B, and:
1. The Borrower shall manage and operate its business or cause its business to be managed and operated:
    - o Solely within Qualified Jurisdictions provided that it provides the Lender the applicable federal licensing documentation prior to possessing or selling any cannabis or related product in the applicable Qualified Jurisdiction, together with a satisfactory legal opinion from the Borrower’s counsel confirming the ability of the Borrower to do so, provided that the Borrower may export cannabis to a Qualified Jurisdiction where the Lender has been previously provided with the applicable import and export permits.
    - o With respect to the cultivation, the production and processing of cannabis and cannabis related products solely in facilities licensed by

Health Canada or other similar government agencies in a Qualified Jurisdiction.

“Qualified Jurisdiction” means any country where it is legal on a federal, state, local and all other basis to undertake the activities contemplated by the Borrower, whether relating to importation, cultivation, production, purchase or sale of cannabis. Provided that the Qualified Jurisdiction shall not include the United States of America without the prior consent of the Lender, and that the Borrower will be prohibited from having any cannabis operations, cannabis sales or cannabis investments in the United States of America.

2. The Borrower shall immediately provide copies of all correspondence and notices received from any governmental authority or stock exchange with respect to the licenses and permits required to conduct the Borrowers’ business, or any regulatory or other investigations into the Borrowers’ cannabis business practices.

**Reporting Requirements:**

1. Annual financial statements of the Borrower’s Parent (Lifeist Wellness Inc.) within 120 days of the end of each fiscal year.
2. Promptly, after receipt thereof, any rejection notice for new or renewal security clearance application for each director and officer of the Borrower or Guarantor per the Access to Cannabis for Medical Purposes Regulations or any subsequent regulations.
3. Promptly, after receipt thereof and in any event within 5 business days of the receipt thereof: (i) the results of any facility audit by Health Canada; and (ii) any warning document, letter or notice from Health Canada that would have a material impact on any Health Canada license held by the Borrower or any Guarantor, together with the Borrower’s or Guarantor’s action plan with respect thereto.
4. Promptly, after receipt thereof, a copy of any import or export permit related to the business of the Borrower under the *Access to Cannabis for Medical Purpose Regulations* or any subsequent regulations together with the corresponding import or export permit from the foreign jurisdiction to or from which products will be sourced.
5. Prompt notification of management letters; default notices; litigations, and any other material events.
6. Such other information as the Lender may reasonably request from time to time.

**Legal Counsel:** N/A

**Governing Law:** Province of Ontario and the laws of Canada applicable in such Province

**Language:** It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s’y rattachant soient rédigés et signés en anglais.

This Indicative Term Sheet accepted this 27 day of July, 2022.

Borrower:

**CannMart Labs Inc.**

Per: Meni Morim  
Name: Meni Morim  
Title: Director

Per: \_\_\_\_\_  
Name:  
Title:

## Schedule A : Definitions

**Accounting Standards for Private Enterprises (ASPE):**

Means generally accepted accounting principles for private enterprises in effect in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants, as the same are generally applied to corporations carrying on the type of business carried on by the Borrower and the Guarantor(s), and consistently applied as of the date of determination and shall include whatever accounting standards and interpretations thereof, adopted by the Canadian Institute of Chartered Accountants, the International Accounting Standards Board or other governing body, which the Borrower may be required or may elect to observe.

**Generally Accepted Accounting Principles (GAAP):**

Except as otherwise expressly provided herein, all terms of accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time. All calculations of the components of financial information for the purposes of determining compliance with the financial ratios and financial covenants contained herein shall be made on a basis consistent with GAAP in existence as at the date of the definitive loan agreement and used in preparation of the consolidated financial statements of the Borrower. Upon adoption by the Borrower of International Financial Reporting Standards (IFRS), or in event of a change in GAAP, the Borrower and the Lender shall negotiate in good faith to revise (if appropriate) such ratios and covenants to give effect to the intention of the parties under the definitive loan agreement at the Closing Date, and any new ratio or covenant shall be subject to the approval of the Lender. In the event that such a negotiation is unsuccessful, all calculations thereafter made for the purpose of determining compliance with the financial ratios and financial covenants contained herein shall be made on a basis consistent with GAAP in existence at the Closing Date.

**Schedule B: General Terms & Conditions**

<b>Events of Default:</b>	(i) failure to pay any interest, principal, fees or other amounts when due; (ii) default under any covenant or agreement in any loan document; (iii) any loan document is repudiated or is no longer in force and effect; (iv) inaccurate or false representations or warranties; (v) cross default with other debt agreements; (vi) insolvency; (vii) bankruptcy; (viii) change of control; (ix) unsatisfied judgments and (x) occurrence of a material adverse effect.
<b>Representations &amp; Warranties:</b>	(i) organization and qualification, (ii) authorization and validity of loan documents, (iii) use of proceeds (iv) financial reports, (v) no material adverse change, (vi) full disclosure, (vii) governmental authority and licensing, (viii) title to properties and assets, (ix) no material litigation, (x) payment of taxes, (xi) compliance with laws (including environmental), (xii) no violation of agreements, (xiii) solvency, and (xiv) absence of Default or Event of Default.
<b>Positive Covenants:</b>	(i) payment of all amounts due, (ii) maintenance of corporate existence, right and privileges, (iii) maintenance of insurance, (iv) payment of taxes, (v) delivery of financial statements, (vii) maintenance of fixed assets, (viii) notice of actions, (ix) maintenance of records, (x) notice of material events including a material adverse effect, Default or Event of Default, (xi) compliance with environmental and other laws, and (xii) maintenance of material authorizations
<b>Negative Covenants:</b>	Limitations on changes in business.
<b>Expenses:</b>	The Borrower shall pay all reasonable costs and expenses of the Lender associated with the preparation, due diligence (including third party expenses), and administration of the Facilities and loan documentation, including without limitation the legal fees of the Lender's counsel, regardless of whether the Facilities close. Costs and expenses of the Lender, including without limitation its legal fees, in connection with any default or event of default or the enforcement of the loan documents to be reimbursed by the Borrower.
<b>Assignment:</b>	The Borrower shall not assign any of its rights or obligations hereunder.
<b>Increased Costs, Taxes etc.:</b>	The Borrower will reimburse any costs the Lender incurs in performing their obligations under the Facilities resulting from any change in law, including any reserve or special deposit requirement or any tax or capital requirement or any change in the compliance of the Lender therewith, that has the effect of increasing the cost of funding to the Lender or reducing the effective return on its capital. All loan repayments shall be made free and clear of any present and future taxes, withholdings or any other deductions.
<b>Confidential Information Release:</b>	The Borrower consents to the release of confidential information regarding the business by the Lender to BMO Financial Group business groups, affiliates and subsidiaries for the purpose of assisting the Lender in supporting the Borrower with its strategic plans.
<b>Indemnification:</b>	The Borrower agrees to indemnify the Lender from and against any and all losses, claims, damages and liabilities arising from activities under or contemplated under this document other than as a result of the Lender's gross negligence or wilful misconduct.
<b>Consent:</b>	The Borrower authorizes and consents to reproduction, disclosure and use by the Lender of information about the Borrower (including, without limitation, the Borrower's name and any identifying logos) and the Facilities herein contemplated (all such information being called the "Information") to enable the Lender to publish promotional "tombstones" and other forms of notices of the Facilities in any manner and in any media (including, without limitation, brochures). The Borrower acknowledges and agrees: that Lender shall be entitled to determine, in its discretion, whether to use the Information; that no compensation will be payable by the Lender resulting there from; and that the Lender shall not have any liability whatsoever to the Borrower or any of its employees, officers, directors, affiliates or shareholders in obtaining and using the Information in accordance with this paragraph.
<b>Acknowledgement:</b>	The Borrower acknowledges that the Facilities are for use by the Borrower and will be used for the Borrower's and the Borrower's subsidiaries' business purposes only.

**Evidence of Obligations (Noteless Advances)**

The Lender may, but shall not be obliged to request the Borrower to execute and deliver from time to time such promissory notes as may be required in order to evidence its Obligations in connection with the Facilities. The Lender shall open and maintain, in accordance with its usual practice, an account or accounts evidencing such Obligations, and the information entered in such accounts shall be deemed to be prima facie correct.

This is Exhibit "P" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**

Date: 27 Jul 2022

The undersigned, CannMart Labs Inc. herewith delivers in pledge to the BANK OF MONTREAL (herein called the "Bank"), the sum of One Hundred and Eighty Seven Thousand, Five Hundred Dollars (\$ 187,500.00), to be held by the Bank as a general and continuing collateral security for payment of all and every present and future, indebtedness or liability direct or indirect, absolute or contingent, matured or not, of the undersigned to the Bank and any ultimate unpaid balances thereof and interest, and the said money or any part of it may without notice to the undersigned, as and when the Bank thinks fit, be appropriated on account of such parts of said indebtedness and liability as to the Bank seems best and such appropriations may be changed and varied from time to time.

If the borrower is the pledger insert "the undersigned", otherwise insert name of borrower.

This clause applies to the Province of Quebec only

It is the express wish of the Parties that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

Account No(s). \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Meri Morim*  
\_\_\_\_\_  
\_\_\_\_\_



This is Exhibit “Q” referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**



**Bank of Montreal**

250 Yonge St., 11th Floor  
Toronto, ON M5B 2L7  
Tel: 416 598-6112  
Fax: 416 598-6076  
SWIFT: BOFMCAT2

CANNMART LABS INC.  
7 CANSO ROAD  
ETOBICOKE, ON M9W 4L9 Canada

July 07, 2023

Re: Our Irrevocable Standby Letter of Credit No.: BMT0677325OS  
Beneficiary: TRISURA GUARANTEE INSURANCE COMPANY

Dear Customer,

The Letter of Credit No.BMT0677325OS has a current expiry date of August 03,2023 and will extend on that date to August 3,2024 as per terms of the auto renewal clause in the Letter of Credit.

Unless otherwise instructed herein, all correspondence and enquiries regarding this transaction should be directed to our Customer Service Centre at the above address, telephone: 416-598-6112. Please indicate our reference number in all your correspondence or telephone enquiries.

Regards,

---

Authorised Signature(s)

This is Exhibit "R" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



---

A Commissioner for taking affidavits

**INES FERREIRA**

**LIFEIST WELLNESS INC.**  
**DEBTOR IN POSSESSION FINANCING TERM SHEET**  
(the “**Term Sheet**”)

April 26, 2024

CannMart Labs Inc.  
18 Canso Road  
Etobicoke, Ontario  
M9W 4L8

**Attention: Daniel Stern, Chief Executive Officer**

**Re: Debtor in Possession Financing for CannMart Labs Inc.**

**Recitals**

- A. On April 3, 2024, CannMart Labs Inc. (the “**Borrower**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) under the *Bankruptcy and Insolvency Act* (Canada). Msi Spergel Inc. consented to act as the proposal trustee of the Borrower.
- B. The Borrower intends to bring a motion to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an initial order (the “**Initial Order**”), among other things, converting the proceeding initiated by way of the NOI to a proceeding (the “**CCAA Proceeding**”) under the *Companies Creditors Arrangement Act* (Canada) (the “**CCAA**”), appointing msi Spergel Inc. as monitor of the Borrower (in such capacity, the “**Monitor**”), approving this Term Sheet and granting the DIP Charge (as defined herein) to secure advances made under the DIP Facility (as defined herein);
- C. The Borrower requires funding for working capital purposes and to satisfy its cash flow requirements during the CCAA Proceedings; and
- D. Lifeist Wellness Inc. (the “**DIP Lender**”) has agreed to advance a debtor-in-possession loan in the aggregate principal amount of CAD \$400,000, subject to and in accordance with the terms and conditions of this Term Sheet.

- 1. **BORROWER:** CannMart Labs Inc.
- 2. **LOAN AMOUNT:** CAD \$400,00
- 3. **DIP FACILITY** Non-revolving facility in the maximum aggregate amount of CAD \$400,000 (the “**DIP Facility**”).

The DIP Facility shall be used for short-term liquidity and other general corporate purposes, including working capital requirements and the payment of restructuring fees in accordance with the cash flow projections attached hereto as Schedule “A” (the “**Cash Flow Projections**”) approved by the DIP Lender and the Monitor while the Borrower identifies a potential transaction (a “**Transaction**”) pursuant to a Court-approved Sale and Investment Solicitation Process to be conducted within the CCAA Proceedings.

The amount and purpose of the DIP Facility may be amended by the Borrower and the DIP Lender in writing and subject to the consent of the Monitor or further order of the Court. The Borrower may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Borrower, except with the consent of the Monitor and the DIP Lender, or in accordance with the Cash Flow Projections.

4. **ADVANCES:**

Subject to the Conditions Precedent set out in Section 11 of this Term Sheet, and the Borrower complying with the provisions of this Term Sheet, the DIP Lender shall make the DIP Facility available to the Borrower through advances in minimum amount of not less than CAD \$100,000 (each, an “**Advance**”).

Each Advance shall be requested by the Borrower in writing (an “**Advance Request**”) and approved by the Monitor on five business days notice to the DIP Lender.

Nothing in this Term Sheet creates a legally binding obligation on the DIP Lender to advance any amount under the DIP Facility at any time unless the Borrower complies with the provisions of this Term Sheet.

Any Advance shall be funded by wire transfer into an account designated by the Borrower, cheque payable to the Borrower, or such other means as determined by the DIP Lender in its sole discretion, acting reasonably.

5. **INTEREST:**

Interest shall accrue under the DIP Facility at a rate equal to 10% per annum on the outstanding indebtedness (the “**Interest**”). Interest shall be calculated on the daily outstanding balance owing under the DIP Facility, not in advance, and shall accrue and be paid on the Maturity Date (as defined herein).

6. **RECOVERABLE EXPENSES:**

The Borrower shall pay, in each case, on a full indemnity basis: (i) all reasonable legal expenses incurred by the DIP Lender in connection with the negotiation, preparation and performance of this Term Sheet, and (ii) all of the DIP Lender’s costs of realization or enforcement, in each case in connection with or related to the DIP Facility, the DIP Charge (defined below), this Term Sheet, or the CCAA Proceedings (collectively, “**Recoverable Expenses**”), provided that the Recoverable Expenses will become payable on the Maturity Date.

If the DIP Lender has paid any expense for which the DIP Lender is entitled to reimbursement from the Borrower, such expenses shall be added to the DIP Facility and shall accrue interest at the rate set out above. All such fees and expenses and interest thereon shall be secured by the DIP Charge, whether or not any funds are advanced under the DIP Facility.

7. **COMMITMENT FEE**

The Borrower shall pay a commitment fee in the amount of CAD \$8,000 (the “**Fee**”), representing 2% of the total maximum amount available

under the DIP Facility, which shall be deemed to be fully earned by the DIP Lender and payable on the date that the Court issues the Initial Order approving the DIP Facility. The Fee shall be added to the indebtedness outstanding under the DIP Facility and secured by the DIP Charge.

8. **SECURITY:**

All debts, liabilities and obligations of the Borrower to the DIP Lender under or in connection with the DIP Facility, this Term Sheet, and any other documents executed in connection therewith shall be secured by a Court-ordered super-priority charge (the “**DIP Charge**”) granted to the DIP Lender in and to all present and future properties, assets, and undertakings of the Borrower, real and personal, tangible and intangible, including all intellectual property owned by the Borrower, whether now owned or hereafter acquired (collectively, the “**Property**”), ranking subordinate only to: (i) an administration charge in the maximum aggregate amount of CAD \$400,000 for the payment of the fees and expenses of counsel to the Borrower, the Monitor and counsel to the Monitor (the “**Administration Charge**”), and (ii) any valid purchase money security interests registered under the *Personal Property Security Act* (Ontario).

9. **MATURITY DATE**

Unless otherwise agreed by the DIP Lender in its sole discretion, the term of the DIP Facility shall expire, and the Borrower shall repay all obligations owing to the DIP Lender under this Term Sheet on the earliest of (the “**Maturity Date**”):

- (a) July 12, 2024;
- (b) the closing of a Transaction;
- (c) any Order made by the Court replacing MSI Spergel Inc. as Monitor;
- (d) the date on which the CCAA Proceedings are terminated for any reason, including if the Borrower becomes bankrupt, whether voluntarily or involuntarily; and
- (e) the occurrence of an Event of Default (as defined herein).

10. **REPAYMENT:**

The aggregate principal amount owing under the DIP Facility plus all accrued and unpaid Interest, Recoverable Expenses and the Fee, shall become immediately due and payable on the Maturity Date. The DIP Facility may be prepaid at any time, without penalty (provided all accrued and unpaid Interest, Recoverable Expenses and the Fee are paid in full). If the Borrower chooses to prepay any amount owing under the DIP Facility, any such payment shall be applied: (i) first, to all accrued and unpaid Interest; (ii) second, to the Fee and all Recoverable Expenses; and (iii) third, to any principal amount outstanding under the DIP Facility.

11. **CONDITIONS  
PRECEDENT:**

The availability of Advances under the DIP Facility shall be conditional upon the following, which may be waived by the DIP Lender, in its reasonable discretion, in writing (the “**Conditions Precedent**”):

- (a) written acceptance of this Term Sheet by the Borrower;
- (b) the DIP Lender shall have received and approved the Cash Flow Projections in accordance with the terms of this Term Sheet;
- (c) the Court shall have issued the Initial Order, in a form satisfactory to the DIP Lender, including:
  - i. approving this Term Sheet and the DIP Facility up to an authorized limit of CAD \$400,000; and
  - ii. granting the DIP Charge in favour of the DIP Lender;
- (d) the DIP Lender shall, acting reasonably, be satisfied that the Borrower has complied with and are continuing to comply, in all material respects, with all applicable laws, regulations and policies in relation to its business other than as may be permitted by an Order of the Court in the CCAA Proceedings, provided that the issuance of any such Order does not result in the occurrence of an Event of Default;
- (e) no Event of Default has occurred or will occur as a result of the Advance.
- (f) the DIP Lender shall have received an Advance Request from the Borrower, which may be from counsel to the Borrower, that the requested Advance is within the maximum amount available under the DIP Facility, in accordance with the Cash Flow Projections, and that the Borrower is in compliance with this Term Sheet and the Initial Order.

12. **REPRESENTATIONS  
AND WARRANTIES**

The Borrower, as applicable, represents and warrants to the DIP Lender, upon which representations and warranties the DIP Lender relies in entering into this Term Sheet and when making each Advance, as follows (the “**Representations and Warranties**”):

- (a) the Borrower is a corporation existing under the laws of their jurisdiction of incorporation;
- (b) the Borrower owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower does not infringe upon the rights of any other person to the knowledge of the Borrower;

- (c) save to the extent disclosed by the Borrower to the DIP Lender, the Borrower has paid, where due, its tax and other obligations, including for payroll, employee source deductions, and *Harmonized Sales Tax*, and is not in arrears in respect of these obligations;
- (d) the Borrower maintains, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar business and operating in the same or similar locations; and
- (e) all factual information provided by or on behalf of the Borrower to the DIP Lender for the purposes of or in connection with this Term Sheet or any transaction contemplated herein is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.

**13. COVENANTS:**

During the period of this Term Sheet, the Borrower will:

- (a) use reasonable efforts to keep the DIP Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower;
- (b) promptly, upon receipt by the Borrower of same, give the DIP Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the Initial Order, including, without limitation, any application to the Court for the granting of new or additional security that will or may have priority over the DIP Charge, or otherwise for the variation of the priority of the DIP Charge;
- (c) prior to service, provide the DIP Lender with all materials the Borrower intends to file in the CCAA Proceedings and provide the DIP Lender and its counsel a reasonable amount of time to review same;
- (d) provide the DIP Lender with any additional financial information reasonably requested by the DIP Lender, including any updated Cash Flow Projections;
- (e) use the Advances under the DIP Facility for the purposes for which they are being provided, as set out in Section 3 of this Term Sheet, or such other purposes that may be agreed to by the DIP Lender and the Monitor in writing;



- (f) comply with the provisions of the Initial Order and any other court order made in the CCAA Proceedings; provided that if any court order in the CCAA Proceedings contravenes this Term Sheet or any other DIP Facility documentation so as to adversely impact the rights or interests of the DIP Lender in a material manner, the same shall be an Event of Default hereunder;
- (g) provide the DIP Lender with prompt written notice of any event that constitutes, or would, with notice, lapse of time, or both, constitute an Event of Default, a breach of any covenant, or other term or condition of this Term Sheet, or of any document executed in connection with this Term Sheet;
- (h) conduct all activities in a manner consistent with the Cash Flow Projections;
- (i) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
- (j) not declare any dividend, or make any other distributions with respect to any shares of the Borrower without the prior written consent of the DIP Lender and the consent of the Monitor or order of the Court;
- (k) not make any payment to any director, officer, investor or related party (except salary and wages in the normal course) without the prior written consent of the DIP Lender and the Monitor or order of the Court;
- (l) keep the Borrower's assets fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets;
- (m) operate its business in material compliance with, all applicable laws and regulations, including without limitation all laws and regulations with respect to the cultivation, production and purchase/sale (including import and export) of cannabis ("**Cannabis Laws and Regulations**");
- (n) maintain the employment of all persons whose retention is required for the continuation of the licenses maintained by the Borrower under applicable Cannabis Laws and Regulations ("**Cannabis Licenses**");
- (o) maintain all licenses and authorizations required under applicable laws, including the Cannabis Laws and Regulations, to permit it to carry on its business, including all Cannabis Licenses;

- (p) not, without the prior written consent of the DIP Lender and the consent of the Monitor or further order of the Court, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the DIP Facility, or create or grant any security (other than the Administration Charge, the DIP Charge and a charge in favour of the directors and officers) over any of its Property, whether ranking in priority to or subordinate to the DIP Charge;
- (q) not sell, transfer, assign, convey or lease any Property unless agreed to by the DIP Lender and consented to by the Monitor or order of the Court; and
- (r) not enter into a Transaction unless all amounts outstanding under this Term Sheet will be permanently and indefeasibly repaid upon closing of the Transaction unless the terms of the Transaction have otherwise been approved by the DIP Lender.

**14. INDEMNITY:**

The Borrower shall indemnify and hold harmless the DIP Lender and its affiliates and officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the “**Indemnified Persons**”) from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever that may be incurred by or asserted against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, the proposed or actual use of proceeds of the DIP Facility, this Term Sheet, the CCAA Proceedings, the Initial Order or any other agreements entered into between the DIP Lender and the Borrower with respect to the foregoing. Notwithstanding the foregoing, the Borrower shall have no obligation to indemnify any Indemnified Person against any such loss, liability cost or expense (a) to the extent that such Indemnified Person is found by a final judgment of a court of competent jurisdiction to arise from their gross negligence, bad faith or wilful misconduct, or (b) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower. The DIP Lender shall not be responsible or liable to the Borrower or any other person for consequential or punitive damages.

**15. EVENTS OF DEFAULT:**

The DIP Facility shall be subject to the following events of default (“**Events of Default**”):

- (a) the Borrower’s failure to pay any amount due hereunder when due and payable;
- (b) any covenant, Condition Precedent, payment obligation, or other term of this Term Sheet is not complied with or fulfilled to the satisfaction of the DIP Lender, acting reasonably;

- (c) any representation or warranty made by the Borrower is incorrect or misleading in any material respect when made;
- (d) the seeking or support by the Borrower of any Court order (in the CCAA Proceedings or otherwise) that is adverse or potentially adverse to the interests of the DIP Lender;
- (e) the issuance of any court order staying, reversing, vacating or modifying the terms of the Initial Order, the DIP Facility or the DIP Charge without the DIP Lender's consent, which consent may be withheld in the DIP Lender's sole discretion;
- (f) the service or filing of a notice of appeal, application for leave to appeal, or an appeal in respect of the Initial Order that is not being diligently contested by the Borrower, provided that, if the Borrower is unsuccessful in contesting any such appeal, that shall automatically constitute an Event of Default;
- (g) an event occurs that will, in the opinion of the DIP Lender, acting reasonably, materially impair the Borrower's financial condition, operations or ability to perform its obligations under this Term Sheet or any order of the Court;
- (h) failure by the Borrower to comply with the Initial Order or any further Order of the Court;
- (i) any material adverse change in: (i) the business, operations, or financial condition of the Borrower or its affiliates; (ii) the Property of the Borrower; (iii) the DIP Charge, including its priority; (iv) the ability of the Borrower to perform its obligations under this Term Sheet or to any person under any material contract; (v) the DIP Lender's ability to enforce any of its rights or remedies against the Property, or for the obligations of the Borrower to be satisfied from the realization thereof;
- (j) the filing of any proposal to which the DIP Lender does not consent, which consent cannot be unreasonably withheld; and
- (k) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter (collectively, a "**Claim**") that is not being diligently contested by the Borrower, the purpose of which is to seek or the result of which would be to obtain any order, judgment, determination, declaration or similar relief: (i) invalidating, setting aside, avoiding, or subordinating the obligations of the Borrower under the DIP Facility, the DIP Charge or its priority, (ii) for monetary, injunctive or other relief against the DIP Lender or the Property, or (iii) preventing, hindering or otherwise delaying the exercise by the DIP Lender of any of its rights and remedies hereunder, pursuant to the Initial Order or under

applicable law, or the enforcement or realization by the DIP Lender against any of its collateral, provided that if the Borrower is unsuccessful in contesting any such Claim, that shall automatically constitute an Event of Default.

**16. REMEDIES AND ENFORCEMENT**

Upon the occurrence of an Event of Default, the DIP Lender may, in its sole discretion, by way of written notice to the Borrower, elect to terminate the DIP Facility and accelerate all amounts outstanding under the DIP Facility. Upon the occurrence of an Event of Default, the DIP Lender may, upon providing five business days' written notice to the Borrower and the Monitor:

- (a) apply to the Court for the appointment of a receiver, an interim receiver or a receiver and manager over the Property, or for the appointment of a trustee in bankruptcy of the Borrower;
- (b) apply to the Court to be allowed to exercise the rights and powers of a secured lender pursuant to the *Personal Property Security Act* (Ontario), or any legislation of similar effect; and
- (c) exercise all such other rights and remedies available to the DIP Lender under this Term Sheet, the Initial Order, any other order of the Court or applicable law.

No failure or delay on the part of the DIP Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.

**17. DIP LENDER APPROVALS**

Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail, by the DIP Lender, or its counsel, pursuant to the terms hereof.

**18. LEGAL FEES**

The Borrower shall be responsible for all of the DIP Lender's reasonable legal fees incurred in respect of the DIP Facility on a full indemnity basis.

**19. FURTHER ASSURANCES**

The Borrower will, at its own expense and promptly on demand by the DIP Lender at any time, do such acts and things and execute and deliver such documents as the DIP Lender may reasonably request to give effect to any other provisions set out hereunder.

**20. ENTIRE AGREEMENT; CONFLICT**

This Term Sheet constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Term Sheet and any of the other documentation that the DIP Lender requires the Borrower to execute, this Term Sheet shall govern.

**21. WAIVERS**

No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing by the DIP Lender and delivered in accordance with the

terms of this Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.

**22. SEVERABILITY**

Any provision in this Term Sheet, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**23. ASSIGNMENT**

The Borrower shall not assign this Term Sheet or any of the provisions set out herein without the prior written consent of the DIP Lender, which consent may be unreasonably withheld. The DIP Lender may assign or sell its rights or obligations with respect to this Term Sheet to any person without the prior written consent of the Borrower.

**24. GOVERNING LAW**

The DIP Facility and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**25. COUNTERPARTS**

This Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same instrument.

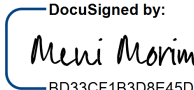
**26. ACCEPTANCE**

The Borrower agrees that the DIP Lender's services are rendered at the time this Term Sheet is both accepted by the Borrower and approved by the Court. Notwithstanding the foregoing, the Fee shall be payable by the Borrower to the DIP Lender if this Term Sheet is not approved by the Court.

If the terms and conditions set out herein are satisfactory and the Borrower is prepared to seek Court approval of same, kindly acknowledge acceptance by initialling each page and signing below.

This Term Sheet will be open for acceptance by the Borrower until 5:00 p.m. (Eastern Time) on April 26, 2024.

**LIFEIST WELLNESS INC.**

Per:   
Name: Meni Morim  
Title: CEO

I have the authority to bind the Corporation.

**BORROWERS' ACKNOWLEDGMENT AND ACCEPTANCE:**

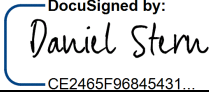
The undersigned hereby acknowledge that they have been advised by the DIP Lender to seek legal advice with respect to this Term Sheet and have done so prior to signing this Term Sheet.

The undersigned hereby accepts and agreed to be bound by the terms and conditions of this Term Sheet, expressly subject to Court approval of same.

Dated this 26th day of April, 2024.

**BORROWER:**

**CANNMART LABS INC.**

Per:   
Name: Daniel Stern  
Title: Chief Executive Officer

I have the authority to bind the Corporation.

**Schedule "A"**  
**Cash Flow Forecast**

(attached).



**CannMart Labs Inc.**

Cash Flow Statement (in CAD\$)

For the 13-week period ending July 20, 2024

<b>Week Ending</b>	<b>Week 1 27-Apr</b>	<b>Week 2 4-May</b>	<b>Week 3 11-May</b>	<b>Week 4 18-May</b>	<b>Week 5 25-May</b>	<b>Week 6 1-Jun</b>	<b>Week 7 8-Jun</b>	<b>Week 8 15-Jun</b>	<b>Week 9 22-Jun</b>	<b>Week 10 29-Jun</b>	<b>Week 11 6-Jul</b>	<b>Week 12 13-Jul</b>	<b>Week 13 20-Jul</b>
<b>Receipts</b>													
Funding from DIP lender	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Receipts</b>	-	150,000	-	-	-	150,000	-	-	-	-	100,000	-	-
<b>Disbursements</b>													
Rent	-	12,148	-	-	-	12,148	-	-	-	12,148	-	-	-
Utilities (electricity, phone, internet)	-	9,700	-	-	-	9,700	-	-	-	9,700	-	-	-
Software Costs	-	-	-	3,390	-	-	-	3,390	-	-	-	3,390	-
Other Office Expenses	-	20	-	-	-	20	-	-	-	20	-	-	-
Professional Fees - Monitor	14,000	-	-	-	25,000	-	-	-	-	30,000	-	-	25,000
Monitor's legal counsel	-	10,000	-	-	15,000	-	-	-	-	20,000	-	-	20,000
Legal Counsel - CannMart Labs Inc	-	60,000	-	-	25,000	-	-	-	-	40,000	-	-	40,000
<b>Total Disbursements</b>	14,000	91,868	-	3,390	65,000	21,868	-	3,390	-	111,868	-	3,390	85,000
<b>Net Change in Cash</b>	(14,000)	58,132	-	(3,390)	(65,000)	128,132	-	(3,390)	-	(111,868)	100,000	(3,390)	(85,000)
<b>Net Change in Cash</b>	(14,000)	58,132	-	(3,390)	(65,000)	128,132	-	(3,390)	-	(111,868)	100,000	(3,390)	(85,000)
<b>Opening Cash</b>	35,327	21,327	79,459	79,459	76,069	11,069	139,201	139,201	135,811	135,811	23,943	123,943	120,553
<b>Ending Cash</b>	21,327	79,459	79,459	76,069	11,069	139,201	139,201	135,811	135,811	23,943	123,943	120,553	35,553

**Notes**

1. The company has temporarily ceased its operations in order to be restructured through this CCAA process.
2. Professional fees have been estimated with the assumption that all steps in the planned CCAA process occur as scheduled and that all information as needed is provided by the company.

Dated the 26th of April, 2024

*Meni Morim*Meni Morim  
Director

Report on Cash-Flow Statement by the Insolvent Company  
(Paragraph 10(2) of the CCAA)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, C. C-36, AS AMENDED  
(the "CCAA")

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
CANNMART LABS INC

The management of CannMart Labs Inc. (the "**Company**") has developed the assumptions and prepared the attached statement of projected cash flow as of the 26th day of April, 2024 consisting of statement of Projected Cash Flow for the 13 week period ending July 20, 2024 (the "**Cash Flow**").

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 26th day of April, 2024.

**CannMart Labs Inc.**

Per:

*Meni Morim*

---

Meni Morim, President

Report on Cash-Flow Statement by the Insolvent Company  
(Paragraph 10(2) of the CCAA)

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  
CANNMART LABS INC.

**Purpose**

1. The Purpose of the projection is to present the Cash Flow of the Company in accordance with the requirements of Section 10(2)(b) of the CCAA.

**Projections Notes**

2. The Cash Flow should be read in conjunction with the Monitor's Report on the Cash Flow Statement and the assumptions below.

**Assumptions**

3. The main purpose of the Cash Flow is to determine the liquidity requirement of the Company.
4. The company has temporarily ceased operations in order to fix the amount of inventory on hand and to reduce ongoing expenses until the SISP can be completed.
5. The Company is projecting to obtain, subject to court approval, debtor-in-possession in financing to fund its operations during the forecasted period.

Dated at the City of Toronto in the Province of Ontario, this 26<sup>th</sup> day of April, 2024.

**CannMart Labs Inc.**

Per:

*Meni Morim*

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Meni Morim, President

---

Title	Cash flow documents CCAA
File name	Debtor_s_Report_o...week_cashflow.pdf
Document ID	d0ecf3f8423294fe4adc0e59ed0c9b75fbbeec44
Audit trail date format	MM / DD / YYYY
Status	● Signed

---

## Document history



SENT

**04 / 26 / 2024**

16:45:07 UTC-4

Sent for signature to Meni Morim (meni.m@lifeist.com) from  
msispergelinc@gmail.com  
IP: 104.171.204.20



VIEWED

**04 / 26 / 2024**

18:52:51 UTC-4

Viewed by Meni Morim (meni.m@lifeist.com)  
IP: 216.208.243.21



SIGNED

**04 / 26 / 2024**

18:53:02 UTC-4

Signed by Meni Morim (meni.m@lifeist.com)  
IP: 216.208.243.21



COMPLETED

**04 / 26 / 2024**

18:53:02 UTC-4

The document has been completed.

This is Exhibit "S" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



---

A Commissioner for taking affidavits

**INES FERREIRA**

## SALE AND INVESTMENT SOLICITATION PROCESS

### Introduction

On April 3, 2024, CannMart Labs Inc. (the “**Company**”) filed a Notice of Intention to make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) with the Office of the Superintendent of Bankruptcy (the “**NOI Proceeding**”). Msi Spergel Inc. consented to act as the proposal trustee of the Company.

On May 2, 2024, pursuant to the Order granted by Justice Steele (as may be amended, restated or otherwise modified from time to time, the “**Initial Order**”) on the same date, among other things, the Company converted the NOI Proceedings into proceedings under the *Company’ Creditors Arrangement Act* (the “**CCAA**”). Pursuant to the Initial Order, MSI Spergel Inc. was appointed as Monitor of the Company (in such capacity, the “**Monitor**”).

On May 2, 2024, the Court granted an order (the “**SISP Order**”) approving this sale and investment solicitation process (the “**SISP**”). The purpose of the SISP is to identify one or more financiers for, purchasers of and/or investors in the Company, the Business and/or Assets (each as defined below) to make a binding offer (each a “**Binding Bid**”), and to complete the transaction contemplated by any such offer. Set forth below are the procedures (the “**SISP Procedures**”) that shall govern the SISP and any transactions consummated as a result thereof.

### 1. Defined Terms

The following capitalized terms have the following meanings when used in this SISP:

“**Acknowledgment of the SISP**” means an acknowledgment of the SISP in the form attached as Schedule “A”;

“**Aggregate Bid**” means a combination of Portion Bids that do not overlap for Assets sought to be purchased;

“**Assets**” means the assets, undertakings and property of the Company;

“**Back-Up Bid Expiration Date**” has the meaning given to it in Section 14;

“**Back-Up Bid**” has the meaning given to it in Section 12;

“**Back-Up Bidder**” has the meaning given to it in Section 12;

“**Bid Deadline**” has the meaning given to it in Section 9;

“**Binding Bid**” has the meaning given to it in the Introduction;

“**Business**” means the business carried on by the Company, which consists primarily of the production of cannabis 2.0 products including, but not limited to, edibles, concentrates and topicals and the wholesale distribution of recreational cannabis to Canadian provincial government control boards;

“**Business Day**” means any day, other than a Saturday, Sunday or statutory holiday in the Province of Ontario, on which commercial banks in Toronto, Ontario are open for business;

“**Company**” has the meaning given to it in the Introduction;

“**Confidentiality Agreement**” means the confidentiality agreement, upon terms satisfactory to the Company, in consultation with the Monitor, entered into between the Company and an Interested Party;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**Data Room**” means an electronic data room created and maintained by the Monitor, with the assistance of the Company, containing confidential information in respect of the Company, the Business and the Assets;

“**Form Purchase Agreement**” means the template share purchase agreement posted in the Data Room;

“**Interested Party**” has the meaning given to it in Section 2;

“**Investment Proposal**” has the meaning given to it in Section 9;

“**Known Potential Bidders**” has the meaning give to it in Section 5(a);

“**Monitor**” has the meaning given to it in the Introduction;

“**Notice**” has the meaning given to it in Section 5(b);

“**Outside Date**” means July 31, 2024, or such other date as the Company, the Monitor, and the Successful Bidder(s) or the Back-Up Bidder, if applicable, may agree, acting reasonably;

“**Participant Requirements**” has the meaning given to it in Section 10 hereof;

“**Portion Bid**” means a Binding Bid for less than all, or substantially all of the Assets, that is otherwise a Qualified Bid;

“**Portion Bidder**” means a Qualified Bidder that submits a Portion Bid;

“**Qualified Bid**” means a Binding Bid that satisfies the requirements set out in Section 11. For greater certainty, a Portion Bid may be a Qualified Bid if it forms part of an Aggregate Bid;

“**Qualified Bidder**” means a bidder submitting a Qualified Bid;

“**Sale Approval Hearing**” has the meaning given to it in Section 18;

“**Sale Proposal**” has the meaning given to it in Section 9;

“SISP” has the meaning given to it in the Introduction;

“SISP Procedures” has the meaning given to it in the Introduction;

“Successful Bid” has the meaning given to it in Section 12;

“Successful Bidder” has the meaning given to it in Section 12; and

“Teaser Letter” has the meaning given to it in Section 5(c).

2. **The SISP Procedures**

The SISP shall consist of one phase. Any interested party (an “Interested Party”) that meets the preliminary participant requirements set out herein, including executing a Confidentiality Agreement and an Acknowledgment of the SISP, shall be provided with access to the Data Room to prepare and submit a Binding Bid by the Bid Deadline.

The Monitor, in consultation with the Company, shall supervise the SISP Procedures, and each will generally consult with the other in respect of all matters arising out of this SISP. If there is disagreement as to the interpretation or application of this SISP, the Court will have the jurisdiction to hear and resolve such dispute.

3. **“As Is, Where Is”**

The sale of the Business or all or any part of the Assets or an investment in the Company will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature or description by the Company, the Monitor or any of their respective employees, officers, directors, agents or advisors, except to the extent set forth in the relevant definitive Sale Proposal or Investment Proposal agreement, as applicable, with a Successful Bidder.

By participating in this process, each Interested Party is deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Business, the Assets or the Company prior to making its Binding Bid, that it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or regarding the Business, the Assets or the Company in making its Binding Bid, and that it did not rely on any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Business, the Assets or the Company or the completeness of any information provided in connection therewith, except as expressly stated in the terms of any definitive transaction documents.

4. **Timeline**

The following table sets out the key milestones under the SISP:

Milestone	Deadline
-----------	----------



Commencement of SISP	May 2, 2024
Distribution of the Notice, Teaser Letter Confidentiality Agreement and Acknowledgement of SISP	As soon as reasonably practicable following the date on which the SISP Order is granted
Bid Deadline (5:00 PM (Eastern Time))	June 17, 2024
Selection of Successful Bid(s), Back-Up Bid(s)	June 21, 2024
Sale Approval Hearing	As soon as practicable
Closing Date Deadline	A maximum of 4 weeks after the Sale Approval Hearing, but by no later than the Outside Date

5. **Solicitation of Interest**

As soon as is reasonably practicable:

- (a) the Monitor, with the assistance of the Company, will prepare a list of potential bidders, including: (i) parties that have approached the Company or the Monitor indicating an interest in the opportunity; and (ii) strategic parties whom the Company or the Monitor believe may be interested in purchasing all or part of the Business and Assets, or investing in the Company, pursuant to the SISP (collectively, “**Known Potential Bidders**”);
- (b) the Monitor, with the assistance of the Company, will cause a notice of the SISP and such other relevant information that the Monitor, with the assistance of the Company, considers appropriate (the “**Notice**”) to be published in *The Globe and Mail* (National Edition) and *Insolvency Insider*, and any other newspaper, journal or industry publication as the Company and the Monitor consider appropriate, if any; and
- (c) the Monitor, in consultation with the Company, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the opportunity, outlining the SISP Procedures, and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a Confidentiality Agreement, in each case in form and substance satisfactory to the Company.

The Monitor, with the assistance of the Company, will publish the Notice and send the Teaser Letter, Confidentiality Agreement, and Acknowledgement of the SISP to all Known Potential Bidders as soon as reasonably practicable following the date on which the SISP Order is granted and to any other party who requests a copy of the Teaser Letter, Confidentiality Agreement, and Acknowledgement of the SISP, or who is identified to the

Company or the Monitor as a potential bidder, as soon as reasonably practicable after such request or identification, as applicable.

6. **Role of Management of the Company**

If any party who is: (a) associated with the Board of Directors or management of the Company, (b) the DIP Lender, or (c) an affiliate of the Company, intends to submit a Binding Bid pursuant to the SISP, any such party must advise the Monitor of such intention in writing by May 17, 2024. Any such party(ies) shall be entitled to participate in the SISP as an Interested Party, provided that, and only to the extent that, such party(ies) shall: (a) be excluded from participating in the SISP in any manner or capacity that would be reasonably likely to create an unfair advantage for any party or otherwise jeopardize the integrity of the SISP, as determined by the Monitor in its sole discretion; and (b) be subject to such restrictions as the Monitor, in its sole discretion, determines to be necessary to ensure compliance with (a).

7. **Role of the Monitor**

The Monitor's responsibilities pursuant to the SISP include:

- (a) consulting with the Company in connection with the SISP Procedures and the closing of the transaction contemplated in the Successful Bid(s);
- (b) assisting the Company with supervision of the SISP Procedures;
- (c) reporting to the Court in connection with the SISP Procedures, including the bidding procedures described in this SISP, and the closing of the transaction contemplated in the Successful Bid(s); and
- (d) assisting the Company to facilitate information requests, including assisting the Company in preparing or modifying financial information to assist with the bidding procedures described in this SISP and the closing of the transaction contemplated in the Successful Bid(s).

8. **Access to Due Diligence Materials**

Only Interested Parties that satisfy the Participant Requirements will be eligible to receive access to the Data Room.

The Monitor, with the assistance of the Company, will be responsible for the coordination of all reasonable requests for additional information and due diligence access from Interested Parties. Neither the Company nor the Monitor shall be obligated to furnish any due diligence information after the Bid Deadline, provided however that the Company and the Monitor may, but are not obligated to, provide further information including, without limitation, financial information to the Successful Bidder. Neither the Company nor the Monitor are responsible for, and will bear no liability with respect to, any information

obtained by any party in connection with the sale of the Assets and the Business, or an investment in the Company.

9. **Bid Deadlines**

An Interested Party that wishes to make a Binding Bid to: (a) acquire the Business or all, substantially all or any part of the Assets, including any offer to acquire some or all of the Company' intellectual property, accounts receivable and furniture, fixtures and equipment (a "**Sale Proposal**"); or (b) make an investment in the Company by way of private issuances, sale or placement of newly issued or treasury equity, equity-linked or debt securities, instruments or obligations of the Company with one or more lenders and/or investors or security holders (an "**Investment Proposal**"), must deliver an executed copy of a Binding Bid to the Monitor, at the email address specified in Schedule "B", so as to be received by it **not later than 5:00 p.m. (Eastern Time) on June 17, 2024**, or such other later date or time as may be agreed by the Monitor, in consultation with the Company (the "**Bid Deadline**").

10. **Participant Requirements.**

To participate in the SISP and to otherwise be considered for any purpose hereunder, each Interested Party must provide the Company and the Monitor with an executed copy of each of the following prior to being provided with access to the Data Room: (a) a Confidentiality Agreement; and (b) an Acknowledgement of the SISP (collectively, the "**Participant Requirements**").

11. **Qualified Bid Requirements**

Only Interested Parties who submit a Qualified Bid shall be considered by the Monitor, in consultation with the Company. To be considered a Qualified Bid, a Binding Bid must satisfy all of the following requirements in form and substance satisfactory to the Monitor, in consultation with the Company:

- (a) **Irrevocable Bid:** A cover letter stating that the Binding Bid is irrevocable until Court approval of the Successful Bid(s), provided that if such bidder is selected as the Successful Bidder or the Back-Up Bidder, its Binding Bid shall remain irrevocable until the Back-Up Bid Expiration Date (as defined below), which cover letter includes:
  - (i) **Sale Proposal:** In the case of a Sale Proposal, a duly authorized and executed definitive purchase agreement, together with all completed schedules thereto substantially in the form of the Form Purchase Agreement, together with a blackline comparing the purchase agreement submitted to the Form Purchase Agreement; and
  - (ii) **Investment Proposal:** In the case of an Investment Proposal, a duly authorized and executed binding term sheet;

- (b) Unconditional Bid: Evidence that it is not conditioned on: (i) the outcome of unperformed due diligence; (ii) obtaining financing; and/or (iii) any other material closing conditions;
- (c) Proof of Financial Ability to Perform: Written evidence upon which the Company and the Monitor may reasonably conclude that the bidder has the necessary financial ability to fully fund and consummate the transaction contemplated by the Binding Bid, and satisfy its obligations under the definitive purchase agreement, including: (i) binding equity/debt commitment letters and/or guarantees (*i.e.*, bank guarantees) covering the full value of all cash consideration; (ii) evidence of the bidder's internal financial resources; and/or (iii) any such other form of financial disclosure or credit-quality support information or enhancement requested by and reasonably acceptable to the Company and the Monitor demonstrating that the bidder has the ability to close the contemplated transaction;
- (d) Acknowledgment: An acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents regarding the Company, the Business and/or the Assets to be acquired, or liabilities to be assumed in making its Binding Bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties conditions or guaranties whatsoever, whether express or implied (by operation of law or otherwise) by the Company, the Monitor or any of their respective employees, directors, officers, agents, advisors or other representatives, regarding the Company, the Business, the Assets to be acquired, liabilities to be assumed, or the completeness of any information provided in connection therewith, except as expressly provided in any definitive transaction documents; and (iii) promptly, at its own expense, will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating in the cannabis sector;
- (e) Authorization: Evidence, in form and substance reasonably satisfactory to the Company and the Monitor, of authorization and approval from the Interested Party's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Binding Bid, and confirmation that any other required approvals have been obtained;
- (f) Employees: If applicable, full details of the proposed number of employees of the Company who will become employees of the bidder if determined to be the Successful Bidder and the proposed terms and conditions of employment to be offered to those employees;
- (g) Other: Such other information as may reasonably be requested by the Company or the Monitor; and
- (h) Bid Deadline: The Binding Bid is received by the Monitor, at the address specified in Schedule "B" hereto (including by email) on or before the Bid Deadline.

12. **Evaluation of Qualified Bids and Subsequent Actions**

The Monitor, in consultation with the Company, shall evaluate Qualified Bids on various grounds with a view to selecting the best or otherwise highest bid, including, but not limited to: (a) the purchase price or imputed or projected value, (b) the treatment of creditors and related implied recovery for creditors (in each case, as applicable), (c) the assumed liabilities, (d) the number of employees assumed, (e) the certainty of closing the transactions contemplated by the Qualified Bid on or before the Outside Date, (f) any delay or other risks (including closing risks) in connection with the Qualified Bids, and (g) any other factors considered to be relevant by the Monitor. The Qualified Bid selected by the Monitor, in consultation with the Company, as the best or highest bid based on the factors enumerated herein, shall constitute the “Successful Bid” and such Qualified Bidder, the “Successful Bidder”.

The Monitor, in consultation with the Company, shall have the option to aggregate Portion Bids into an Aggregate Bid.

The Company may conditionally accept one or more (if for distinct and compatible transactions that are Portion Bids) Qualified Bids, which acceptance will be conditional upon the failure of the transaction(s) contemplated by the Successful Bid to close (the “**Back-up Bid**”, and Qualified Bidder making such Back-up Bid being the “**Back-Up Bidder**”).

Following the selection of the Successful Bid, the Company shall take such steps as may be necessary to finalize definitive transaction documents for the Successful Bid(s) with the Successful Bidder(s) prior to Court approval of the Successful Bid.

As soon as reasonably practicable and by no later than June 21, 2024, the Monitor, in consultation with the Company, shall advise the Qualified Bidders if Successful Bid(s) and Back-Up Bid(s) have been accepted, or conditionally accepted, as the case may be.

**APPROVAL MOTION**

13. **Approval Motion**

The Company shall use reasonable efforts to bring a motion to the Court to approve the Successful Bid(s) and Back-Up Bid(s) as soon as practicable following the determination by the Monitor, in consultation with the Company, of the Successful Bidder(s) and the execution of definitive documents (the “**Sale Approval Hearing**”). The Company will be deemed to have accepted the Successful Bid(s) only when it has been approved by the Court. All Qualified Bids (other than the Successful Bid(s) and the Back-Up Bid(s)) shall be deemed rejected by the Company on and as of the date of approval of the Successful Bid(s) by the Court.

14. **Back-Up Bidder**

If a Successful Bidder fails to close the transaction contemplated by the Successful Bid(s) on or before the Outside Date for any reason, then the Company will be deemed to have

accepted the Back-Up Bid(s) and will proceed with the transaction pursuant to the terms thereof. The Back-Up Bid(s) shall remain open for acceptance until the closing of the Successful Bid(s), or such other later date as the Company and the Back-Up Bidder may agree, acting reasonably (the “**Back-Up Bid Expiration Date**”).

## **MISCELLANEOUS**

### 15. **Information From Interested Parties**

Each Interested Party shall comply with all reasonable requests for additional information by the Company or the Monitor regarding such Interested Party and its proposed transaction. Failure by an Interested Party to comply with requests for additional information will be a basis for the Monitor, in consultation with the Company, to determine that the Interested Party is not a Qualified Bidder.

### 16. **Deposits**

All deposits shall be held by the Monitor in a single interest-bearing account designated solely for such purpose. A deposit made by a Successful Bidder shall be dealt with in accordance with the definitive documents for the transactions contemplated by the Successful Bid. Deposits, and any interest earned thereon, paid by Qualified Bidders not selected as either a Successful Bidder or a Back-Up Bidder shall be returned to such Bidders as soon as practicable, and in any event no later than seven (7) Business Days following Court approval of the Successful Bid. In the case of Back-Up Bid(s), the deposit and any interest earned thereon shall be retained by the Monitor until the Back-Up Bid Expiration Date and returned to the Back-Up Bidder as soon as practicable, and in any event no later than seven (7) Business Days thereafter or, if a Back-Up Bid becomes a Successful Bid, shall be dealt with in accordance with the definitive documents for the Back-Up Bid.

### 17. **Modifications and Termination**

The Monitor, in consultation with the Company, shall have the right to adopt such other rules for the SISP Procedures (including rules that may depart from those set forth herein) that will better promote the sale of the Business or all or any part of the Assets or investment in the Company under this SISP. The Company, in consultation with the Monitor, shall apply to the Court if it wishes to materially modify or terminate the process set out in this SISP. For certainty, any amendments to the Bid Deadline or other dates set out in this SISP shall not constitute a material modification, provided that any extensions to the Bid Deadline are not longer than seven calendar days.

### 18. **Other**

Neither the Company nor the Monitor shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the consummation of any of the transactions contemplated under the SISP arising out of any agreement or arrangement entered into by the parties that submitted the Successful Bid(s) and Back-Up Bid(s). Any

such claim shall be the sole liability of the parties that submitted such Successful Bid(s) and Back-Up Bid(s).

Neither the Company nor the Monitor shall have any liability whatsoever to any person or party, including without limitation, to any Known Potential Bidder, Interested Party, Qualified Bidder, a Successful Bidder or Back-Up Bidder, or any creditor, or other stakeholder, for any act or omission related to this SISIP. By submitting a Binding Bid, each Interested Party shall be deemed to have agreed that it has no claim against the Company or the Monitor for any reason, matter or thing whatsoever related to this SISIP.

**SCHEDULE “A”**

**Acknowledgement of the SISP**

The undersigned hereby acknowledges receipt of the Sale and Investor Solicitation Process approved by the Order of the Honourable Justice Steele of the Ontario Superior Court of Justice (Commercial List) dated May 2, 2024 (the “**SISP**”) and that compliance with the terms and provisions of the SISP is required in order to participate in the SISP and for any Bids to be considered by the Company.

This \_\_\_\_ day of \_\_\_\_\_, 2024.

[NAME]

By:

\_\_\_\_\_  
[Signing Officer]



**SCHEDULE "B"**  
**ADDRESS PARTICULARS**

**msi Spergel Inc.**

200 Yorkland Blvd., Suite 1100  
Toronto, Ontario M2J 5C1

Attention: Frank Kisluk | Mukul Manchanda  
Phone: (647) 288-7636 | (416) 498-4314  
Email: fkisluk@spergel.ca | mmanchanda@spergel.ca

**With a copy to:**

**Reconstruct LLP**

200 Bay Street Suite 2305  
Toronto, Ontario M5J 2J3

Attention: Caitlin Fell | Jared Rosenbaum  
Phone: 416-613-8282 | 416-613-8284  
Email: cfell@reconllp.com | jrosenbaum@reconllp.com

This is Exhibit "T" referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**

## SHARE PURCHASE AGREEMENT

**THIS SHARE PURCHASE AGREEMENT** is made effective the 1st day of February 2024.

**AMONG:**

**LIFEIST WELLNESS INC.,**

a corporation existing under the laws of the Province of British Columbia, having a registered office at 666 Burrard Street, Suite 2500, Vancouver, BC V6C 2X8,

(hereinafter referred to as the “**Seller**”)

- and -

**CANNMART INC.,**

a corporation existing under the laws of the Province of Ontario having a registered office at 181 University Avenue, Suite 800, Toronto, ON M5H, 2X7,

(hereinafter referred to as “**CannMart**”)

-and-

**CANNMART LABS INC.,**

a corporation existing under the laws of the Province of Ontario, having a registered office at 18 Canso Road, Etobicoke, Ontario M9W 4L8,

(hereinafter referred to as “**CannMart Labs**”)

-and-

**CANNMART MARKETPLACE INC.,**

a corporation existing under the laws of Canada, having a registered office at 365 Bloor Street East, Suite 2001, Toronto, ON M4W 3L4,

(hereinafter referred to as “**CannMart Marketplace**”)

-and-

**1000501971 ONTARIO INC.,**

a corporation existing under the laws of the Province of Ontario, having a registered office at 3-232 Wychwood Avenue, Toronto ON M6C 2T3,

(hereinafter referred to as “**Zest**”)

(CannMart, CannMart Labs, CannMart Marketplace and Zest collectively referred to as the “**CannMart Group**”)

-and-

**1463663 B.C. LTD.**

a corporation existing under the laws of British Columbia, having a registered office at 30523 Burgess Ave., Abbotsford, BC V4X 2A6,

(hereinafter referred to as the “**Purchaser**”)

**WHEREAS:**

- A. The Seller is the legal and beneficial owner of all the issued and outstanding shares of each of CannMart, CannMart Labs, CannMart Marketplace and Zest (collectively, the “**CannMart Group Shares**”).
- B. The Purchaser has agreed to purchase from the Seller all of the issued and outstanding CannMart Group Shares upon the terms and conditions set forth in this Agreement (the “**Transaction**”), such that the Purchaser will, upon Closing (as defined herein), be the sole direct or indirect shareholder of the CannMart Group.
- C. The Seller has agreed to the Transaction, subject to the terms and conditions set forth.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and the respective covenants and agreements herein contained, the parties covenant and agree as follows:

**ARTICLE I**

**INTERPRETATION**

**1.01 Definitions**

In this Agreement, unless otherwise defined, capitalized words and terms shall have the following meanings:

- (1) “**Accounts Receivable**” means all accounts receivable and other amounts due, owing or accruing due to the CannMart Group in accordance with GAAP.
- (2) “**affiliate**” has the meaning ascribed to such term in the *Securities Act* (Ontario).
- (3) “**Agreement**” means this share purchase agreement dated February 1, 2024, together with the CannMart Group Disclosure Schedule, and all schedules, appendices, and exhibits attached hereto, as the same may be supplemented or amended from time to time.
- (4) “**Alternative Transaction**” means any of the following (and excludes the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving the CannMart Group or any analogous transaction, (b) any acquisition of all or substantially all of the assets of the CannMart Group (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect), (c) any acquisition of beneficial ownership of 50% or more of the voting securities in a single transaction or a series of related transactions in any of CannMart, CannMart Labs and/or CannMart Marketplace, (d) any acquisition by the CannMart Group, of any assets or capital stock of another Person, or (e) any *bona fide* proposal to, or public announcement of an intention to, do any of the foregoing on or before the Termination Date.

- (5) **“Applicable Laws”** means, in respect of any Person, property, transaction, event or other matter, as applicable, (i) any present or future law, statute, regulation, code, ordinance, principle of common law or equity, municipal by-law, treaty, order, directive, judgment, decree, injunction, decision, ruling, award or writ, domestic or foreign, of any Governmental Authority having jurisdiction applicable to that Person, property, transaction, event or other matter and, (ii) whether or not having the force of law, all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines and policies of any Governmental Authority having jurisdiction over that Person, property, transaction, event or other matter and regarded by such Governmental Authority as requiring compliance.
- (6) **“Authorizations”** means, collectively, all consents, licenses, registrations, permits, authorizations, permissions, assignments, orders, approvals, clearances, waivers, certificates, and declarations issued, granted, given or otherwise made available by or under the authority of any Governmental Authority, whether domestic or foreign, or pursuant to any requirement under Applicable Laws.
- (7) **“Balance Sheet Dispute”** is defined in Section 2.05;
- (8) **“Books and Records”** means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, Contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business.
- (9) **“Business Day”** means a day which is not a Saturday, Sunday or a statutory holiday in the Province of Ontario.
- (10) **“CannMart Group”** has the meaning set forth in the first page of this Agreement.
- (11) **“CannMart Group Disclosure Schedule”** means the disclosure schedule delivered by the Seller to the Purchaser concurrently with the execution of this Agreement, as amended pursuant to this Agreement.
- (12) **“CannMart Group Material Contracts”** means, collectively, all Contracts and other obligations or rights (and all amendments, modifications and supplements thereto) to which each entity in the CannMart Group is a party or by which its assets, rights and properties are bound that are material to the business or assets of the CannMart Group as set out in the CannMart Disclosure Letter.
- (13) **“CannMart Group Shares”** has the meaning set forth in the recitals of this Agreement.
- (14) **“Claim”** has the meaning set forth in Section 9.04.
- (15) **“Closing Date”** means the date of Closing, which shall be the third (3<sup>rd</sup>) Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the Transaction (other than conditions that are satisfied with respect to actions the respective parties will take at the Closing itself), or such other earlier or later date as the Purchaser and the Seller may mutually determine.
- (16) **“Closing Date Balance Sheet”** has the meaning set forth in Section 2.05.
- (17) **“Closing Date Estimated Balance Sheet”** has the meaning set forth in Section 2.05.
- (18) **“Closing Date Estimated Net Working Capital”** has the meaning set forth in Section 2.05.
- (19) **“Closing Date Net Working Capital”** has the meaning set forth in Section 2.05.

- (20) **“Closing Date Payment”** has the meaning set forth is defined in Section 2.02
- (21) **“Closing”** means the completion of the Transaction in accordance with the terms and conditions of this Agreement.
- (22) **“Constituting Documents”** means, with respect to any Person, as applicable, its articles and/or certificate of incorporation, notice of articles, articles of amendment, articles of amalgamation or continuance, memorandum of association, charter, by-laws, declaration of trust and other constituting documents (in the case of a trust), partnership agreement, limited liability company agreement or other similar document, and all unanimous shareholder agreements, other shareholder agreements, voting trust agreements and similar arrangements applicable to the Person’s equity interests, all as in effect from time to time.
- (23) **“Contracts”** (individually, a **“Contract”**) means all written or oral outstanding contracts and agreements, leases (including the real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares.
- (24) **“Corporate Records”** means the corporate records of a corporation, including (i) its articles, notice of articles or other constituting documents, any unanimous shareholder agreement and any amendments thereto, (ii) all minutes of meetings and resolutions of each entity in the CannMart Group, directors and any committee thereof, (iii) the share certificate books, register of shareholders, register of transfers and registers of directors and officers, and (iv) all accounting records.
- (25) **“Current Assets”** means current assets of the CannMart Group as calculated in accordance with GAAP and as a stand alone business, including without limitation, the aggregate sum of the CannMart Group’s cash and cash equivalents plus the values of the Accounts Receivable and Inventories of the CannMart Group.
- (26) **“Current Liabilities”** means the current liabilities of the CannMart Group as calculated in accordance with GAAP and as a stand alone business, including without limitation, the aggregate sum of the trade accounts payable, owing or accruing due, all other amounts owed by the CannMart that are payable within one year of the Closing Date, and all of the liabilities for Taxes of the CannMart Group, including all Taxes that the CannMart Group was required to withhold and remit to an applicable Governmental Authority solely in respect of any period ending prior to the Closing Date which have not been remitted.
- (27) **“Direct Claim”** has the meaning set forth in Section 9.04.
- (28) **“disclosed”** means in the case of the Seller, reasonably disclosed in writing to the Purchaser prior to the date of this Agreement, including the CannMart Group Disclosure Schedule (with reasonable details to identify the nature and scope of the matter disclosed).
- (29) **“Environmental Laws”** means all Applicable Laws relating to the environment, including, but not limited to, those pertaining to (i) the reclamation or restoration of properties, (ii) the abatement of pollution, (iii) the protection of the environment or wildlife, including endangered species, (iv) public safety with respect to environmental hazards, (v) the protection of cultural or historic resources, (vi) the management, treatment, storage, disposal or control of, or exposure to, any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws (such substances and materials collectively referred to in this definition as, **“Hazardous Substances”**), (vii) the release or threatened release of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances, including ambient air, surface water and groundwater, (viii) the manufacturing,

processing, distribution, use, treatment, storage, disposal, handling or transport of Hazardous Substances.

(30) “**Escrow Agreement**” means the escrow agreement with respect to the CannMart Group Shares, to be entered into at the Time of Closing by Ricketts Harris LLP, as escrow agent, the Purchaser, the Seller and each entity of the CannMart Group, as applicable.

(31) “**Excess Net Working Capital**” means the Closing Date Net Working Capital less the Closing Date Estimated Net Working Capital.

(32) “**Exchange**” means TSX Venture Exchange.

(33) “**Financial Statements**” means, the unaudited financial statements of the CannMart Group as at and for the 12-month periods ending November 30, 2023, November 30, 2022 and November 30, 2021 as set forth in the CannMart Group Disclosure Schedule and as calculated in accordance with GAAP (other than note disclosure and non-material amendments) and as a stand alone business.

(34) “**Finally Determined**” means, with respect to any claim for indemnification, payment, reimbursement or set off by any Indemnified Person pursuant to this Agreement, the amount of such claim the entitlement to which any Indemnified Person (i) has been consented to in writing by the Indemnifying Party (whether pursuant to a settlement agreement or otherwise), or (ii) has been determined pursuant to a final, non-appealable judgment or other similar determination of a court of competent jurisdiction.

(35) “**Fundamental Representations and Warranties**” means the representations and warranties contained in Sections 5.01(1), (2), (3), (5), (9) (10) and (11) and Section 5.02(1), (2), (3), (5), (6), (7), (8) and (9) and Sections 5.03(1), (2), (3), (4), (5), (6), (8), (9), (10), (12), (17), (18), (26), (30), (31), (32), (33) and (37).

(36) “**GAAP**” means International Financial Reporting Standards as applied in Canada as applied to CannMart Group on a stand alone business.

(37) “**General Security Agreement**” means the general security agreement to be entered into at the Time of Closing by the Purchaser, the Seller and each of the entities of the CannMart Group, as applicable.

(38) “**Governmental Authority**” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, whether domestic or foreign, or (b) regulatory authority, including any securities commission, or stock exchange, including the Exchange.

(39) “**Indebtedness**” means all indebtedness and all financial liabilities and obligations of a Person, present or future, direct or indirect, absolute or contingent, matured or not, joint, several or joint and several, at any time owing or remaining unpaid by such Person in any currency, including all principal, interest, commissions, fees, including receiver’s fees and expenses, legal costs (on a solicitor and his own client basis) and other costs, charges and expenses.

(40) “**Information Technology**” means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, licensed, used or held by a Person.

(41) “**Insolvency Proceedings**” means any formal insolvency proceedings, whether in or out of court, including proceedings or steps leading to any form of bankruptcy, liquidation, administration, receivership, arrangement or scheme with creditors, moratorium, stay or limitation of creditors’ rights,

interim or provisional supervision by a court or court appointee, winding-up or striking-off, or any distress, execution, commercial rent arrears recovery or other process levied or exercised or any other analogous proceedings in any other jurisdiction.

(42) **“Intellectual Property”** means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to Applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content and URLs, (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and (d) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority issued indicia of invention ownership (including inventor s certificates, petty patents and patent utility models).

(43) **“Inventories”** means only usable and saleable inventory of CannMart Group owned brands (such as Roilty and Zest) and any unbranded inventory and supplies including but not limited to excise stamps, hardware, packaging materials used for such inventory, as reflected in the Financial Statements of the CannMart Group.

(44) **“laws”** means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and **“law”** means any one of them.

(45) **“Leased Premises”** means all of the lands and premises which are leased by the CannMart Group.

(46) **“Leases”** means all of the leases relating to the CannMart Group other than the Real Property Leases.

(47) **“Lien”** means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), claim, mortgage, title retention agreement or arrangement, restrictive covenant, or other encumbrance of any nature, or any other arrangement or condition which, in substance, secures payment, or performance of an obligation.

(48) **“Material Adverse Effect”**, when used in connection with the a party, means (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, would reasonably be expected to be material and adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of the party and its affiliates (if applicable), taken as a whole, or (ii) a material impairment of or delay in the ability of the parties (or any one of them) to perform their obligations under this Agreement or consummate the Transaction, provided however that, a Material Adverse Effect shall not include (1) any change, effect, fact, circumstance or event (A) relating to the global economy or financial, securities or commodities markets in general in the world including, without limitation, changes in currency exchange rates or interest rates, or (B) generally affecting the industry within which the party and its subsidiaries (if applicable) are engaged in business, which does not have a materially disproportionate effect on such party and its subsidiaries (if applicable) relative to other comparable Persons operating in the industry in which the party and its subsidiaries (if applicable) are engaged in business, (C) relating to GAAP or in accounting standards; (2) the impact(s) or ongoing impact(s) of the COVID-19 pandemic



or other health crisis or public health event, on the business, operations or financial condition of the party and its subsidiaries (if applicable) and (3) any acts of God, calamities, acts of war, terrorism or military action or the escalation thereof.

(49) “**Material Contract**” means, with respect to a Person, any Contract to which such Person is a party and which is material to such Person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such Person, (ii) which would result in payments to or from such Person or its subsidiaries (if any) in excess of \$20,000, whether payable in one payment or in successive payments, (iii) relating to the borrowing of money or to capital expenditures, and (iv) not entered into in the Ordinary Course.

(50) “**material fact**” shall have the meaning ascribed to it in the *Securities Act* (Ontario).

(51) “**Net Working Capital**” means the net of Current Assets (excluding Inventories) minus Current Liabilities.

(52) “**Non-Disclosure, Non-Competition and Non-Solicitation Agreement**” means the non-disclosure, non-competition and non-solicitation agreement to be entered into at the Time of Closing by the Purchaser and the Seller.

(53) “**Ordinary Course**” means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of the business of such Person, and (ii) similar in nature to actions customarily taken in the normal day-to-day operations of the businesses of other Persons that are in the same line of business as such Person.

(54) “**Purchaser**” has the meaning set forth in the first page of this Agreement.

(55) “**Person**” includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof.

(56) “**Real Property Leases**” means all of the leases between any entity in the CannMart Group, as tenant, and any Person, as landlord, and all amendments to those leases, relating to the leasing by the CannMart Group of the Leased Premises.

(57) “**Securities Laws**” means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended.

(58) “**Securities Pledge Agreement**” means the securities pledge agreement(s) with respect to the CannMart Group Shares, to be entered into at the Time of Closing by the Purchaser, the Seller and each entity of the CannMart Group, as applicable.

(59) “**Seller**” has the meaning set forth in the first page of this Agreement.

(60) “**Tax Act**” means the *Income Tax Act* (Canada).

(61) “**Tax Return**” means all returns, declarations, designations, forms, schedules, reports, elections, notices, filings, statements (including withholding tax returns and reports and information returns and reports) and other documents of every nature whatsoever filed or required to be filed with any Governmental Authority with respect to any Tax together with all amendments and supplements thereto.

(62) “**Tax**” means any tax, impost, levy, withholding, duty, fee, premium, assessment and other charge of any kind, however denominated and any instalment or advance payment in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Authority, including for greater certainty any income, gain or profit tax (including federal, state, provincial and territorial income tax), payroll and employee withholding tax, employment or payroll tax, unemployment insurance, disability tax, social insurance tax, social security contribution, sales and use tax, consumption tax, customs tax, ad valorem tax, excise tax, goods and services tax, harmonized sales tax, franchise tax, gross receipts tax, capital tax, business license tax, alternative minimum tax, estimated tax, abandoned or unclaimed (escheat) tax, occupation tax, real and personal property tax, stamp tax, environmental tax, transfer tax, severance tax, workers’ compensation, Canada and other government pension plan premium or contribution and other governmental charge, and other obligations of the same or of a similar nature to any of the foregoing, together with any interest, penalties or other additions to tax that may become payable in respect of such tax, and any interest in respect of such interest, penalties and additions whether disputed or not, and “**Taxes**” has a corresponding meaning.

(63) “**Target Inventories**” means \$1,000,000 of usable and saleable Inventory;

(64) “**Target Net Working Capital**” means \$0;

(65) “**Termination Date**” means May 31, 2024 or such later date as may be agreed in writing between the Purchaser and the Seller.

(66) “**Time of Closing**” means 10:00 a.m. (EST) on the Closing Date, or such other time as the Purchaser and the Seller may mutually determine.

(67) “**Transaction**” has the meaning set forth in the recitals of this Agreement.

(68) “**VTB Loan**” means the senior secured first priority vendor take back promissory note in substantially the form attached hereto as Schedule “A”, to be entered into at the Time of Closing by the Purchaser and the Seller, as applicable.

(69) “**Warrants**” means the warrants issued by the Purchaser to the Seller to acquire up to a 9.9% equity interest in the Purchaser, exercisable for a period of two years after the Closing Date at an exercise price per share reflecting an enterprise value of \$7.5 million.

## **1.02 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of the Canadian Dollars unless otherwise specified.

## **1.03 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or a Schedule or Exhibit refers to the specified Article or Section of, or Schedule or Exhibit to this Agreement.

## **1.04 Number, etc.**

Unless the subject matter or context requires the contrary, (i) words importing the singular number only shall include the plural and vice versa, (ii) words importing the use of any gender shall include all genders, and (iii) words importing Persons shall include natural persons, firms, trusts, partnerships and corporations.

**1.05 Date for Any Action**

In the event that any date on which any action is required or permitted to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

**1.06 Statutory References**

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute in force from time to time, and any statute, regulation or rule that supplements or supersedes such statute, regulation or rule.

**1.07 Accounting Principles**

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be GAAP approved by the International Accounting Standards Board or the Canadian Institute of Chartered Accountants, as the case may be, or any successor thereto, applicable as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles as applied to the CannMart Group as a stand alone business.

**1.08 Knowledge**

- (1) Any reference herein to “the knowledge of the Seller” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the Seller and/or the CannMart Group, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.
- (2) Any reference herein to “the knowledge of the CannMart Group” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the CannMart Group, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.
- (3) Any reference herein to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the Purchaser, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.

**1.09 Schedules**

The following schedules to this Agreement are an integral part of this Agreement:

<i>Schedule</i>	<i>Description</i>
Schedule “A”	Form of VTB Loan
Schedule “B”	Working Capital Methodology

**ARTICLE II****PURCHASE AND SALE OF PURCHASED SHARES****2.01 Purchase and Sale**

Subject to the terms and conditions hereof, the Seller covenants and agrees to sell, assign and transfer to the Purchaser, and the Purchaser covenants and agrees to purchase from the Seller, the CannMart Group Shares, free and clear of any Liens, except as set forth herein, at the Time of Closing.

## 2.02 Purchase Consideration

(1) In consideration for the acquisition of the CannMart Group Shares, the Purchaser shall pay to the Seller the purchase price (the “**Purchase Price**”), which shall be comprised of, and is payable upon the following terms:

- a. \$500,000 in immediately available funds on the Closing Date (the “**Closing Date Payment**”);
- b. the VTB Loan on the Closing Date, as adjusted herein, consisting of an obligation of the Purchaser to pay \$4,500,000 to the Seller plus interest payable in accordance with the VTB Loan; and
- c. the Warrants on the Closing Date issued to the Purchaser;

and the Closing Date Payment shall be reduced by the following;

- d. any Indebtedness of the CannMart Group, including without limitation Indebtedness of the CannMart Group owed to Non-Arms’ Length Parties;
- e. any unpaid Tax of the CannMart Group owing on or before the Closing Date;
- f. any unpaid expenses of the CannMart Group relating to the Transaction;
- g. the aggregate amount, if any, by which the Closing Date Estimated Net Working Capital of the CannMart Group is less than the Target Net Working Capital;

and the VTB Loan shall be adjusted in accordance with Section 2.08 of this Agreement.

## 2.03 Non-Disclosure, Non-Competition and Non-Solicitation Agreement

Subject to the terms and conditions of this Agreement, at the Time of Closing, the Seller shall deliver to the Purchaser an executed Non-Disclosure, Non-Competition and Non-Solicitation Agreement in substantially the form to be agreed by the applicable parties prior to the Closing Date.

## 2.04 Closing Date Estimated Balance Sheet

Not less than five days before the Closing Date, the Seller will deliver to the Purchaser a balance sheet of the CannMart Group as at the Closing Date which will reflect good faith estimates by the Seller of the Current Assets and Current Liabilities as at Closing (the “**Closing Date Estimated Balance Sheet**”) and, based on those estimates, an estimated statement of Net Working Capital (the “**Closing Date Estimated Net Working Capital**”). The Closing Date Estimated Balance Sheet will be prepared in accordance with GAAP and the methodology set forth in Schedule B and the calculation of the Closing Date Estimated Balance Sheet and the Closing Date Estimated Net Working Capital will be provided in reasonable detail based on the methodology in Schedule B.

## 2.05 Closing Date Balance Sheet and Adjustments to Purchase Price

Within one hundred and twenty (120) days after the Closing Date, the Purchaser will prepare and deliver to the Seller a balance sheet for the CannMart Group as at the Closing Date (the “**Closing Date Balance Sheet**”), which will be prepared in accordance with GAAP and the methodology set forth in Schedule F. The Closing Date Balance Sheet will include final calculations of the Current Assets and Current Liabilities, and Net Working Capital all in accordance with the methodology set forth in Schedule F (the “**Closing Date Net Working Capital**”). The Seller may notify the Purchaser that it accepts or disputes the Closing Date Balance Sheet at any time within 20 Business Days after receiving it, but the Seller will be deemed to accept it on the 21st Business Day after receipt unless it delivers a written notice (the “**Dispute Notice**”) to the Purchaser of a dispute (a “**Balance Sheet Dispute**”) on a Business Day

prior to that 21st Business Day. On the date of the Seller's deemed acceptance, or any earlier date upon which the Purchaser receives notice of the Seller's acceptance, the Closing Date Balance Sheet and the Closing Date Net Working Capital will be conclusive and binding on the Purchaser and the Seller.

## **2.06 Disputes**

Any Dispute Notice must set out the reasons for the Balance Sheet Dispute, the amounts in dispute, and reasonable details of the calculation of those amounts. The Purchaser and the Seller will attempt, in good faith, to resolve the Balance Sheet Dispute within ten (10) Business Days after the Purchaser's receipt of the Dispute Notice, if any, from the Seller. Any amounts not in dispute or that are resolved within the aforementioned period will become the "Closing Date Balance Sheet" and will be final, conclusive and binding upon the Parties, absent manifest error. Only the amount(s) in dispute under any Balance Sheet Dispute not resolved by the Purchaser and the Seller within the aforementioned period will be submitted for determination to a cost-effective independent accountant (the "**Independent Accountant**"), and not an arbitrator. Any amounts not in dispute by the Parties will be paid in accordance with Section 2.07 below. The Independent Accountant will identify a member at its Toronto office to act in such mandate and will determine the procedures applicable to the resolution of the amounts in dispute with the primary purposes of minimizing expenses of the Parties and expediting the accurate resolution of the dispute. The determination by the Independent Accountant of the amount(s) in dispute and any corresponding changes flowing from the resolution of such amounts in dispute will be final and binding upon the Parties and will not be subject to appeal, absent manifest error. The Independent Accountant is deemed to be acting as experts and not as arbitrators. The fees, costs and expenses of such accounting firm will be allocated to and borne by the Purchaser, on the one hand, and the Seller, on the other hand, in inverse proportion as they may prevail on the items in dispute, which proportionate allocations will be calculated on an aggregate basis based on the relative dollar values of all items in dispute. For example, if the items in dispute total \$1,000 and the accounting firm awards \$600 in favour of the Purchaser's position and \$400 in favour of the Seller's position, 60% (i.e.,  $600 \div 1,000$ ) of the fees, costs and expenses of the accounting firm would be borne by the Seller and 40% (i.e.,  $400 \div 1,000$ ) would be borne by the Purchaser. Other than as set forth herein, the Seller and the Purchaser will each bear their own fees and expenses, including the fees and expenses of their respective accountants, in preparing or reviewing, as the case may be, the Closing Date Balance Sheet, the Closing Date Net Working Capital and any Dispute Notice. The Parties agree that the procedure set forth in this **Error! Reference source not found.06** for resolving any Dispute Notice is the sole and exclusive method of resolving such disputes, absent manifest error. This 2.06 will not prohibit any Party from instigating litigation to compel specific performance of this **Error! Reference source not found.06** or to enforce the determination of the Independent Accountant.

## **2.07 Determination of the Closing Date Payment of the Purchase Price**

On the second Business Day following the date on which the Parties agree to the Closing Date Balance Sheet, or any portion thereof as set forth in Section 2.06, or, if there is a Balance Sheet Dispute, on the second Business Day following the date on which a determination of a Balance Sheet Dispute is made pursuant to Section 2.06, the Closing Date Payment of the Purchase Price will be adjusted as follows:

1. if the Excess Net Working Capital as calculated on the basis of the Closing Date Balance Sheet is greater than zero, the Closing Date Payment of the Purchase Price will be increased by 100% of the amount of that excess of which amount will be owed by the Purchaser to the Seller, subject to a maximum Closing Date Payment of \$550,000 in the aggregate;
2. if the Excess Net Working Capital as calculated on the basis of the Closing Date Balance Sheet is less than zero, the Closing Date Payment of the Purchase Price will be decreased by 100% of the amount below zero, which amount will be owed by the Seller to the Purchaser; and
3. if the Excess Net Working Capital as calculated on the basis of the Closing Date Balance Sheet is zero, the Closing Date Payment of the Purchase Price will not be adjusted,

and any such adjustment owed by the Seller or the Purchaser, as the case may be, will then immediately pay any amount owed to the other Party as a result of the adjustment shall be reflected in the Closing Date Payment of the Purchase Price.

## **2.08 Determination of the VTB of the Purchase Price**

On the second Business Day following the date on which the Parties agree to the Closing Date Balance Sheet, or any portion thereof as set forth in Section 2.06, or, if there is a Balance Sheet Dispute, on the second Business Day following the date on which a determination of a Balance Sheet Dispute is made pursuant to Section 2.06, the Closing Date Payment of the Purchase Price will be adjusted as follows:

1. if the Closing Date Inventories of the CannMart Group is greater than the Target Inventories, the Purchaser will take such excess inventory on consignment and will use its commercially reasonable efforts to sell such inventory within (12) months after Closing and shall remit any proceeds of such sales to the Seller (less applicable excise taxes and other directly related sales costs of the Purchaser applicable to such sale). Any inventory remaining after such 12 month period will become the property of the Purchaser and will be added to the VTB Loan at cost, subject to the right of the Purchaser to purchase all or any part of the remaining inventory at a discounted cost price agreed upon between the Purchaser and the Seller;
2. if the Closing Date Inventories of the CannMart Group is less than the Target Inventories, the principal amount of the VTB Loan shall be decreased by such shortfall amount; and
3. if the Closing Date Inventories equals the Target Inventories, the VTB shall not be adjusted.

## **ARTICLE III**

### **CONDITIONS OF CLOSING**

#### **3.01 Mutual Conditions of Closing**

The obligations to complete the Transaction are subject to the fulfillment of each of the following conditions on or before the Time of Closing:

- (1) There shall be no action taken under any Applicable Laws by any Governmental Authority that (i) makes it illegal or restrains, enjoins or prohibits the Transaction, or (ii) results in a judgment or assessment of damages relating to the Transaction that has a Material Adverse Effect on the Purchaser or the Seller.
- (2) The parties shall have received all Authorizations and other required regulatory, corporate and third-party approvals including, in the case of the Seller, the approval of the Exchange and the approval of its shareholders by way of special resolution in accordance with the British Columbia Business Corporations Act and the policies and approvals of the Exchange to complete the Transaction and be in compliance with all applicable requirements and conditions under Applicable Laws necessary to complete the Transaction.
- (3) Neither the Purchaser nor the Seller shall be subject to any material, unresolved litigation or court proceedings that constitutes a Material Adverse Effect.
- (4) There shall not be any prohibition under Applicable Laws against the completion of the Transaction.
- (5) The Closing Date shall be on or before the Termination Date.
- (6) The Parties shall have mutually agreed to: (1) Sample Working Capital Calculation calculated as of November 30, 2023 on or before February 9, 2024 and (2) Inventories schedule as of November 30, 2023 on or before February 9, 2024, both acting reasonably.

The foregoing true conditions precedent are for the benefit of all parties, and any one or more of such conditions may be waived (without any obligation to do so) by the Seller or by the Purchaser, in whole or in part, without prejudice to any party's right to rely on any other condition in favor of any party.

### **3.02 Conditions of Closing in Favour of the Purchaser**

The obligations of the Purchaser to complete the Transaction are subject to the fulfillment of each of the following conditions on or before the Time of Closing:

- (1) The Seller shall have tendered all closing deliveries set forth in Section 4.03, including delivery of the CannMart Group Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence of authorizing transfer of the CannMart Group Shares to the Purchaser, in a form acceptable to the Purchaser, acting reasonably.
- (2) The Seller shall not have violated Section 10.01.
- (3) The board of directors of the Seller (and to the extent necessary, the CannMart Group) has approved this Agreement, the Transaction and all other ancillary matters and agreements under this Agreement.
- (4) The representations and warranties of the Seller as set forth in this Agreement shall have been true and correct as of the date hereof in all material respects and shall be true and correct at the Time of Closing in all material respects, except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of the Seller to this effect shall have been delivered to the Purchaser (and for the avoidance of doubt, the delivery by the Seller of the documents required to be delivered by the Seller pursuant to Section 4.03 shall constitute a reaffirmation and confirmation by the Seller of such representations and warranties in all material respects).
- (5) All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Seller at or before the Time of Closing will have been complied with or performed in all material respects, and a certificate of a senior officer of the Seller to this effect shall have been delivered to the Purchaser.
- (6) All Authorizations and all consents, assignments, waivers, permits, orders and approvals of all other Persons, including the Exchange and the shareholders of the Seller, and all those party to the CannMart Group Material Contracts necessary to conduct the business of the CannMart Group or completion of the Transaction shall have been obtained.
- (7) There shall not have been, after the date of this Agreement, any Material Adverse Effect with respect to the Seller and/or the CannMart Group.
- (8) Except with the prior written consent of the Purchaser, the CannMart Group shall not have (i) completed, or agreed to complete, any acquisition or disposition other than in the Ordinary Course, or (ii) undertaken or completed, or agreed to undertake or complete, any financing of debt or equity securities of the CannMart Group, or any Non-Arms' Length Transaction.
- (9) The CannMart Group shall not have suffered a loss, impairment, termination of, or failure to renew, any material Authorization.
- (10) The Seller shall have taken all such actions as may be necessary to reconstitute the board of directors of each entity in the CannMart Group to be comprised of a total of one director as at the Closing, being Colin Samples.
- (11) The Purchaser shall have received resignations and releases in a form acceptable to the Purchaser, acting reasonably, in favour of the CannMart Group and such other Persons as may be

specified by the Purchaser, acting reasonably, duly executed by the directors and officers, as applicable, of each entity in the CannMart Group.

(12) The Seller shall have duly executed and delivered to the Purchaser, the Non-Disclosure, Non-Competition and Non-Solicitation Agreement.

The foregoing conditions precedent are for the benefit of the Purchaser and any one or more of such conditions may be waived by the Purchaser, in whole or in part, without prejudice to the Purchaser's right to rely on any other condition in favour of the Purchaser.

### **3.03 Conditions of Closing in Favour of the Seller**

The obligation of the Seller to complete the Transaction are subject to the fulfillment of each of the following conditions on or before the Time of Closing:

- (1) The Purchaser shall have tendered all closing deliveries set forth in Section 4.02, including the payment of the Purchase Price in accordance with Section 2.02.
- (2) All Authorizations and all consents, waivers, permits, orders and approvals of all other Persons, including the Exchange and the shareholders of the Seller in accordance with the British Columbia Business Corporations Act and the policies and approvals of the Exchange, necessary to permit the completion of the Transaction shall have been obtained.
- (3) The board of directors of the Purchaser has approved this Agreement, the Transaction and all other ancillary matters under this Agreement.
- (4) The representations and warranties of the Purchaser set forth in this Agreement shall have been true and correct as of the date hereof in all material respects and shall be true and correct at the Time of Closing in all material respects, except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to the Seller (and for the avoidance of doubt, the delivery by the Purchaser of the documents required to be delivered by the Purchaser pursuant to Section 4.02 shall constitute a reaffirmation and confirmation by the Purchaser of such representations and warranties in all material respects).
- (5) All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing will have been complied with or performed in all material respects (and for the avoidance of doubt, the delivery by the Purchaser of the documents required to be delivered by the Purchaser pursuant to Section 4.02 shall constitute a reaffirmation and confirmation by the Purchaser of such compliance and performance in all material respects).
- (6) All Authorizations and all consents, assignments, waivers, permits, orders and approvals of all other Persons, including the Exchange and the shareholders of the Seller, and all those party to the CannMart Group Material Contracts necessary to conduct the business of the CannMart Group or completion of the Transaction shall have been obtained.
- (7) There shall not have been after the date of this Agreement, any Material Adverse Effect with respect to the Purchaser.
- (8) The holders of no more than 2.5% of all of the issued and outstanding common shares of the Seller shall have exercised their dissent rights pursuant to and in the manner set forth in the British Columbia Business Corporations Act.

The foregoing conditions precedent are for the benefit of the Seller and any one or more of such conditions may be waived by the Seller, in whole or in part, without prejudice to the Seller's right to rely on any other condition in favor of the Seller.



### **3.04 Notice and Cure Provisions**

Each party will give prompt notice to the other parties of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event, change, or state of facts which occurrence or failure would or would be likely to:

- (1) cause any of the representations or warranties of such party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Closing Date; or
- (2) result in the failure by such party to comply with or satisfy any covenant, condition in any material respect or agreement to be complied with or satisfied by such party in any material respect hereunder prior to the Closing Date.

Subject to Article VIII, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 3.01, 3.02, or 3.03, as applicable, unless the party intending to rely thereon has delivered a written notice to the other parties prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

## **ARTICLE IV**

### **CLOSING AND POST CLOSING ARRANGEMENTS**

#### **4.01 Time and Place of Closing**

Closing of the Transaction shall take place remotely at the Time of Closing by exchange of counterparts and electronic documentation and deliveries and by wire transfer of funds.

#### **4.02 Closing Deliveries of the Purchaser**

At the Time of Closing, the Purchaser will deliver or cause to be delivered to the Seller each of the following:

- (1) wire transfer of the Closing Date Payment in the amount of \$500,000 in immediately available funds to the account specified by the Seller;
- (2) the VTB Loan executed by a duly authorized officer of the Purchaser;
- (3) the Securities Pledge Agreement executed by a duly authorized officer of the Purchaser;
- (4) The Escrow Agreement executed by a duly authorized officer of the Purchaser;
- (5) the General Security Agreement executed by a duly authorized officer of the Purchaser;
- (6) the Warrant Certificate executed by a duly authorized officer of the Purchaser.
- (7) A certificate of one of the Purchaser's senior officers, dated as of the Closing Date, certifying:
  - (i) that attached thereto are true and complete copies of the Constating Documents of the Purchaser (and all amendments thereto as in effect as on such date), (ii) all resolutions of the board of directors of the Purchaser approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the execution of the VTB Loan and Warrants and (iii) as to the incumbency and genuineness of the signature of each officer of the Purchaser executing this Agreement or any of the other agreements or documents contemplated hereby.
- (8) The officer's certificates referred to in Sections 3.03(4).

(9) A certificate of status or good standing for the Purchaser, dated within two (2) days of the Closing Date.

(10) Such other certificates, instruments, agreements and documents required by this Agreement or ancillary agreement or as may be reasonably requested by Seller and agreed by Purchaser prior to the Closing Date to carry out the intent and purposes of this Agreement or ancillary agreement.

#### **4.03 Closing Deliveries of the Seller**

At the Time of Closing, the Seller will deliver or cause to be delivered to the Purchaser each of the following:

- (1) the VTB Loan executed by a duly authorized officer of the Seller;
  - (2) the CannMart Group Shares registered in the name of the Purchaser;
  - (3) the Securities Pledge Agreement executed by a duly authorized officer of the Seller;
  - (4) the Escrow Agreement executed by a duly authorized officer of the Seller and counsel to the Seller as the Escrow Agent;
  - (5) the General Security Agreement executed by a duly authorized officer of the Seller;
  - (6) the Warrant Certificate executed by a duly authorized officer of the Purchaser.
- (7) A certificate of one of the Seller's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the Constatting Documents of the CannMart Group and the Seller (and all amendments thereto as in effect as on such date), (ii) all resolutions of the board of directors of the Seller and the CannMart Group approving the entering into of this Agreement and the completion of the Transaction, and (iii) as to the incumbency and genuineness of the signature of each officer of the Seller and the CannMart Group executing this Agreement or any of the other agreements or documents contemplated hereby.
- (8) The officer's certificates referred to in Sections 3.02(2).
  - (9) The resignations and releases referred to in Section 3.02(11).
  - (10) A certificate of status or good standing for the Seller and each entity of the CannMart Group, dated within two (2) days of the Closing Date.
  - (11) Such other certificates, instruments, agreements and documents required by this Agreement or ancillary agreement or as may be reasonably requested by Purchaser and agreed by Seller prior to the Closing Date to carry out the intent and purposes of this Agreement or ancillary agreement.

## **ARTICLE V**

### **REPRESENTATIONS AND WARRANTIES**

#### **5.01 Representations and Warranties of the Purchaser**

The Purchaser represents and warrants to and in favor of the Seller as follows, and acknowledges that the Seller is relying upon such representations and warranties in connection with the Transaction contemplated herein:

- (1) **Organization and Qualification.** The Purchaser is a corporation validly existing under the laws of its jurisdiction of incorporation and is in good standing in each jurisdiction in which it holds any assets and properties (whether owned, leased, licensed or otherwise), or carries on any activities.

- (2) **Corporate Power and Authority.** The Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement.
- (3) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed, and delivered by the Purchaser, and each is, and will be at the Time of Closing, a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (4) **Governmental Authorization.** No Authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Purchaser is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement, except for those Authorizations which are contemplated by this Agreement or those Authorizations that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Purchaser from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Purchaser.
- (5) **No Conflict or Contravention.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the Constatng Documents of the Purchaser or of any resolutions of the directors or shareholder of the Purchaser, (ii) conflict with, result in a breach of, constitute a default under, or accelerate the performance required by, or result in the suspension, cancellation, material alteration or creation of a Lien upon, any Material Contract, or license or permit to which the Purchaser is a party or by which the Purchaser is bound or to which any material assets or property of the Purchaser is subject, or (iii) to the knowledge of the Purchaser, violate any provision of any Applicable Law applicable to the Purchaser.
- (6) **Capitalization.** The authorized capital of Purchaser consists of an unlimited number of common shares, of which, as of the date of this Agreement, one common share is issued and outstanding.
- (7) **Third Party Consents, Waivers, Approvals.** There are no waivers, consents, notices or approvals required to be given to, or obtained from, any Person by the Purchaser under any Material Contract to which the Purchaser is a party in connection with (i) the execution, delivery and performance by Purchaser of this Agreement, or (ii) the consummation of the Transaction and the other transactions contemplated by this Agreement.
- (8) **Authorizations.** The Purchaser has all Authorizations of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted and own, operate or use the assets and property of the Purchaser, except for such Authorizations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Purchaser, and all such Authorizations are in good standing in all material respects.
- (9) **Insolvency, Bankruptcy, Etc.** No bankruptcy, insolvency or receivership proceedings have been instituted by the Purchaser or, to the knowledge of the Purchaser, are pending or threatened against the Purchaser.
- (10) **Investigations.** The Purchaser has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified the Purchaser of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on the Purchaser.

(11) **Litigation, Judgements, Etc.** There is no claim, suit, action or proceeding in effect or ongoing or, to the knowledge of the Purchaser, pending or threatened, against or relating to the Purchaser that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser, and there is no writ, judgment, decree, award, injunction, rule or order of any Governmental Authority outstanding against the Purchaser causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Purchaser.

## 5.02 **Representations and Warranties of the Seller**

The Seller represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with the Transaction contemplated herein and that the Purchaser would not purchase the CannMart Group Shares without these representations and warranties:

(1) **Organization and Status.** The Seller is a corporation validly existing under the laws of its jurisdiction of incorporation and is in good standing in each jurisdiction in which it holds any assets and properties (whether owned, leased, licensed or otherwise), or carries on any activities.

(2) **Corporate Power and Authority.** The Seller has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement.

(3) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed, and delivered by the Seller, and is, and will be at the Time of Closing, a legal, valid and binding agreement of the Seller enforceable against it in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** No Authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Seller is required to be obtained by the Seller in connection with the execution and delivery of this Agreement, except for those Authorizations which are contemplated by this Agreement, including Exchange approval and the approval of shareholders of the Seller to the Transaction, or those Authorizations that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Seller from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Seller.

(5) **No Conflict or Contravention.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the Constatng Documents of the Seller or of any resolutions of the directors or shareholder of the Seller, (ii) conflict with, result in a breach of, constitute a default under, or accelerate the performance required by, or result in the suspension, cancellation, material alteration or creation of a Lien upon, any Material Contract, or license or permit to which the Seller is a party or by which the Seller is bound or to which any material assets or property of the Seller is subject, or (iii) to the knowledge of each Seller, violate any provision of any Applicable Law applicable to the Seller.

(6) **Bankruptcy.** The Seller is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any other Applicable Law and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Seller has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing. The Seller is not otherwise the subject of Insolvency Proceedings.

(7) **Litigation, Judgements, Etc.** Except as set forth in Section 5.02(7) of the CannMart Group Disclosure Schedule, there is no claim, suit, action or proceeding in effect or ongoing or, to the knowledge of the Seller, pending or threatened, against or relating to the Seller that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Seller and the consummation of the Transaction, and there is no writ, judgment, decree, award, injunction, rule or order of any Governmental Authority outstanding against the Seller causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Seller and the consummation of the Transaction.

(8) **Residence under Tax Act.** The Seller is not a “non-resident” of Canada within the meaning of the Tax Act.

(9) **Brokers and Finders.** The Seller has not engaged or authorized any Person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, and no Person is, or will be entitled to, any brokerage or finder’s fee in connection with the transactions contemplated by this Agreement, other than Kronos Capital Partners Inc. which acted as financial advisor to the Seller, and whose fee will be paid at the Closing by the Seller.

### **5.03 Representations and Warranties of the Seller and the CannMart Group**

The Seller and each entity in the CannMart Group, jointly and severally, represent and warrant to the Purchaser as follows and acknowledge that the Purchaser is relying on these representations and warranties in connection with the Transaction contemplated herein and its purchase of the CannMart Group Shares from the Seller and that the Purchaser would not enter into such Transaction nor purchase the CannMart Group Shares without these representations and warranties:

(1) **Organization and Qualification.** Each entity of the CannMart Group is a corporation validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary. Each entity of the CannMart Group has all Authorizations required to own, lease and operate its properties and to carry on its business as now conducted.

(2) **Corporate Power and Authority.** Each entity of the CannMart Group has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, and to own and lease its properties, and carry on its businesses as now being conducted.

(3) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be at or prior to the Time of Closing, duly authorized, executed, and delivered by each entity of the CannMart Group, and each is, and will be at the Time of Closing, a legal, valid and binding agreement of each such entity enforceable against each such entity in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other law affecting the enforcement of creditors’ rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** No Authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over each entity of the CannMart Group is required to be obtained by any such entity in connection with the execution and delivery of this Agreement, except for those Authorizations which are contemplated by this Agreement or those Authorizations that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay each such entity from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on each such entity.

(5) **No Conflict or Contravention.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the Constat

Documents of any entity of the CannMart Group or of any resolutions of the directors or shareholder of such entity, (ii) conflict with, result in a breach of, constitute a default under, or accelerate the performance required by, or result in the suspension, cancellation, material alteration or creation of a Lien upon, any Material Contract of the CannMart Group or material license or permit to which any entity of the CannMart Group is a party or by which any such entity is bound or to which any material assets or property of each such entity is subject, or (iii) violate any provision of any Applicable Law applicable to any such entity.

(6) **Capitalization.**

- (a) The authorized capital of each entity of the CannMart Group consists of, in the case of (i) CannMart, an unlimited number of Class A, B, C and D special shares and an unlimited number of Class A, B and C common shares, of which 10,000 Class A Special Shares, 879 Class B Special Shares and 108.79 Class B Common Shares are currently issued and outstanding; (ii) CannMart Labs, an unlimited number of Class A, B, C, D and E common shares and an unlimited number of Class and B preferred shares of which 200 Class A common shares are currently issued and outstanding; and (iii) in the case of CannMart Marketplace, an unlimited number of common shares of which 10 common shares are issued and outstanding.
- (b) All of the CannMart Group Shares have been duly authorized and validly issued and are fully paid and non-assessable.
- (c) There are not now, and at the Time of Closing there will not be, any options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever, (i) requiring or which may require the issuance, sale or transfer by the Seller or any entity in the CannMart Group of any securities of any entity in the CannMart Group (including any CannMart Group Shares, or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of each such entity, including any CannMart Group Shares) (collectively referred to in this subsection as, the “**Subject CannMart Group Securities**”), or (ii) obliging the Seller or any entity in the CannMart Group to, directly or indirectly, issue or sell any Subject CannMart Group Securities, or give any Person a right to subscribe for or acquire from the Seller or any entity in the CannMart Group, any Subject CannMart Group Securities.
- (d) There are no outstanding contractual or other obligations of each entity in the CannMart Group to repurchase, redeem or otherwise acquire any of its securities. There are no outstanding bonds, debentures or other evidences of indebtedness of each entity in the CannMart Group having the right to vote with the Seller on any matter.

(7) **Third Party Consents, Waivers, Approvals.** Except as set forth in Section 5.03(7) of the CannMart Group Disclosure Schedule, there are no waivers, consents, notices or approvals required to be given to, or obtained from, any Person by any entity in the CannMart Group or the Seller under any Material Contract to which each entity in the CannMart Group or the Seller is a party (i) in connection with the execution, delivery and performance by each entity of the CannMart Group of this Agreement, or the consummation of the Transaction and the other transactions contemplated by this Agreement, or (ii) in order to maintain the Material Contracts of the CannMart Group in full force and effect immediately upon the consummation of the Transaction.

(8) **Residence under Tax Act.** Each entity in the CannMart Group is not a “non-resident” of Canada within the meaning of the Tax Act.

(9) **Shareholders’ and Similar Agreements.** Neither the Seller nor any entity in the CannMart Group are party to any shareholder, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any of the securities of each entity in the CannMart Group or pursuant to which any Person may have any right or claim in connection with any existing or past equity interest in

each entity in the CannMart Group, and each such entity has not adopted a shareholder rights plan or any other similar plan or agreement.

(10) **Subsidiaries.** Except as set forth in Section 5.03(10) of the CannMart Group Disclosure Schedule, each entity in the CannMart Group has no subsidiaries and holds no shares or other ownership, equity or proprietary interest in any other Person.

(11) **No Undisclosed Liabilities.** There are no liabilities or obligations of each entity in the CannMart Group of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise other than as disclosed in the Financial Statements.

(12) **Non-Arms' Length Transactions.** Other than as disclosed in Section 5.03(12) of the CannMart Group Disclosure Schedule, each entity in the CannMart Group has not, since incorporation, (i) made or agreed to make any payment or loan to, or borrowed any moneys from or is otherwise indebted to, any current or former officer, director, employee or shareholder of the Seller or any entity in the CannMart Group, or any affiliate of the foregoing, or any other Person not dealing at arm's length with each entity in the CannMart Group, or any affiliate of any of the foregoing Persons (collectively referred to in this subsection as, the "Non-Arm's Length Parties").

(13) **Absence of Certain Changes of Events.** Since December 31, 2023, except as disclosed to the Purchaser:

- (a) Each entity in the CannMart Group has conducted its business only in the Ordinary Course.
- (b) Each entity in the CannMart Group has not (i) issued, sold, or agreed to issue, sell, pledge, hypothecate, lease, dispose of or encumber any securities of such entity or any right, option or warrant with respect thereto, or (ii) split, combined or reclassified any of its securities, or declared or made any distribution in respect thereof.
- (c) Each entity in the CannMart Group has not amended or proposed to amend its Constatng Documents.
- (d) Each entity in the CannMart Group as not incurred any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had, or is reasonably likely to have, a Material Adverse Effect on the CannMart Group.
- (e) Other than as disclosed in the CannMart Group Disclosure Schedule, each entity in the CannMart Group has neither approved nor entered into any agreement in respect of the purchase of any assets or properties or any interest therein, or the sale, transfer or other disposition of any portion of its assets or properties or any interest therein currently owned by such entity and/or its affiliates, whether by asset sale, transfer of shares or otherwise, or a change of control (by sale or transfer of shares or sale of all or substantially all such property and assets).
- (f) Each entity in the CannMart Group has not incurred or suffered a Material Adverse Effect.
- (g) Each entity in the CannMart Group has not redeemed, repurchased or otherwise acquired any of its securities, or declared, set aside, or paid or made any dividend or other distribution (whether in cash or otherwise) with respect to any of its securities.
- (h) Each entity in the CannMart Group has not entered into, or amended, any CannMart Group Material Contract.
- (i) Each entity in the CannMart Group has not entered into any Contract under which it has outstanding indebtedness for borrowed money or for the deferred purchase price of property or made any loan or advance to any Person.

- (j) Each entity in the CannMart Group has not satisfied or settled any material claims or material liabilities, other than the settlement of claims or liabilities incurred in the Ordinary Course.
  - (k) Each entity in the CannMart Group has not entered into any agreement or understanding to do any of the foregoing.
- (14) **Compliance with Laws.** Each entity in the CannMart Group is not in default under, or in violation of, and has not violated (and failed to cure such violation under) any Applicable Law, including, without limitation, Applicable Laws relating to the issuance or sale of securities, privacy and Intellectual Property, or any Authorizations, franchises, or concessions granted by, or any judgment, decree, writ, injunction or order of, any Governmental Authority, applicable to its business or any of its properties or assets. Each entity in the CannMart Group has not received any notice or other written communication alleging any material violations and/or failure to comply with any Applicable Laws.
- (15) **Authorizations.** Each entity in the CannMart Group has all Authorizations, including those licences listed in Section 5.03(22) of the CannMart Group Disclosure Schedule, of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted and own, operate or use the assets and property of each such entity and all such Authorizations are in good standing in all material respects, .
- (16) **Investigations.** Except as set forth in Section 5.03(16) of the CannMart Group Disclosure Schedule, each entity in the CannMart Group has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified any such entity of such Governmental Authority's intention to commence or to conduct any investigation.
- (17) **Bankruptcy.** Each entity in the CannMart Group is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any other Applicable Law and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. Each entity in the CannMart Group has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of any entity in the CannMart Group or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing. Each entity in the CannMart Group is not otherwise the subject of Insolvency Proceedings.
- (18) **Insolvency.** Each entity in the CannMart Group is able to pay its debts as they fall due and has not stopped payment of its debts. The value of the assets held by Each entity in the CannMart Group exceeds the amount of the liabilities of such entity, taking into account contingent and prospective liabilities. Insolvency Proceedings have not commenced in relation to any entity in the CannMart Group or (if applicable) any part of its assets or undertaking. There are no circumstances which entitle or may entitle any Person to commence any Insolvency Proceedings in relation to any entity in the CannMart Group or (if applicable) any part of its assets or undertaking.
- (19) **Material Contracts.** The CannMart Group Material Contracts, together with this Agreement, and after the execution and delivery hereof, all ancillary agreements contemplated herein, constitute all the CannMart Group Material Contracts. True and complete copies of the CannMart Group Material Contracts have been disclosed to the Purchaser in the virtual data room of the Seller and as listed in Section 5.03(19) of the CannMart Group Disclosure Schedule. Each of the CannMart Group Material Contracts is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the Transaction contemplated hereunder) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. Each entity in the CannMart Group has not violated or breached, in any material respect, any of the terms or conditions of any CannMart Group Material Contract and all the covenants to be



performed by any other party thereto have been fully and properly performed. Each entity in the CannMart Group has not received any notice (whether written or oral), that any party to a CannMart Group Material Contract intends to cancel, terminate or otherwise modify or not renew its relationship with such entity, and, to the knowledge of the Seller and the CannMart Group, no such action has been threatened.

(20) **Suppliers** Section 5.03(20) of the CannMart Group Disclosure Schedule lists each supplier of goods and services from which the CannMart Group has purchased goods or services since January 1, 2021. Except as disclosed in Section 5.03(20) of the CannMart Group Disclosure Schedule, no supplier sells goods and services to the CannMart Group that represents more than 10% of its annual purchases. None of the suppliers listed in Section 5.03(20) of the CannMart Group Disclosure Schedule has advised the CannMart Group, either orally or in writing, that it is terminating or considering terminating its relationship with the CannMart Group, or considering negotiating its relationship with the CannMart Group on terms materially different from and materially less favourable than those which the CannMart Group currently has, whether as a result of the completion of the Transaction contemplated by this Agreement or otherwise.

(21) **Customers** Section 5.03(21) of the CannMart Group Disclosure Schedule lists all of the customers of the CannMart Group (with respect to each customer, contains gross revenues for the CannMart Group) for each of the fiscal years ended December 31, 2022, December 31, 2021 and December 31, 2020 and for the 11 month period ended November 30, 2023. None of the customers listed in Section 5.03(21) of the CannMart Group Disclosure Schedule has advised the CannMart Group, orally or in writing, that it is terminating or considering terminating its relationship with the CannMart Group, or considering negotiating its relationship with the CannMart Group on terms materially different from and materially less favourable than those which the CannMart Group currently has, whether as a result of the completion of the Transaction contemplated by this Agreement or otherwise.

(22) **Intellectual Property.**

- (a) Section 5.03 (22) of the CannMart Group Disclosure Schedule sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered and material unregistered Intellectual Property owned or used by each entity in the CannMart Group (collectively referred to in this subsection as, the “**CannMart Group IP**”) and (ii) all licenses or similar agreements or arrangements to which each entity in the CannMart Group is a party, either as licensee or licensor, with respect to registered and material unregistered Intellectual Property.
- (b) Each entity in the CannMart Group is the exclusive owner of all right, title and interest in and to, or possesses the right to use the CannMart Group IP (as set for the in CannMart Group Disclosure Schedule), free and clear of all Liens. No entity in the CannMart Group has assigned, licensed or otherwise conveyed any of the CannMart Group IP other than in the Ordinary Course.
- (c) The CannMart Group has maintained or caused to be maintained the rights to any of the registered CannMart Group IP in full force and effect and, all registered CannMart Group IP is valid, subsisting, in full force and effect (except with respect to applications) and has not expired or been cancelled or abandoned. All necessary registration, maintenance and renewal fees in connection with the registered CannMart Group IP have been paid, and all necessary documents and certificates in connection with the registered CannMart Group IP have been filed with the relevant patent, copyright, trademark or other equivalent authorities in the applicable jurisdictions, as the case may be, for the purposes of perfecting, prosecuting and maintaining such CannMart Group IP. Without limiting the generality of the foregoing, each entity in the CannMart Group has renewed or has made application for renewal of any registered CannMart Group IP (including applications therefor) subject to expiration on or prior to the date that is three (3) months following the Closing Date.

- (d) The CannMart Group IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the CannMart Group IP. The Seller and each entity in the CannMart Group has not received notice from any Person of any claim or any intention to commence any legal proceeding with respect to infringement, adverse ownership, invalidity, lack of distinctiveness, misappropriation or misuse regarding any of the CannMart Group IP or challenging any of the CannMart Group IP or the right of the CannMart Group to use the CannMart Group IP. To the knowledge of the Seller and the CannMart Group, each entity in the CannMart Group has not infringed and is not currently infringing on the Intellectual Property of any other Person in a manner that would reasonably be expected to result in a Material Adverse Effect on the CannMart Group.
  - (e) The Seller and/or each entity in the CannMart Group has not commenced and does not intend to commence any claim or legal proceeding challenging the Intellectual Property rights of any other Person.
  - (f) The CannMart Group has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the CannMart Group IP in the manner presently conducted in the twelve (12) months prior to Closing, and such use or continuing use does not to the knowledge of the Seller and the CannMart Group infringe upon or violate any rights of any other Person. The CannMart Group IP is sufficient to conduct the business of the CannMart Group as presently conducted in the twelve (12) months prior to Closing. All licenses to which each entity in the CannMart Group is a party relating to CannMart Group IP are in good standing, binding and enforceable in accordance with their respective terms and no material default exists on the part of any entity in the CannMart Group thereunder.
  - (g) To the knowledge of the Seller and the CannMart Group, no Person is infringing, or is threatening to infringe, upon or otherwise violate any of the CannMart Group IP.
  - (h) To the knowledge of the Seller and the CannMart Group, subject to and in compliance with Applicable Laws, no current or former officer, employee or independent contractor of the CannMart Group owns or has claimed an ownership interest in any of the CannMart Group IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
  - (i) each entity in the CannMart Group has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect the CannMart Group IP and confidential information relating thereto. To the knowledge of the Seller and the CannMart Group, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent any entity in the CannMart Group, or following the Closing Date, the Purchaser, from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.
  - (j) The Seller and Each entity in the CannMart Group has not received notice that there are any Intellectual Property rights of any other Person that form part of the CannMart IP or that would constitute joint ownership by or with any other Person or that would constitute rights to market, distribute, license or convey the CannMart Group IP, and no funding or facilities of any Governmental Authority nor any personnel of any such Person in their capacity as personnel of such Person, were used, directly or indirectly, to develop or create, in whole or in part, any of the CannMart Group IP.
- (23) **Software and Privacy** The CannMart Group (i) maintains commercially reasonable back-up and data recovery, disaster recovery and business continuity plans, procedures and facilities; and (ii) acts and has acted in material compliance therewith.

- (i) All Personal Information in the possession of the CannMart Group has been collected, used and disclosed in material compliance with all applicable Privacy Laws in those jurisdictions in which the CannMart Group conducts, or is deemed by operation of law in those jurisdictions to conduct, the business of the CannMart Group.
- (ii) The CannMart Group has disclosed to the Purchaser all Material Contracts and facts concerning the collection, use, retention, destruction and disclosure by the CannMart Group of Personal Information, and there are no other Material Contracts or facts that, on completion of the transactions contemplated by this Agreement, would materially restrict or interfere with the use of any Personal Information by the CannMart Group in the continued operation of the business of the CannMart Group as conducted before the Closing.
- (iii) There are no Claims pending or, to the knowledge of the CannMart Group, threatened with respect to the collection, use or disclosure of Personal Information by the CannMart Group.
- (iv) The CannMart Group is and has been in material compliance with all applicable provisions of CASL at all times. The CannMart Group has implemented policies and procedures in compliance with CASL, and has operated in material compliance with such policies and procedures at all times.

(24) **Product Warranties** Section 5.03(24) of the CannMart Group Disclosure Schedule lists all warranties given to buyers of products or services supplied by the CannMart Group. Except as disclosed in Section 5.03(24) of the CannMart Group Disclosure Schedule, there are no Claims against the CannMart Group under warranties or with respect to the production or sale of products or the provision of services, and, to the knowledge of the CannMart Group, there is no basis for any material prospective Claim against, or Loss on the part of, the CannMart Group arising from, relating to, or in connection with the production or sale of products or the provision of services.

(25) **Litigation.** Except as set forth in Section 5.03(25) of the CannMart Group Disclosure Schedule, there is no claim, action, inquiry, proceeding or investigation in effect or ongoing, pending or, to the knowledge of the Seller and the CannMart Group, threatened against or relating to each entity in the CannMart Group, the business of the CannMart Group, or affecting any of its properties or assets, and to the knowledge of Seller and the CannMart Group, there is no event or circumstance which could reasonably be expected to give rise to any such claim, action, inquiry, proceeding or investigation. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against any entity in the CannMart Group in respect of its businesses, properties or assets.

(26) **Environmental Matters.**

- (a) Each entity in the CannMart Group is in compliance with all applicable Environmental Laws, and has not used, except in material compliance with all Environmental Laws, any property or facility which it owns or leases, or previously owned or leased, to conduct any environmental activity.
- (b) Each entity in the CannMart Group and none of its predecessor companies, have never received any notice of any material claim, judicial or administrative proceeding, order or direction, pending, instituted, threatened, concluded or issued against each such entity or any of its properties, assets or operations relating to, or alleging any violation of, any Environmental Laws, and the knowledge of the Seller and the CannMart Gour, there are no facts which would reasonably be expected to give rise to any such claim, judicial or administrative proceeding, order or direction, or any liabilities relating thereto (whether contingent or otherwise).

- (c) Each entity in the CannMart Group and none of its properties, assets or operations has been subject or is the subject of any investigation, evaluation, audit or review by any Governmental Authority to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any contaminant into the environment.
- (d) Each entity in the CannMart Group is not required to hold or obtain any Authorization under any Environmental Laws in connection with the operation of its business as currently conducted and the ownership and use of its assets, and the Seller and/or the CannMart Group has not received any notification that (i) any such Authorization under any Environmental Laws is required in connection with the operation of its business as currently conducted and the ownership and use of its assets, or (ii) any work, repairs, constructions or capital expenditures are required to be made by any entity in the CannMart Group as a condition of continued compliance with any Environmental Laws.
- (27) **Employment Matters.**
- (i) Section 5.03 (27) of the CannMart Group Disclosure Schedule lists the names, titles and status (active or non-active, and if not active, the reason why and period of time not active) of all Employees and contractors of the CannMart Group, together with particulars of the material terms and conditions of their employment or engagement, including current rates of remuneration, perquisites, commissions, bonus or other incentive compensation (monetary or otherwise), most recent hire date, cumulative years of service, start and end dates of all previous periods of service, benefits, vacation or personal time off entitlements, current positions held and, if available, projected rates of remuneration.
- (ii) No Employee, and no consultant with whom the CannMart Group has contracted, is in violation of any material term of any employment contract, contract of engagement, services agreement, proprietary information agreement or any other agreement relating to the right of that individual to be employed, engaged or retained by the CannMart Group, and the continued employment or engagement by the CannMart Group of the Employees and contractors will not result in any material violation of those contracts or agreements. The CannMart Group has not received any notice alleging that any violation of those contracts or agreements has occurred.
- (iii) Except as disclosed in Section 5.03(27) of the CannMart Group Disclosure Schedule, all of the Employees are employed, engaged or retained for an indefinite term and none are subject to written employment agreements, contracts of engagement or services agreements. True and complete copies of any employment agreements, contracts of engagement or services agreements listed in Section 5.03(27) of the CannMart Group Disclosure Schedule have been provided to the Purchaser. No officer or Key Employee has given notice, oral or written, of an intention to cease being employed by the CannMart Group, and the CannMart Group does not intend to terminate the employment of any officer or Key Employee.
- (iv) Except as disclosed in Section 5.03 (27) of the CannMart Group Disclosure Schedule, there are no change of control or similar agreements or arrangements with any Employees, and neither the execution and delivery of this Agreement nor the completion of the transactions contemplated by this Agreement will result in any cash or other compensation or benefits becoming payable to any Employees. There has been no increase promised to the Employees in the level or rates of wages, salaries, commissions, bonuses and other compensation for any of the Employees except in the ordinary course of the Business.
- (v) Except as disclosed in Section 5.03 (27)**Error! Reference source not found.** of the CannMart Group Disclosure Schedule:

- A. There are no employment Law-related Claims pending, commenced or threatened, and there are no outstanding employment Law-related orders, awards or rulings, in each case against the CannMart Group, and there have not been any such Claims, orders, awards or rulings within the last year.
  - B. The CannMart Group has not been the subject of an audit, investigation, or examination by a Governmental Authority regarding an Employee.
  - C. The CannMart Group is in material compliance with all applicable Laws respecting Taxes, health, labour and employment.
  - D. The CannMart Group has not committed any material unfair labour practice during the past two years.
  - E. There have been no fatal or critical accidents which have occurred in the course of the operation of the CannMart Group which would reasonably be expected to lead to charges, assessments or complaints under the occupational health and safety or workers' compensation laws.
- (vi) No entity within the CannMart Group has an account with any workers compensation board and is not required to be registered with any workers compensation board pursuant to applicable Laws.
  - (vii) All salaries, wages, commissions, and other compensation owing for or in respect of the Employees have been paid or will be accrued and provided for in the Books and Records. All amounts due or accrued due for vacation pay and sick time have either been paid or are properly reflected in the Books and Records and the Financial Statements.
- (28) **Unions**
- (i) There are no current or, to the knowledge of the Seller and/or CannMart Group, threatened union organizing activities involving Employees and there have not been any union organizing activities. The CannMart Group does not have any labour issues that might have a Material Adverse Effect, or lead to any material interruption of operations at any location. The CannMart Group has not engaged in any lay-off or other activities since December 31, 2023 that would violate or in any way subject the CannMart Group to the group termination or lay-off requirements of the Laws of any jurisdictions where the CannMart Group operates or has operated. The CannMart Group is not bound by or a party to, either directly or by operation of law, any collective bargaining agreement (a **“Collective Agreement”**) with any trade union or association that might qualify as a trade union, and no trade union, association, council of trade unions, employee bargaining agency or affiliated bargaining agent:
    - A. holds bargaining rights with respect to any of the Employees by way of certification, interim certification, voluntary recognition, designation or successor rights;
    - B. has applied to be certified or requested to be voluntarily recognized as the bargaining agent of any of the Employees;
    - C. has applied to have the Purchaser declared a related or successor employer under applicable provincial labour or employment Law; or
    - D. has filed a complaint or charge relating to the CannMart Group under applicable provincial labour or employment Law.

(29) **Pension and Benefit Plans**

- (i) Other than as set out in Section 5.03 (29) of the CannMart Group Disclosure Schedule, no entity in CannMart Group is not party to, and does not have any liability with respect to, any Plans.
- (ii) True and complete copies of each written Plan, as amended to the date of this Agreement, have been made available to the Purchaser. In the case of each unwritten Plan, a written description that accurately describes all of its material provisions, as amended to the date of this Agreement, has been made available to the Purchaser. There have been no promised improvements, increases or changes to the benefits provided under any Plan, whether legally binding or not.
- (iii) All Plans have been established, registered (where desirable or required), administered, communicated, funded and invested in accordance with their terms and any applicable collective bargaining agreement, and in compliance with all applicable Laws. No fact or circumstance exists that could adversely affect the tax exempt, tax preferred or registered status of any Plan. No entity in the CannMart Group nor any of its agents or delegates has breached any fiduciary obligation with respect to the administration or investment of any Plan. . No entity in the CannMart Group or any of its agents has received, in the last five years, any notice from any Person questioning or challenging that compliance (other than in respect of any claim for benefit payments in the ordinary course related solely to any individual) and the CannMart Group has no knowledge of any notice from any Person questioning or challenging that compliance beyond the last five years.
- (iv) No Plan is a pension plan and n entity in the CannMart Group has never (i) sponsored or participated in a defined benefit pension plan, or (ii) participated in a multi-employer pension plan as that term is defined under the Pension Benefits Act (Ontario) or the Pension Benefits Standards Act, 1985 (Canada), or in any similar type of plan for purposes of any other applicable pension benefits standards legislation.
- (v) No Plan is a capital accumulation plan, as defined in the Capital Accumulation Plan Guidelines published by the Joint Forum of Financial Market Regulators.
- (vi) Each entity in the CannMart Group has made all contributions and paid all premiums in respect of each Plan in a timely fashion in accordance with the terms of each Plan, the terms of any applicable collective bargaining agreement and applicable Laws. Each entity in the CannMart Group has paid in full all contributions and premiums due for the period up to the Closing Date even though not otherwise required to be paid until a later date, or has made full and adequate disclosure of and provision for those contributions and premiums in the Books and Records. No Taxes, penalties or fees are owing or exigible under or in respect of any Plan.
- (vii) Other than routine claims for benefits, no Plan is subject to any pending action, investigation, examination, claim (including claims for Taxes) or other proceeding initiated by any Person, and there exists no state of facts that could reasonably be expected to give rise to any such action, investigation, examination, claim or other proceeding.
- (viii) None of the Plans promises or provides for post-employment or retiree health, medical, death or other benefits in respect of employees, former employees, independent contractors or former independent contractors or to the beneficiaries or dependants of any of those persons (other than benefits required by applicable Law) and no entity in the CannMart Group has never sponsored or participated in such a plan.

- (ix) No Plan or any other agreement affecting any Plan requires or permits a retroactive increase in, or acceleration of payment or vesting of, contributions, premiums, benefits or other payments due under that Plan or agreement.
  - (x) No provision of any Plan or of any agreement, and no act or omission of each entity in the CannMart Group, in any way limits, impairs, modifies or otherwise affects the rights of the such entity to unilaterally amend or terminate any Plan.
  - (xi) All liabilities of each entity in the CannMart Group that are contingent or otherwise, related to all Plans have been fully disclosed in accordance with GAAP in the Financial Statements.
  - (xii) The execution of this Agreement and the completion of the transactions contemplated by this Agreement will not (either alone or together with any additional or subsequent events) constitute an event under any Plan that will or may result in any payment (whether of severance pay or otherwise), acceleration of payment or vesting of benefits, forgiveness of indebtedness, vesting, distribution, restriction on funds, increase in benefits or obligation to fund benefits with respect to any Employee.
  - (xiii) All data necessary to administer each Plan in accordance with its terms, the terms of any applicable collective bargaining agreement and all applicable Laws has been provided to the Purchaser by the CannMart Group and that data is complete, correct, and in a form that is sufficient for the proper administration of each Plan.
  - (xiv) No amendments have been made to any Plan and no improvements to any Plan have been promised.
- (30) **No Limitations or Restrictions.**
- (a) Each entity in the CannMart Group is not a party to nor is otherwise bound by, and there is not in place, any non-competition, exclusivity or other similar agreement, commitment or understanding, whether written or oral, that would now or hereafter, in any material respect, restrict or limit the business and operations of such entity or the CannMart Group business or the use of the properties and assets of such entity, as now conducted or presently proposed to be conducted by the Purchaser following the consummation of the Transaction.
  - (b) There is no judgement, injunction, order or decree binding upon any entity in the CannMart Group that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of such entity, any acquisition of property by such entity, or the conduct of business by such entity as now conducted or presently proposed to be conducted by the Purchaser following the consummation of the Transaction.
- (31) **Assets, Properties and Title.**
- (a) Each entity in the CannMart Group does not own any real or immovable property. Section 5.03(31) of the CannMart Group Disclosure Schedule lists the particulars of the Leased Premises and Real Property Leases. The buildings and other structures located on the Leased Premises, and their operation and maintenance, comply with all applicable Laws in all material respects, and none of those buildings or structures encroaches upon any land not leased by each entity in the CannMart Group. There are no restrictive covenants or Laws that in any way restrict or prohibit any part of the present use of the Leased Premises, other than the Permitted Encumbrances and the Real Property Leases. There are no expropriation or similar proceedings, actual or threatened, of which the CannMart Group has received notice against any of the Leased Premises. All of the Real Property Leases are in full force and effect, unamended, and none of them are, to the knowledge of the CannMart Group, under any threat of termination.

- (b) Each entity in the CannMart Group owns, possesses and has good and marketable title to all of its undertakings, property and assets reflected in the most recent balance sheet included in the Financial Statements, free and clear of all Encumbrances other than Permitted Encumbrances. The undertakings, property and assets of the CannMart Group comprise all of the undertakings, property and assets necessary for the CannMart Group to carry on the Business as conducted in the twelve (12) months prior to Closing. All machinery, equipment, fixtures, vehicles and other tangible assets owned, leased or used by each entity in the CannMart Group are in good operating condition and repair, ordinary wear and tear excepted, and are adequate for the purposes for which they are being used subject to maintenance or repairs in the ordinary course of business as conducted in the twelve (12) months prior to Closing.
- (32) **Taxes.**
- (a) Each entity in the CannMart Group has duly and in a timely manner made or prepared all Tax Returns required to be made or prepared by it and has duly and in a timely manner filed (within the prescribed times) all Tax Returns required to be filed by it with the appropriate Governmental Authority. All such Tax Returns were complete and correct in all material respects.
- (b) Each entity in the CannMart Group has (i) duly and in a timely manner paid all Taxes, including installments on account of Taxes for the current year required by Applicable Laws, which are due and payable by it whether or not assessed by the appropriate Governmental Authority, (ii) duly and timely withheld all Taxes and other amounts required by Applicable Laws to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any Person) and has duly and timely remitted to the appropriate Governmental Authority such Taxes or other amounts required by law to be remitted by it, and (iii) duly and timely collected all amounts on account of any sales, use or transfer Taxes, including goods and services, harmonized sales, provincial and territorial taxes and state and local taxes, required by Applicable Laws to be collected by it and has duly and timely remitted to the appropriate Governmental Authority such amounts required by law to be remitted by it.
- (c) No material liability in respect of Taxes has been assessed, proposed to be assessed, incurred or accrued or to the knowledge of the Seller and/or the CannMart Group, does any fact exist which would reasonably be expected for such material liability.
- (d) Except as set forth in the Disclosure Letter, each entity in the CannMart Group has not made, prepared and/or filed any elections, designations or similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Tax Returns in respect of any period. Each entity in the CannMart Group is not a party to any agreement, waiver or arrangement with any Governmental Authority which relates to any extension of time with respect to the filing of any Tax Return, any payment of Taxes or any action or assessment relating to Taxes.
- (e) There are no proceedings, investigations, audits, assessments, reassessments, or claims now pending or threatened against each entity in the CannMart Group in respect of any Taxes and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.
- (f) There are no Liens for Taxes upon any properties or assets of each entity in the CannMart Group.
- (g) The Seller and the CannMart Group has made available to the Purchaser true and complete copies of all Tax Returns, examination reports and statements of deficiencies for taxable



periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired.

(33) **Brokers and Finders.** The Seller and each entity in the CannMart Group has not engaged or authorized any Person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, and no Person is, or will be entitled to, any brokerage or finder's fee in connection with the transactions contemplated by this Agreement, other than Kronos Capital Partners Inc. which acted as financial advisor to the Seller, and whose fee will be paid at the Closing by the Seller.

(34) **Financial Statements.** Copies of the Financial Statements have been provided to the Purchaser in the virtual data room of the Seller. The Financial Statements have been prepared in accordance with GAAP (other than note disclosure and non-material amendments) and with the CannMart Group as a stand alone business and present fairly:

- (a) the assets, liabilities (whether accrued, absolute, contingent or otherwise) and the financial condition of the CannMart Group as at the respective dates of the Financial Statements; and
- (b) the sales, earnings and results of the operations of the Corporation during the periods covered by the Financial Statements.

(35) **Accounts Receivable** All Accounts Receivable of the CannMart Group reflected in the Financial Statements, or that have come into existence since the date of the most recent Financial Statements, were created in the ordinary course of the Business in bona fide arm's length transactions, and, except to the extent that they have been paid in the ordinary course of the Business since the date of the Financial Statements, are valid and enforceable and payable in full, without any right of set-off or counterclaim or any reduction for any credit or allowance made or given, except

- (i) to the extent of the allowance for doubtful accounts reflected in the Financial Statements; and
- (ii) in the case of Accounts Receivable that have come into existence since the date of the most recent Financial Statements, for a reasonable allowance for doubtful accounts,
- (iii) which allowances are adequate and calculated in a manner consistent with GAAP.

(36) **Inventories** Section 5.03(36) of the CannMart Group Disclosure Schedule lists only usable and saleable inventory of CannMart Group owned brands (such as Roilty and Zest) and any unbranded inventory and supplies including but not limited to excise stamps, hardware, packaging materials used for such inventory, that are in good and marketable condition and are reflected in the Financial Statements.

(37) **Accounts and Powers of Attorney** Section 5.03 (37) of the CannMart Group Disclosure Schedule lists:

- (i) the name of each bank or other depository in which the CannMart Group maintains any bank account, trust account or safety deposit box and the names of all individuals authorized to draw on them or who have access to them; and
- (ii) the name of each Person holding a general or special power of attorney from any entity in the CannMart Group and a summary of its terms.

(38) **Corporate Records.**

The Corporate Records of the CannMart Group are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all Applicable Laws and with the Constatng Documents of each entity in the CannMart Group. The minute books of each entity in the CannMart Group contain (i) complete and accurate minutes of all meetings of the directors (and any committee thereof) and the shareholders of such entity, and (ii) all written resolutions passed by the directors (and any committee thereof) and the shareholders of such entity. The share certificate books, if any, the central securities, the register and register of transfers, and the branch registers of each entity in the CannMart Group are complete and accurate, and all transfers of shares of such entity reflected therein have been duly completed and approved. The registers of directors and officers are complete and accurate and all former and present directors and officers of each entity in the CannMart Group were duly elected or appointed, as the case may be.

(39) **Books and Records.** All Books and Records of the CannMart Group have been fully, properly and accurately kept and, where required, completed in accordance with GAAP, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein. The financial books and records and accounts of each entity in the CannMart Group (i) have been maintained in accordance with good business practices and in accordance with GAAP and with the accounting principles generally accepted in Canada, on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of assets of each entity in the CannMart Group, and (ii) accurately and fairly reflect the basis for the financial books.

#### **5.04 Survival of Representations and Warranties**

The representations and warranties made by the parties and contained in this Agreement, or any document or certificate given pursuant hereto shall survive the Closing of the Transaction subject to the limitations specified in Article VIII.

## **ARTICLE VI COVENANTS**

#### **6.01 Mutual Covenants**

Each of the parties to this Agreement hereby covenants and agrees with each of the other parties as follows:

(1) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any Person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, the Purchaser and the Seller (acting on its own behalf, and on behalf of each entity in the CannMart Group) shall use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction, subject to the prior determination by the Purchaser and the Seller, acting reasonably, that they are likely to succeed in resisting any proceeding that would seek to restrain, stop or otherwise restrain the completion of the Transaction and would be able to complete the Transaction in a commercially reasonable manner.

(2) It will use commercially reasonable efforts to obtain, before the Time of Closing, all Authorizations, and all waivers, exemptions, consents, orders and other approvals from shareholders and third parties, as are necessary, for the consummation of the transactions contemplated herein.

(3) It will use commercially reasonable efforts to defend, or cause to be defended, any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction. It will not settle or compromise any claim brought against it in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the other parties, such consent not to be unreasonably withheld, delayed, or conditioned.

(4) It will promptly notify each of the other parties if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement.

(5) It will co-operate with each of the other parties in good faith using commercially reasonable efforts in order to ensure the timely completion of the Transaction.

(6) It will use commercially reasonable efforts to co-operate with each of the other parties in connection with the performance by each of the other parties of its obligations under this Agreement.

## **6.02 Covenants of the Purchaser**

The Purchaser covenants and agrees with the Seller as follows, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII:

(1) It will, in a timely and expeditious manner file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective.

(2) Except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis), it will furnish promptly to the Seller a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Purchaser in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein.

(3) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
- (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either the Purchaser, the Seller or any entity of the CannMart Group before any Governmental Authority to the extent permitted by such authorities; and
- (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction.

(4) Subject to Applicable Laws or as authorized by this Agreement, it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this

Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction.

(5) It will conduct and operate its business and affairs only in the Ordinary Course and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other Persons.

(6) Except as may be necessary or desirable in order to give effect the Transaction as contemplated hereunder, it will not alter or amend its Constatng Documents as the same exist at the date of this Agreement.

### **6.03 Covenants of the CannMart Group**

Subject to Section 10.01, each entity in the CannMart Group covenants and agrees with the Purchaser as follows, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII:

(1) It will, in a timely and expeditious manner file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective.

(2) It will not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction. Without limiting the generality of the foregoing, it will neither (i) induce or attempt to induce any other Person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the *Securities Act* (Ontario), for any of its securities or assets (ii) undertake any transaction or negotiate any transaction which would be, or potentially could be, in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor (iii) permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event any entity in the CannMart Group Seller, including any of its officers or directors, receives any form of offer or inquiry, such entity shall forthwith (in any event within one Business Day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request.

(3) It will make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, Contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to the CannMart Group. Each entity in the CannMart Group will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to the property, assets, undertaking, records and documents of such entity relating to the CannMart Group. At the request of the Purchaser, each entity in the CannMart Group will execute or cause to be executed such consents, Authorizations and directions as may be necessary to permit any inspection of the CannMart Group business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of the CannMart Group maintained by Governmental Authorities. The obligations in this Section 6.03(3) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance the Seller will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 6.03(3) will not mitigate or otherwise affect the representations and warranties of the Seller hereunder.

(4) Except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be

obtained (provided that in such circumstance the each entity in the CannMart Group will be required to disclose that information has been withheld on this basis), it will furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by such entity in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein.

(5) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
- (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of any of the Seller, any entity of the CannMart Group or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
- (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction.

(6) Subject to Applicable Laws or as authorized by this Agreement, it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction.

(7) It will conduct and operate its business and affairs only in the Ordinary Course and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other Persons. For greater certainty, it will not enter into any material transaction out of the Ordinary Course without the prior written consent of the Purchaser, and each entity in the CannMart Group will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained, and, without limiting the generality of the foregoing, it shall not do any of the following, without the prior written consent of the Purchaser:

- (i) issue, sell, or agree to issue, sell, pledge, hypothecate, lease, dispose of or encumber any securities of such entity or any right, option or warrant with respect the CannMart Group, or (ii) split, combine or reclassify any of the CannMart Group Shares, or declare or made any distribution in respect thereof;
- (ii) accelerate, beyond the normal collection cycle, the collection of accounts receivable or delay, beyond normal past practices, the payment of accounts payable (other than as notified to the Buyer), or waive any material rights in value or take any actions with respect to collection practices that would result in any losses or adverse changes in collections, whether or not in the Ordinary Course;
- (iii) accelerate, beyond normal past practices, the sale of goods or services (other than as notified to the Buyer), including via discounts, rebates, preferential terms, or otherwise, whether offered directly or indirectly, to existing or prospective customers, distributors, resellers, or end users;

- (iv) fail to pay or discharge any Liability or Indebtedness when due in accordance with its terms other than as disclosed in the CRA payment plan and as otherwise disclosed to the Purchaser with respect to certain accounts receivable;
- (v) incur any new Indebtedness other than incurred in the Ordinary Course;
- (vi) incur any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) other than in the Ordinary Course unless such liability or obligation is reasonably likely to have, a Material Adverse Effect on the CannMart Group;
- (vii) make any material change in the business or operations of the CannMart Group;
- (viii) approve or enter into any agreement in respect of the purchase of any assets or properties or any interest therein, or the sale, transfer or other disposition of any portion of its assets or properties or any interest therein currently owned by the CannMart Group, whether by asset sale, transfer of shares or otherwise, or a change of control (by sale or transfer of shares or sale of all or substantially all such property and assets);
- (ix) enter into, cancel, terminate or amend, any CannMart Group Material Contract;
- (x) hire any new Employees and/or contractors, terminate or amend any terms of employment for existing Employees, including but not limited to benefits, for any Employees and/or contractors of the CannMart Group;
- (xi) grant or pay any severance or termination pay or benefits, or any retention bonus or change-in-control payment, to any director, officer, Employee or independent contractor;
- (xii) make or forgive any loan or advance to any director, officer or Employee;
- (xiii) satisfy or settle any material claims or material liabilities of the CannMart Group;
- (xiv) mortgage, pledge or subject to any Lien any portion of the assets of the CannMart Group;
- (xv) sell, transfer, assign, abandon, license or otherwise dispose of any assets, except in the Ordinary Course;
- (xvi) make or incur any capital expenditures that, individually or in the aggregate, are in excess of \$10,000;
- (xvii) adopt, amend, or terminate any benefit plan or arrangement that would be a Plan were it in effect as of the date of this Agreement;
- (xviii) recognize any labor union, works council or other labor organization as the collective bargaining representative of any employees, or enter into, amend or terminate any collective bargaining agreement or other Contract with any labor union, works council or other labor organization;
- (xix) cancel, terminate or reduce the amount of any insurance coverage provided by existing insurance policies, or cause any of the insurance coverage in effect as of the date of this Agreement thereby to lapse (unless, in each case, such insurance coverage is otherwise adequately provided by an existing insurance policy or is being replaced by an insurance policy with substantially similar coverage);
- (xx) terminate or waive any right of substantial value (including any rights under any confidentiality or non-disclosure agreement), other than in the Ordinary Course;

- (xxi) make or change any material election with respect to Taxes, adopt or change any accounting method, enter into any closing agreement, settle any Tax liability, consent to any extension or waiver of the limitation period applicable to any Tax or Tax Returns, or surrender any right to a claim a refund of Tax;
  - (xxii) change any accounting policies or procedures, except as may be required by GAAP or Legal Requirement waive, release, assign, settle or compromise any material Action;
  - (xxiii) transfer to any Person any Intellectual Property of the CannMart Group, other than in the Ordinary Course, or abandon any application or registration filed by or on behalf of the CannMart Group relating to any Intellectual Property of the CannMart Group;
  - (xxiv) offer or otherwise provide any discounts to customers to induce sales or revenue recognition or any discounts, incentives or other price reductions on products or service plans (other than as notified to the Buyer);
  - (xxv) create any Subsidiaries;
  - (xxvi) enter into any agreement or understanding to do any of the foregoing.
- (8) Except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, it will not alter or amend its Constatng Documents as the same exist at the date of this Agreement.
- (9) It will not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other Person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement. Without limiting the generality of the foregoing, it will not:
- (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any of its outstanding shares as of the date hereof;
  - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares;
  - (iv) transfer, issue, pledge, encumber, assign, sell, accelerate, amend, change the terms of, dispose of, or grant options, warrants or other rights to purchase or otherwise acquire, any of its securities, exchangeable or exercisable therefor of the CannMart Group or other equity interests of any entity of the CannMart Group, or authorize or propose the foregoing;
  - (v) repurchase, redeem or otherwise acquire any outstanding securities of the CannMart Group.
- (10) It will take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the CannMart Group Shares to the Purchaser.
- (11) It will not authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any debt, equity or other securities of itself (including those that are convertible or exchangeable into securities of itself), other than as contemplated under this Agreement.

(12) It will: (i) not enter into or amend any Non-Arms' Length Transactions other than as approved in writing by the Purchaser and; (ii) on or before Closing, terminate all Non-Arms' Length Transactions other than as approved in writing by the Purchaser.

#### **6.04 Covenants of the Seller**

Subject to Section 10.01, the Seller covenants and agrees with the Purchaser as follows, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VIII:

(1) It will, in a timely and expeditious manner file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective.

(2) It will not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction. Without limiting the generality of the foregoing, it will neither (i) induce or attempt to induce any other Person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the *Securities Act* (Ontario), for securities or assets of the CannMart Group, (ii) undertake any transaction or negotiate any transaction which would be, or potentially could be, in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor (iii) permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event the Seller, including any of its officers or directors, receives any form of offer or inquiry the Seller shall forthwith (in any event within one Business Day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request.

(3) It will make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, Contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to the CannMart Group. The Seller will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to the property, assets, undertaking, records and documents of the CannMart Group. At the request of the Purchaser, the Seller will execute or cause to be executed such consents, Authorizations and directions as may be necessary to permit any inspection of the Seller's business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of the CannMart Group maintained by Governmental Authorities. The obligations in this Section 6.04(3) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance, the Seller will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 6.04(3) will not mitigate or otherwise affect the representations and warranties of the Seller hereunder.

(4) Except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Seller will be required to disclose that information has been withheld on this basis), it will furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Seller in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein.

(5) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its



control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of any of the Seller, each entity in the CannMart Group or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
  - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction.
- (6) Subject to Applicable Laws or as authorized by this Agreement, it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction.
- (7) It will cause each entity in the CannMart Group to conduct and operate its business and affairs only in the Ordinary Course and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other Persons. For greater certainty, it will not permit any entity within the CannMart Group to enter into any material transaction out of the Ordinary Course without the prior written consent of the Purchaser, and it will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of the CannMart Group business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained, and, without limiting the generality of the foregoing, it shall not permit the CannMart Group to do any of the following, without the prior written consent of the Purchaser:
- (i) issue, sell, or agree to issue, sell, pledge, hypothecate, lease, dispose of or encumber any securities of such entity or any right, option or warrant with respect the CannMart Group, or (ii) split, combine or reclassify any of the CannMart Group Shares, or declare or made any distribution in respect thereof;
  - (ii) accelerate, beyond the normal collection cycle, the collection of accounts receivable or delay, beyond normal past practices, the payment of accounts payable (other than as notified to the Buyer), or waive any material rights in value or take any actions with respect to collection practices that would result in any losses or adverse changes in collections, whether or not in the Ordinary Course;
  - (iii) accelerate, beyond normal past practices, the sale of goods or services (other than as notified to the Buyer), including via discounts, rebates, preferential terms, or otherwise, whether offered directly or indirectly, to existing or prospective customers, distributors, resellers, or end users;
  - (iv) fail to pay or discharge any Liability or Indebtedness when due in accordance with its terms other than as disclosed in the CRA payment plan and as otherwise disclosed to the Purchaser with respect to certain accounts receivable;
  - (v) incur any new Indebtedness other than incurred in the Ordinary Course;

- (vi) incur any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) other than in the Ordinary Course unless such liability or obligation is reasonably likely to have, a Material Adverse Effect on the CannMart Group;
- (vii) make any material change in the business or operations of the CannMart Group;
- (viii) approve or enter into any agreement in respect of the purchase of any assets or properties or any interest therein, or the sale, transfer or other disposition of any portion of its assets or properties or any interest therein currently owned by the CannMart Group, whether by asset sale, transfer of shares or otherwise, or a change of control (by sale or transfer of shares or sale of all or substantially all such property and assets);
- (ix) enter into, cancel, terminate or amend, any CannMart Group Material Contract;
- (x) hire any new Employees and/or contractors, terminate or amend any terms of employment for existing Employees, including but not limited to benefits, for any Employees and/or contractors of the CannMart Group;
- (xi) grant or pay any severance or termination pay or benefits, or any retention bonus or change-in-control payment, to any director, officer, Employee or independent contractor;
- (xii) make or forgive any loan or advance to any director, officer or Employee;
- (xiii) satisfy or settle any material claims or material liabilities of the CannMart Group;
- (xiv) mortgage, pledge or subject to any Lien any portion of the assets of the CannMart Group;
- (xv) sell, transfer, assign, abandon, license or otherwise dispose of any assets, except in the Ordinary Course;
- (xvi) make or incur any capital expenditures that, individually or in the aggregate, are in excess of \$10,000;
- (xvii) adopt, amend, or terminate any benefit plan or arrangement that would be a Plan were it in effect as of the date of this Agreement;
- (xviii) recognize any labor union, works council or other labor organization as the collective bargaining representative of any employees, or enter into, amend or terminate any collective bargaining agreement or other Contract with any labor union, works council or other labor organization;
- (xix) cancel, terminate or reduce the amount of any insurance coverage provided by existing insurance policies, or cause any of the insurance coverage in effect as of the date of this Agreement thereby to lapse (unless, in each case, such insurance coverage is otherwise adequately provided by an existing insurance policy or is being replaced by an insurance policy with substantially similar coverage);
- (xx) terminate or waive any right of substantial value (including any rights under any confidentiality or non-disclosure agreement), other than in the Ordinary Course;
- (xxi) make or change any material election with respect to Taxes, adopt or change any accounting method, enter into any closing agreement, settle any Tax liability, consent to any extension or waiver of the limitation period applicable to any Tax or Tax Returns, or surrender any right to a claim a refund of Tax;

- (xxii) change any accounting policies or procedures, except as may be required by GAAP or Legal Requirement waive, release, assign, settle or compromise any material Action;
  - (xxiii) transfer to any Person any Intellectual Property of the CannMart Group, other than in the Ordinary Course, or abandon any application or registration filed by or on behalf of the CannMart Group relating to any Intellectual Property of the CannMart Group;
  - (xxiv) offer or otherwise provide any discounts to customers to induce sales or revenue recognition or any discounts, incentives or other price reductions on products or service plans (other than as notified to the Buyer);
  - (xxv) create any Subsidiaries;
  - (xxvi) enter into any agreement or understanding to do any of the foregoing.
- (8) It will cause each entity in the CannMart Group to not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other Person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement. Without limiting the generality of the foregoing, it will not:
- (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares;
  - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares;
  - (iv) transfer, issue, pledge, encumber, assign, sell, accelerate, amend, change the terms of, dispose of, or grant options, warrants or other rights to purchase or otherwise acquire, any of its securities, exchangeable or exercisable therefor of the CannMart Group or other equity interests of any entity of the CannMart Group, or authorize or propose the foregoing; or
  - (v) repurchase, redeem or otherwise acquire any outstanding securities of the CannMart Group.
- (9) It will take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the CannMart Group Shares to the Purchaser.
- (10) Except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, it will not permit the CannMart Group to alter or amend its Constatng Documents as the same exist at the date of this Agreement.
- (11) It will, in a timely and expeditious manner, provide such information with respect to the Seller (and all beneficial owners thereof) as the Purchaser may reasonably require in connection with the Transaction to comply with the provisions of this Agreement and/or Applicable Laws.
- (12) It will not encumber, in any manner, the CannMart Group Shares held or beneficially owned by it, and will ensure that at the Time of Closing, the said CannMart Group Shares are free and clear of all Liens.

(13) It will, and will cause its respective Non-Arms' Length Transactions Parties to: (1) terminate all Non-Arms' Length Transactions other than as approved in writing by the Purchaser (ii) not to, engage in any transactions involving the CannMart Group except other than as approved in writing by the Purchaser.

## ARTICLE VII

### POST-CLOSING COVENANTS OF PURCHASER

- 7.01 **Information Rights.** Beginning on the Closing Date and for so long as any indebtedness remains outstanding under the VTB Loan, the Purchaser shall notify the Seller of any proposed material changes to the Business as soon as reasonably practicable prior to the implementation of such a change and the Purchaser shall deliver to the Seller:
- (1) as soon as practicable, but in any event within forty-five (45) days after the end of each of calendar quarter of each fiscal year of the Purchaser, consolidated unaudited financial statements of the Purchaser (inclusive of the entities of the CannMart Group) for and as at the end of such fiscal quarter, prepared in the same manner that the Purchaser produces for its internal reporting;
  - (2) as soon as practicable, but in any event within fifteen (15) days after the end of each of month, the Purchaser's sales report, gross profit estimates, listings status, inventory status that the Purchaser produced for its internal reporting to carry on the Business.
- 7.02 **Inspection and Observer Rights.** Beginning on the Closing Date and for so long as any indebtedness remains outstanding under the VTB Loan, the Purchaser shall permit the Seller at the Seller's expense, and at a time acceptable to the Purchaser, to visit and inspect the Purchaser's properties; discuss the Purchaser's affairs, finances, and accounts with its officers, during normal business hours as may be reasonably requested by the Seller but not greater than once in any three (3) month period.
- 7.03 **Conduct of Business.** Unless otherwise specifically provided for in this Agreement, beginning on the Closing Date and for so long as any indebtedness remains outstanding under the VTB Loan, none of the following decisions or actions as they relate to any of the entities of the CannMart Group shall be taken without the written consent of the Seller, shall consent not to be unreasonably withheld or conditioned:
- (1) amending or restating the articles or by-laws of any of the entities of the CannMart Group;
  - (2) taking any action that could result in a loss, impairment, termination of , or failure to renew, any material Authorization of any of the entities of the CannMart Group or the Purchaser, including any current licences of any of the entities of the CannMart Group;
  - (3) the issuance of any authorized but unissued securities of any of the entities of the CannMart Group, including the undertaking or completing of any financing of debt or equity securities of any of the entities of the CannMart Group;
  - (4) creating any debts, liabilities or other obligations of any of the entities of the CannMart Group, however incurred ("**Indebtedness**"), or providing or assuming any mortgage, lien, charge, hypothec or encumbrance, whether fixed or floating, on, or any security interest in, any property, whether real, personal or mixed, tangible or intangible, any pledge or hypothecation thereof, any deposit arrangement, priority, conditional sale agreement, other title retention agreement, capital lease or other security arrangement of any kind and, in respect of any securities, and includes an adverse claim ("**Encumbrance**"), on any property of any of the entities of the CannMart Group;
  - (5) guaranteeing the Indebtedness of, or otherwise providing any direct or indirect financial assistance to any Person by the CannMart Group;

- (6) selling Inventory other than in the manner specified below in Section 7.04; and
- (7) a sale of all or substantially all of the assets of any of the entities of the CannMart Group or the Purchaser.

7.04 **Sale of Inventory.** For purposes of fulfilling the Seller's obligations under section 2.08 of this Agreement, beginning on the Closing Date and for a period of 12 months thereafter, the Purchaser will take such excess inventory on consignment and will use its commercially reasonable efforts to sell such inventory during such 12-month period and shall remit any proceeds of such sales to the Seller (less applicable excise taxes and other directly related sales costs of the Purchaser applicable to such sale). Any inventory remaining after such 12-month period will become the property of the Purchaser and will be added to the VTB Loan at cost, subject to the right of the Purchaser to purchase all or any part of the remaining inventory at a discounted cost price agreed upon between the Purchaser and the Seller

7.05 **Collection of Seller's Accounts Receivable.** Purchaser agrees that after the Closing Date it will use its best efforts to collect the Seller's accounts receivable relating to the CannMart Group and its business that have accrued prior to the Closing Date comparable to those efforts Seller currently uses to collect its accounts receivable arising out of the business of the CannMart Group; provided that Purchaser will not be required to retain or use legal counsel or any collection service, or to institute legal proceedings, as a part of its collection efforts, unless paid for by Seller. If Buyer receives any of Seller's accounts receivable during the period of 365 days immediately following the Closing Date, Purchaser shall pay to the Seller, or as directed by Seller, on the tenth day after collection in good funds the said accounts receivable collected by the Purchaser. At the end of the said 365 day period, the Purchaser shall assign to the Seller, without recourse, the Seller's accounts receivable which remain uncollected. Upon the Seller's request made within 90 days after the expiration of such 365-days day period, the Purchaser will provide the Seller's accountant with access during the Purchaser's normal business hours to the Purchaser's books and records related to the accounts receivable. The entire cost of such verification and report (whether there be one or more often) shall be borne by the Seller. The Purchaser may require as a condition to furnishing any information to such independent accountant that such independent accountant agree to confidentiality agreement reasonably satisfactory to the Purchaser. If an obligor on any of the accounts receivable of the Seller that have accrued prior to the Closing Date is also an obligor on one or more accounts receivable of the Purchaser at the time such obligor makes a payment to the Purchaser (a "Double Obligor"), such amount will first be applied to the accounts receivable of the Seller that have accrued prior to the Closing Date unless an obligor has clearly indicated an application of the amount paid by it either expressly by reference to a particular invoice or implicitly because the amount paid corresponds to one or more to the unpaid invoices owed to the Purchaser or comprising the account receivable.

## ARTICLE VIII

### TERMINATION

#### 8.01 **Termination**

This Agreement may be terminated in writing at any time prior to the Closing:

- (1) by mutual written consent of the Purchaser and the Seller (on its own behalf and on behalf of each entity in the CannMart Group);
- (2) by either the Seller (on its own behalf and on behalf of each entity in the CannMart Group) or the Purchaser if the Closing shall not have been consummated on or prior to the Termination Date, without liability to the terminating party on account of such termination; provided that the right to terminate this Agreement pursuant to this Section 8.01(2) shall not be available to a party whose breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- (3) by the Purchaser, if there has been a material breach by the Seller or any entity in the CannMart Group of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the

conditions set forth in Sections 3.01 or 3.02 which the Seller or any entity in the CannMart Group, as applicable, fails to cure within 10 Business Days after written notice thereof is given by the Purchaser;

(4) by the Seller, if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Sections 3.01 or 3.03 which the Purchaser fails to cure within 10 Business Days after written notice thereof is given by the Seller;

(5) by the Seller, if it has not obtained the approval of its shareholders and/or the (conditional or final) approval of the Exchange to complete of the Transaction;

(6) by the Seller, if the holders of more than 2.5% of all of the issued and outstanding common shares of the Seller shall have exercised their dissent rights pursuant to and in the manner set forth in the British Columbia Business Corporations Act;

(7) by the Purchaser, if the Seller completes an Alternative Transaction or enters into a definitive and binding agreement to effect an Alternative Transaction; and

(8) by any party, if any permanent injunction or other order of a court or other competent authority preventing the Closing shall have become final and non-appealable, provided however, that no party shall be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

## **8.02 Effect of Termination**

Upon termination of this Agreement in accordance with the terms hereof, the parties shall have no further obligations under this Agreement, other than the obligations contained in Sections 10.01, 10.03, and 10.08.

## **ARTICLE IX**

### **INDEMNIFICATION**

#### **9.01 Indemnification by the Purchaser**

Subject to this Article IX and provided that the Seller makes a written claim for indemnification within the applicable survival period set forth in Section 9.06, from and after Closing, the Purchaser shall indemnify and save the Seller harmless for and from any loss, damages or deficiencies suffered by the Seller, in each case, that have been Finally Determined, as a result of

(1) any breach of representation or warranty on the part of the Purchaser contained Section 5.01 of this Agreement; or

(2) any non-performance of any covenant or agreement of the Purchaser contained in Section 6.02 and Article VII of this Agreement or contained in the VTB Loan, the General Security Agreement the Securities Pledge Agreement or the Escrow Agreement;

and all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing that have been Finally Determined.

#### **9.02 Indemnification by the Seller and the CannMart Group**

Subject to this Article IX and provided that the Purchaser makes a written claim for indemnification within the applicable survival period set forth in Section 9.06, from and after Closing, the Seller shall, jointly and severally,

with each entity in the CannMart Group indemnify and save the Purchaser harmless for and from any loss, damages or deficiencies suffered by the Purchaser that have been Finally Determined as a result of:

- (1) any breach of representation or warranty on the part of the Seller and/or each entity in the CannMart Group contained in Section 5.03 of this Agreement;
- (2) any non-performance of any covenant or agreement of each entity in the CannMart Group and/or the Seller contained in Section 6.03 of this Agreement;
- (3) any Taxes owing or that may become owing by the CannMart Group (whether as a result of any assessment or reassessment for Taxes, audits, fines or otherwise) in respect of any period ending on or prior to the Closing Date;
- (4) any off-balance sheet liabilities of the CannMart Group accruing on or prior to the Closing Date;
- (5) any Non-Arms' Length Transactions;
- (6) any liability resulting from the litigation itemized in Sections 5.02(7) and 5.03(25) of the CannMart Group Disclosure Schedule (excluding item 2 in Sections 5.02(7) and 5.03(25) of the CannMart Group Disclosure Schedule), which Seller indemnity in this Section 9.02(6) shall terminate on the condition that indemnity provided under item 1 is transferred to the Purchaser;
- (7) any liability, in respect of any period ending on or prior to the Closing Date, resulting from the CRA audit itemized in Section 5.03(16) of the Disclosure Schedule

and for and from all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing that have been Finally Determined.

### **9.03 Indemnification by the Seller**

Subject to this Article IX and provided that the Purchaser makes a written claim for indemnification within the applicable survival period set forth in Section 9.06, from and after Closing, the Seller shall indemnify and save the Purchaser harmless for and from any loss, damages or deficiencies suffered by the Purchaser that have been Finally Determined as a result of:

- (1) any breach of representation or warranty on the part of the Seller Group contained Section 5.02 of this Agreement;
- (2) any non-performance of any covenant or agreement of the Seller contained in Section 6.04 of this Agreement;

and all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing that have been Finally Determined.

### **9.04 Notice of Claim**

A party entitled to and seeking indemnification pursuant to the terms of this Agreement (such party, the "**Indemnified Party**") shall promptly give written notice to the party or parties, as applicable, responsible for indemnifying the Indemnified Party (each such party or parties, as applicable, the "**Indemnifying Party**") of any claim for indemnification pursuant to Sections 9.01, 9.02 and 9.03 (a "**Claim**", which term shall include more than one Claim) in accordance with the applicable survival period in Section 9.06. Such notice shall specify whether the Claim arises as a result of a claim by a Person (other than the Seller of a Seller Indemnified Party) against the Indemnified Party (a "**Third Party Claim**") or whether the Claim does not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available) (i) the factual basis for the Claim,

and (ii) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

#### **9.05 Procedure for Indemnification**

(1) Direct Claims. With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party shall have thirty (30) days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable, acting reasonably. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and Indemnifying Party agree at or prior to the expiration of such thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim.

(2) Third Party Claims. With respect to any Third Party Claim, the Indemnified Party shall promptly (and in any event within fifteen (15) Business Days after receiving notice of the Third-Party Claim) notify the Indemnifying Party thereof in writing; provided, however, that failure to give such notice shall not limit the right of an Indemnified Party to recover hereunder from any Indemnifying Party except to the extent that such Indemnifying Party suffers any material prejudice or material harm with respect to such claim as a result of such. After receiving such notice, the Indemnifying Party shall have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim within thirty (30) days of receiving such notice and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's commercially reasonable out-of-pocket expenses incurred prior to the assumption by the Indemnifying Party of the control of the negotiation, settlement or defence of such Third Party Claim. If the Indemnifying Party elects to assume such control, the Indemnified Party shall reasonably cooperate with the Indemnifying Party, shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim at its own expense and shall have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and Indemnified Party, each acting reasonably, shall be retained by the Indemnifying Party. The Indemnifying Party shall have the right to settle any Third Party Claim on the condition that: (1) it pays the monetary amounts to settle such Third Party Claim and (ii) the Indemnified Party is released from any liability relating to the Third Party Claim. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

#### **9.06 General Indemnification Rules**

The obligations of the Indemnifying Party to indemnify the Indemnified Party in respect of Claims shall also be subject to the following:

- (1) without limiting the generality of Sections 9.01, 9.02 and 9.03, any Claim for breach of any representation, warranty, covenant or other obligation under this Agreement, the VTB Loan, the General Security Agreement, the Escrow Agreement and the Securities Pledge Agreement, as the case may be, shall be subject to the foregoing:
  - (i) if the Claim relates to any breach of any representation or warranty made by the Purchaser, Seller and/or each entity in the CannMart Group, other than a breach specified in the remainder of this Section 8.06, within 24 months after the Closing Date;
  - (ii) if the Claim relates to any breach of any covenant made by, or obligation of, the Purchaser, Seller and/or each entity in the CannMart Group, other than a breach specified in the remainder of this Section 8.06, until such time as the VTB Loan has been paid in full;



- (iii) if the Claim relates to any breach of the Fundamental Representations or if the Claim is made under Section 9.02 (2) to (7), for the longest period permitted by applicable Law; and
  - (iv) if the Claim relates to any breach of the representations and warranties made in Section 5.03 (32) Tax , or if the Indemnity Claim is made under Section 9.02(3) on or before 90 days after the last day upon which any of the relevant Governmental Authorities is entitled to assess or reassess each entity in the CannMart Group (or to raise Claims against the Purchaser or any entity in the CannMart Group relating to that assessment or reassessment) with respect to any Tax for any taxation year or stub period ending on or before the Closing Date, having regard to any entitlement of a Governmental Authority to assess or reassess in the event of fraud or fraudulent misrepresentation or wilful default.
- (2) Notwithstanding anything to the contrary contained herein, any Claim relating to the non-payment of any outstanding amount due by the Purchaser under and in accordance with the terms of the VTB Loan, the breach of any of the post-closing covenants of the Purchaser contained in the VTB Loan or the triggering of an event of default under the VTB Loan shall be satisfied first pursuant to the terms of the Securities Pledge Agreement, the Escrow Agreement, the VTB Loan and the General Security Agreement.
- (3) The notice periods set out in Section 9.06(1) will not apply to a Claim based on fraud or wilful misconduct of a Party.
- (4) if any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Laws to make a payment to any Person (a “**Third Party**”) with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings and the Indemnified Party has complied with Section 9.04 and the Indemnifying Party has not assumed control of the negotiation, settlement or defence of such Third Party Claim in accordance with Section 9.05(2), the Indemnified Party may make such payment and thereafter seek reimbursement from the Indemnifying Party for any such payment. If the foregoing conditions have been satisfied and any Indemnifying Party pays, or reimburses an Indemnified Party in respect of any Third Party Claim before completion of settlement negotiations or related legal proceedings, and the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party;
- (5) except in the circumstance contemplated by Section 9.05, and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld);
- (6) the Indemnified Party shall not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third Party Claim;
- (7) the Indemnified Party and Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available);
- (8) Indemnified Parties hereunder have a duty to use commercially reasonable efforts to mitigate any damages that would otherwise be recoverable from an Indemnifying Party; and
- (9) the provisions of this Article IX shall constitute the sole remedy available to a party against another party, inclusive of Section 8.06(2), with respect to any and all breaches of any agreement,

covenant, representation or warranty made by such other party in this Agreement, the VTB Loan, the Securities Pledge Agreement, the Escrow Agreement and the General Security Agreement.

## **ARTICLE X**

### **EXCLUSIVITY AND ACCESS**

#### **10.01 Obligations of the Seller and the CannMart Group**

Prior to the Termination Date, or the earlier termination of this Agreement, neither the Seller nor entity in the CannMart Group nor any of their affiliates, directors, officers management, shareholders, affiliates or advisors, will, directly or indirectly: (i) seek, encourage, solicit, assist, consider, accept, or engage in any negotiations with respect to, any proposals of any other person relating to an Alternative Transaction or a sale of any portion of the assets, capital stock of, or a debt, equity or other investment in the CannMart Group whether through direct purchase, merger, consolidation, or other business combination other than with the Purchaser in accordance with this Agreement, or (ii) furnish any non-public information to any third party with respect to an Alternative Transaction and/or the CannMart Group other than with the Purchaser in accordance with this Agreement. The Seller and each entity in the CannMart Group represents and warrants that: (i) it and its affiliates, directors, officers, management, shareholders, affiliates, and advisors have ceased all previous negotiations with all other parties (other than the Purchaser as permitted in this Agreement) in connection with an Alternative Transaction or any substantially equivalent transaction with respect to CannMart and; (ii) neither it or any of its affiliates is party to or bound by any agreement with respect to an Alternative Transaction or other type of substantially equivalent transaction with a third party other than as contemplated with the Purchaser in this Agreement. The Seller and each entity in the CannMart Group shall notify the Purchaser promptly (but in no event later than 24 hours) after receipt by it or any of its affiliates, directors, officers management, shareholders, affiliates or advisors of any inquiry or proposal from any person or entity concerning an Alternative Transaction or substantially equivalent transaction involving the CannMart Group or any of its affiliates, or any inquiry or request for non-public information relating to, or for access to the properties, books or records of, the CannMart Group or any of its affiliates, and shall communicate to the Purchaser the terms and conditions of, and the identity of the person or entity making any such inquiry, proposal or request, and provide a copy of any written offer.

### **GENERAL**

#### **10.02 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement (each, a "**notice**") shall be in writing shall be in writing addressed as follows:

If to the Purchaser:                               **1463663 B.C. LTD.**  
30523 Burgess Ave.,  
Abbotsford, BC  
V4X 2A6  
Attention: Colin Samples  
E-mail: tierralabsinc@gmail.com

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

**CC Corporate Counsel Professional Corporation**  
20 Great Gulf Drive, Suite 14  
Vaughan, Ontario, L4K0K7  
Attention: John Tobia, Of Counsel  
E-mail: jtobia@corpcounsel.ca

(a) If to the Seller:

**Lifeist Wellness Inc.**

18 Canso Road  
Etobicoke, Ontario M9W 4L8  
Attention: Meni Morim, Chief Executive Officer  
Email: meni.m@lifeist.com

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

**Ricketts Harris LLP**  
181 University Avenue, Suite 800  
Toronto, Ontario, M5H 2X7  
Attention: John C. Carron  
Email: jccarron@rickettsharris.com

or such other address as may be designated by notice given by either the Seller or the Purchaser to the other in accordance with this Section 10.02. Each notice shall be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email shall, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day. The previous sentence of this Section 10.02 shall not apply to a notice given as contemplated in Section 3.04 of the occurrence, or failure to occur, of any event or state of facts which would or would likely to cause any of the representations or warranties of the Seller to be untrue or inaccurate or result in the failure by the Seller to comply with or satisfy any covenant, condition or agreement, which notice shall not be deemed to have been received by the Seller. The Seller may, from time to time, by notice given in accordance with this Section 10.02, designate or provide an address of the Seller for notices to be given after the Time of Closing.

#### **10.03 Confidentiality**

Prior to Closing and, if the Transaction is not completed, at all times thereafter, each of the parties will keep confidential and refrain from using all information obtained by it in connection with the transactions contemplated by this Agreement relating to all other parties, provided however that such obligation shall not apply to any information which was in the public domain at the time of its disclosure to a party or which subsequently comes into the public domain other than as a result of a breach of such party's obligations under this Section 10.03. For greater certainty, nothing contained herein shall prevent any disclosure of information which may be required pursuant to Applicable Laws or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority.

#### **10.04 Assignment**

No party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other parties, such consent not to be unreasonably withheld, delayed, or conditioned.

#### **10.05 Binding Effect**

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

#### **10.06 Waiver**

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

#### **10.07 Governing Law**

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**10.08 Expenses**

Each party shall be responsible for and bear all of its own costs and expenses (including any legal, accounting, banking, broker's, finder's, consultant's or other fees or expenses) incurred in connection with the Transaction, including fees and expenses of its representatives incurred at any time in connection with pursuing or consummating the Transaction. Notwithstanding the foregoing, in the event the Seller: (i) fails to obtain the approval of its shareholders and the approval of the Exchange on or before the Termination Date; (ii) elects to terminate this Agreement pursuant to Section 8.01(6) if the holders of more than 2.5% of all of the issued and outstanding common shares of the Seller shall have exercised their dissent rights pursuant to and in the manner set forth in the British Columbia Business Corporations Act, and/or (iii) completes an Alternative Transaction or enters into a definitive and binding agreement to effect an Alternative Transaction, the Agreement shall automatically terminate and the Seller shall reimburse the Purchaser for its documented reasonable legal fees up to a maximum of \$25,000 which shall be the Purchaser's sole recourse for the termination of this Agreement, notwithstanding anything to the contrary contained herein.

**10.09 No Personal Liability**

- (a) No director, officer, employee or agent of the Purchaser (in such capacity) shall have any personal liability whatsoever to the Seller and/or the CannMart Group under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser.
- (b) No director, officer, employee or agent of the Seller (in such capacity) shall have any personal liability whatsoever to the Purchaser, or to the shareholders of the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of the Seller.
- (c) No director, officer, employee or agent of each entity in the CannMart Group (in such capacity) shall have any personal liability whatsoever to the Purchaser, or to the shareholders of the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of such entity in the CannMart Group.

**10.10 Time of Essence**

Time is of the essence of this Agreement and of each of its provisions.

**10.11 Public Announcements**

The Seller and the Purchaser shall co-operate with the other in releasing information concerning this Agreement and the transactions contemplated herein and shall furnish to and discuss with the other drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed transactions contemplated by this Agreement will be made by any party without the prior consent of the other parties, such consent not to be unreasonably withheld, delayed, or conditioned, provided however that, nothing contained herein shall prevent any party at any time from furnishing any information to any Governmental Authority or to the public if so required by Applicable Law. Notwithstanding the foregoing, in accordance with the policies of the Exchange, the Purchaser and the Seller shall agree on the text of joint press releases by which the Purchaser will announce (i) the execution of this Agreement and (ii) the Closing.

**10.12 Further Assurances**

Each party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action as may be necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the transactions contemplated herein.

**10.13 Entire Agreement**

This Agreement, together with the documents required to be delivered pursuant to this Agreement, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the parties with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement and no rights of set off are granted under this Agreement or any other agreement made among the parties except for any matter that has been Finally Determined.

**10.14 Amendments**

No amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

**10.15 Severability**

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

**10.16 Remedies Cumulative**

The rights and remedies of the parties under this Agreement are cumulative and in addition to, and not in substitution for, any rights or remedies provided by Applicable Laws. Any single or partial exercise by any party of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such party may be lawfully entitled for the same default or breach.

**10.17 Counterparts**

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered shall be deemed an original and all of which counterparts together shall be deemed to constitute one and the same instrument.

*[Remainder of page intentionally left blank. Signature pages follow.]*

IN WITNESS WHEREOF this Agreement has been executed by the parties on the date first above written.

**1463663 B.C. LTD.**

By: Signed "Colin Samples" Colin Samples

Name: Colin Samples

Title: Director

**LIFEIST WELLNESS INC.**

By: Signed "Meni Morim" Meni Morim

Name: Meni Morim

Title: CEO and Director

**CANNMART INC.**

By: Signed "Meni Morim" Meni Morim

Name: Meni Morim

Title: Director

**CANNMART LABS INC.**

By: Signed "Meni Morim" Meni Morim

Name: Meni Morim

Title: Director

**CANNMART MARKETPLACE INC.**

By: Signed "Meni Morim" Meni Morim

Name: Meni Morim

Title: Director

10005011971 ONTARIO INC.

By: Signed "Meni Morim" *Meni Morim*  
Name: Meni Morim  
Title: Director

## SCHEDULE "A"

### FORM OF VTB LOAN

# Promissory Note

This Promissory Note ("**Note**") is made as of [DATE], 2024 by and between Lifeist Wellness Inc. (including its successors and assigns, the "**Lender**") and [NAME OF PURCHASER] (including its successors and assigns, the "**Borrower**").

WHEREAS, reference is made to the Share Purchase Agreement dated as of [\_\_\_], 2024 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Purchase Agreement**") by and among the Lender, as vendor, and the Borrower, as purchaser, and each of CannMart Inc., CannMart Labs Inc., CannMart Marketplace Inc., and 1000501971 Ontario Inc. (the "**CannMart Group**") and under which the Borrower has agreed to purchase and the Lender has agreed to sell all the issued and outstanding shares owned by the Lender of each of the corporations of the CannMart Group (collectively, the "**Purchased Shares**");

AND WHEREAS, under the Purchase Agreement, the Borrower has agreed to issue in favour of the Lender a promissory note with a principal amount of \$4,500,000 representing the deferred portion of the purchase price payable to the Lender under the Purchase Agreement plus interest thereon as set forth in this Note;

AND WHEREAS, all of the Borrower's obligations to the Lender under this Note are secured by security interests in all of the now existing and hereafter acquired assets, property and undertaking of the Borrower

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Promise to Pay. Subject to the terms and conditions hereof, the Borrower hereby acknowledges itself indebted to the Lender and promises to pay to the order of the Lender the principal amount of four million five hundred thousand dollars (\$4,500,000) (the "**Principal Amount**"), plus interest on the unpaid Principal Amount, in accordance with this Note. All amounts hereunder are in the lawful currency of Canada.

2. Interest and Default Interest. The outstanding Principal Amount bears interest at the rate of seven per cent (7%) per annum beginning on the date that is ten (10) months after the date hereof, calculated daily and payable monthly in arrears on the first Business Day of each month commencing on the date that is ten (10) months after the date hereof until the Maturity Date (defined below) both before and after default, maturity and judgment, and payable in accordance with section 4 of this Note. Interest shall accrue daily and be calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed. Any payment which becomes due on a day which is not a Business Day shall be paid on the next following Business Day and such extension shall be taken into account for the calculation of interest and overdue interest. If any unpaid Principal Amount or interest payable hereunder is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such overdue amount shall bear interest at the default rate of 9%, from the date of such non-payment until such amount is paid in full.

3. Method of Payment. The Principal Amount and interest due hereunder shall be paid to the Lender in lawful money of Canada in immediately available funds by wire transfer (in accordance with the wire transfer instructions noted below), or as otherwise directed by the Lender:

[INSERT WIRE TRANSFER INSTRUCTIONS]



[INSERT ADDRESS]

4. Term and Repayment. The term of this Note shall commence on the date of this Note and shall continue up to and including the sixty fifth (65th) monthly anniversary of the date of this Note (the "**Maturity Date**"), provided that no interest shall accrue until the ten (10) month anniversary of the date of this Note nor shall any Principal Amount be repayable by the Borrower except as otherwise set forth herein. The Borrower shall permanently repay the Principal Amount (and accrued interest) by way of monthly instalments of principal and interest beginning on the ten (10) month anniversary of the date of this note as follows: (i) \$50,000 (inclusive of interest) for each of month ten (10) to twelve (12); (ii) \$75,000 (inclusive of interest) for each of month thirteen (13) to fifteen (15); and thereafter \$100,000 (inclusive of interest) for each of month sixteen (16) and each month thereafter up to and including month sixty-five (65) which shall be payable on the first Business Day of each month commencing on the date that is ten (10) months after the date hereof.
5. Prepayment. The Borrower may at any time, and from time to time, prepay all or any portion of the unpaid balance of the amounts outstanding hereunder, without premium or penalty, provided that it has given the Lender not less than ten (10) days prior written notice. Each prepayment pursuant to this Section shall be applied pro rata in accordance with the remaining outstanding amount of such instalments.
6. Conclusive Evidence of Indebtedness. The recording by the Lender in its accounts of the amounts owing by the Borrower in accordance herewith, accrued interest and repayments shall, in the absence of manifest mathematical error, be prima facie evidence of the same; *provided that* the failure of the Lender to record the same shall not affect the obligation of the Borrower to pay such amounts to the Lender.
7. Security. As security for the obligations of the Borrower owing under this Note, the Borrower has executed and delivered a general security agreement and securities pledge agreement in favour of the Lender.
8. Adjustments. Notwithstanding anything to the contrary herein, the Principal Amount due under this Note is subject to adjustment in accordance with the Purchase Agreement.
9. Events of Default. The outstanding amounts due hereunder and other costs, expenses, and charges thereon shall immediately become due and payable without notice or demand upon the occurrence of any of the following events of default (each, an "**Event of Default**"):
  - (a) If the Borrower fails to pay any installment amounts when due and payable hereunder.
  - (b) If the Borrower fails to observe or perform any of its obligations hereunder or any security given by the Borrower to the Lender for its obligations hereunder and such failure continues for five (5) Business Days after written notice to the Borrower.
  - (c) If the Borrower ceases to carry on business.
  - (d) If the Borrower commences any application, proceeding or other action under any laws relating to bankruptcy, insolvency, reorganization, winding-up, dissolution or other analogous laws, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, proposal, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, including, without limitation, that the Borrower files a proposal or a notice of intention to make a proposal under the Bankruptcy and Insolvency Act (Canada) or a plan of arrangement under the Companies' Creditors Arrangement Act (Canada) or if the Borrower makes a general assignment for the benefit of its creditors.

(e) If there is commenced against the Borrower any application, proceeding or other action of a nature referred to in subsection (e) directly above which results in the entry of an order for any such relief which has not been vacated, dismissed, stayed or bonded pending appeal within three (3) days from the entry thereof.

(f) If a receiver, interim receiver, receiver and manager, trustee, custodian, conservator or other similar official is appointed over all or any part of the assets of the Borrower which has not been vacated, dismissed, stayed or bonded pending appeal within three (3) days from the entry thereof.

(g) If there is commenced against the Borrower any application, proceeding or other action seeking issuance of a writ of seizure and sale, execution, garnishment, or similar process against all or any part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed or bonded pending appeal within three (3) days from the entry thereof.

(h) If any of the entities of the CannMart Group amends or restates its articles or by-laws without the prior written approval of the Lender.

(i) If any of the entities of the CannMart Group takes any action that could result in a loss, impairment, termination of, or failure to renew, any material licenses of any of the entities of the CannMart Group, including any current licences of any of the entities of the CannMart Group granted by Health Canada, without the prior written approval of the Lender;

(j) If any of the entities of the CannMart Group issues any authorized but unissued securities of any of the entities of the CannMart Group, including the undertaking or completing of any financing of debt or equity securities of any of the entities of the CannMart Group, without the prior written approval of the Lender;

(k) If any of the entities of the CannMart Group any incurs any material debts, liabilities or other obligations of any of the entities of the CannMart Group, however incurred ("**Indebtedness**"), or provides or assumes any mortgage, lien, charge, hypothec or encumbrance, whether fixed or floating, on, or any security interest in, any property, whether real, personal or mixed, tangible or intangible, any pledge or hypothecation thereof, any deposit arrangement, priority, conditional sale agreement, other title retention agreement, capital lease or other security arrangement of any kind and, in respect of any securities, and includes an adverse claim ("**Encumbrance**"), on any property of any of the entities of the CannMart Group, without the prior written approval of the Lender;

(l) If any of the entities of the CannMart Group guarantees the Indebtedness of, or otherwise providing any direct or indirect financial assistance to any person, without the prior written approval of the Lender;

(m) If the Borrower or any of the entities of the CannMart Group sells Inventory other than in the manner specified in the Purchase Agreement, without the prior written approval of the Lender;

(n) If any of the entities of the CannMart Group sells all or substantially all of the assets of any of the entities of the CannMart Group, without the prior written approval of the Lender; and

10. Waiver. The Borrower hereby waives presentment, protest, notice of protest, notice of non-payment, notice of dishonour and any and all other notices or demands relative to this Note.

11. Assignment. Neither the Borrower nor the Lender shall in any manner whatsoever assign this Note or any obligations or benefits hereunder, in whole or in part, without the prior written consent of the other party.

12. Amendments. This Note may only be amended, amended and restated or otherwise modified by an agreement in writing signed by the Lender and the Borrower.

13. Waiver. No waiver by the Lender of any of the provisions hereof is effective unless explicitly set forth in writing and signed by the Lender. No waiver by the Lender will operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Note will operate or be construed as a waiver thereof; nor will any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

14. Successors and Assigns. This Note is binding upon the Borrower and its permitted successors and permitted assigns and shall enure to the benefit of the Lender and its permitted successors and permitted assigns.

15. Notices. All notices and other communications provided for hereunder (each, a "**Notice**") shall be in writing and be delivered by the method and to the addressees noted in the Purchase Agreement.

16. Further Assurances. The Borrower shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

17. Severability. If any term or provision of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction.

18. Business Day. All references in this Note to "Business Day" means a day of the week other than a Saturday, Sunday or any other day which is a statutory holiday in the Province of Ontario. Should any interest or other amounts become due and payable on any day other than a Business Day, the payment shall be extended to the next Business Day and interest shall continue to accrue at the applicable rate until such payment is made.

19. Defined Terms. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement.

20. Governing Law. All matters arising out of or relating to this Note are governed by and construed in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable in that Province without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first above written.

[NAME OF BORROWER]

By\_\_\_\_\_

Name:

Title:

## SCHEDULE "B"

### WORKING CAPITAL METHODOLOGY

The Seller will endeavor to provide the Purchaser with a Closing Date Working Capital that meets the following conditions:

- No cash,
- Inventory of \$1,000,000, and
- Net working capital, excluding inventory, of \$0.

For greater certainty, working capital, as described above, can include short-term assets (i.e. accounts receivable, prepaids and deposits, including the Surety Bond held by CRA, etc.). In this case, an equal and offsetting amount of accounts payable and accrued liabilities will included on the Closing Date Balance Sheet such that the net of the current assets with the current liabilities will be \$0.

Specifically, the Closing Date Working Capital will be determined as follows:

**Cash** – The Closing Date Balance Sheet will not contain any cash.

**Accounts Receivable** – The Seller will endeavor to collect as much of the accounts receivable as possible. To the extent there remains uncollected accounts receivable amounts at the Closing Date, they will be offset on a dollar-for-dollar basis with accounts payable amounts. Amounts recoverable from CRA relating to Sales Tax are to be considered as accounts receivable.

**Inventory** – The Seller will convey \$1,000,000 in inventory. For greater clarity, inventory will include cannabis products as well as packaging materials as well as Excise Stamps and Adhesive. Inventory will be valued at their book value which generally equates to the cost of the inventory.

**Other Current Assets** – This includes Prepaid Expenses, Deposits, Other Miscellaneous Receivables and CRA Surety Bond. These amounts will be offset on a dollar-for-dollar basis with accounts payable amounts.

**Accounts Payable and Accrued Liabilities**– This will include bona fide accounts to third parties and will include accounts payable, accrued liabilities and other bona fide accruals. For greater certainty, accounts payable will include the portion of Excise Taxes Payable which are not due and payable as at the Close Date, typically two months of Excise Tax given these amounts are not due and payable for 60 days after being incurred. Any severance obligations incurred between the date of this Agreement and the Closing Date in connection with individuals that were previously placed on temporary layoffs which liability has not been paid as reflected in Accounts Payable and Accrued Liabilities will be excluded from the Closing Date Working Capital.

The Seller will endeavor to provide a Closing Date Balance Sheet where the total accounts payable and accrued liabilities is equal to and offset the sum of the current assets, excluding inventory.

**Intercompany Amounts** – All intercompany amounts within the CannMart Group will be excluded from the determination of the Closing Date Working Capital.

**Lease Liabilities** – All liabilities related to lease obligations should be excluded from the determination of the Closing Date Working Capital.

To the extent the Closing Date Working Capital exceeds \$1,000,000, the difference will be treated according to Section 2.07 and 2.08 of this Share Purchase Agreement.

Title	Lifeist<>Tierra SPA
File name	Lifeist - Share P...1-4453 v. 26.docx
Document ID	f269a28e57914a6d444fa277b6be16add4b85e54
Audit trail date format	MM / DD / YYYY
Status	● Signed

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## Document History



SENT

**02 / 01 / 2024**

21:07:22 UTC

Sent for signature to Meni Morim (meni.m@lifeist.com) and Colin Samples (tierralabsinc@gmail.com) from chelsea@lifeist.com  
IP: 73.49.186.87



VIEWED

**02 / 01 / 2024**

21:08:18 UTC

Viewed by Meni Morim (meni.m@lifeist.com)  
IP: 142.177.168.223



SIGNED

**02 / 01 / 2024**

21:10:27 UTC

Signed by Meni Morim (meni.m@lifeist.com)  
IP: 142.177.168.223



VIEWED

**02 / 01 / 2024**

23:30:44 UTC

Viewed by Colin Samples (tierralabsinc@gmail.com)  
IP: 99.254.24.68



SIGNED

**02 / 01 / 2024**

23:46:10 UTC

Signed by Colin Samples (tierralabsinc@gmail.com)  
IP: 99.254.24.68



COMPLETED

**02 / 01 / 2024**

23:46:10 UTC

The document has been completed.

This is Exhibit “U” referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



---

A Commissioner for taking affidavits

**INES FERREIRA**



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## PRESS RELEASES DETAILS

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04/03/2024

### Lifeist Initiates Restructuring Proceedings for CannMart Labs Inc.

TORONTO, April 03, 2024 (GLOBE NEWSWIRE) -- **Lifeist Wellness Inc. ("Lifeist" or the "Company")** (TSXV: LFST) (FRANKFURT: M5B) (OTCMKTS: LFSWF), a health-tech company that leverages advancements in science and technology to build breakthrough ventures that transform human wellness, today announced that it has commenced restructuring proceedings pursuant to the Bankruptcy and Insolvency Act for one of its wholly owned subsidiaries, CannMart Labs Inc. ("CannMart Labs"). The restructuring of CannMart Labs is part of a broader strategic initiative to enhance the company's operational effectiveness while maintaining its commitment to innovation and growth. It is important to note that this restructuring does not impact CannMart Inc., Lifeist's flagship subsidiary and a leading distributor of licensed and in-house branded adult-use cannabis and cannabis-derived products in Canada.

"Following a thorough financial and strategic review, we believe that it is in the best interest of shareholders for CannMart Labs alone to enter into restructuring proceedings in order to address its obligations and contributions to Lifeist's balance sheet," said Meni Morim, CEO of Lifeist. "We are fully committed to streamlining the operations of our cannabis divisions to better meet the present moment in the industry and are optimistic that this restructuring of CannMart Labs will allow Lifeist's cannabis operations to unlock greater shareholder value. We expect that these proceedings will have no impact on the day-to-day operations of CannMart Inc. or any of our other operating divisions."

Following the vote of shareholders at the Company's recent annual general and special meeting rejecting the sale of the CannMart Group, Lifeist's cannabis operating division, management undertook a bottom-up review of the businesses to identify opportunities for optimization and improvement. The decision to restructure CannMart Labs was made with input from advisors and legal counsel, with the objective of achieving sustainable growth toward future profitability for the benefit of all Lifeist shareholders. This strategic move is part of a broader commitment to ensure the long-term success of the public company.

While the restructuring does not apply to CannMart Inc., this strategic move aims to optimize operational efficiency and streamline the company's focus in alignment with its long-term vision. The decision to initiate restructuring proceedings for CannMart Labs underscores Lifeist's dedication to adaptability and resilience in navigating the dynamic landscape of the cannabis industry. By optimizing the operational structure of CannMart Labs, Lifeist aims to bolster its ability to deliver innovative wellness solutions that positively impact the lives of its customers.

Lifeist remains steadfast in its mission to leverage advancements in science and technology to build breakthrough ventures that transform human wellness. The Company is confident that the restructuring of Labs will further strengthen its position as a leader in the health-tech industry and pave the way for continued growth and innovation.

[Skip to main content](#)

TSX-V: LFST \$0.01 +0.00 (0.00%) OTC: LFSWF \$0.01 +0.00 (0.00%) Pricing delayed by 20 minutes.





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Information on Lifeist and its businesses can be accessed through the links below:

[www.lifeist.com](http://www.lifeist.com)  
<https://wearemikra.com/>  
<https://cannmart.com>  
[www.australianvaporizers.com.au](http://www.australianvaporizers.com.au)

**Contact:**

Meni Morim  
 CEO  
 Lifeist Wellness Inc.  
 Ph: 647-362-0390  
 Email: [ir@lifeist.com](mailto:ir@lifeist.com)

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release or has in any way approved or disapproved of the contents of this press release.

**Forward Looking Information**

This news release contains "forward-looking information" within the meaning of applicable securities laws. All statements contained herein that are not historical in nature contain forward-looking information. Forward-looking information can be identified by words or phrases such as "may", "expect", "likely", "should", "would", "plan", "anticipate", "intend", "potential", "proposed", "estimate", "believe" or the negative of these terms, or other similar words, expressions and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen.

The forward-looking information contained herein, including, without limitation, statements related to the contemplated restructuring of CannMart Labs are made as of the date of this news release and are based on assumptions management believed to be reasonable at the time such statements were made, including without limitation, the restructuring can be completed in the short term and, upon completion, achieve the intended economic benefits for the Company, and other wholly-owned subsidiaries can become profitable in the short-term, as well as other considerations that are believed to be appropriate in the circumstances. While we consider these assumptions to be reasonable based on information currently available to management, there is no assurance that such expectations will prove to be correct. By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond our control, could cause actual results to differ materially from the forward-looking information in this news release. Such factors include, without limitation: the inability of the Company to complete a feasible and economic restructuring of CannMart Inc., in a timely manner, if at all, the Company's failure to develop its businesses as anticipated and to realize on the anticipated benefits from its increased focus on its other operating businesses unanticipated changes to current regulations that would adversely impact its businesses, unforeseen developments that would delay its businesses the ability to sell newly developed products, the risk that the expected demand for products in general and those of its businesses in particular does not develop as anticipated and risks relating to the Company's ability to execute its business strategy and the benefits realizable therefrom. Additional risk factors can also be found in the Company's current MD&A filed under the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). Readers are cautioned not to put undue reliance on forward-looking information. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Source: Lifeist Wellness Inc.



Source: Lifeist Wellness Inc.

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TSX-V: LFST \$0.01 +0.00 (0.00%) OTC: LFSWF \$0.01 +0.00 (0.00%) Pricing delayed by 20 minutes.



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### Contact

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[ir@lifeist.com](mailto:ir@lifeist.com)

**Phone Number:**

888-291-8311

666 Burrard St #2500  
Vancouver, BC V6C 2X8  
Canada

### Investor Email Alerts

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SIGN UP

This is Exhibit “V” referred to in the  
Affidavit of Daniel Stern sworn by Daniel Stern of the City of  
Toronto, in the Province of Ontario, before me at the City of  
Toronto, in the Province of Ontario,  
this 26th day of April, 2024 in accordance with  
*O. Reg. 431/20, Administering Oath or Declaration Remotely.*



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A Commissioner for taking affidavits

**INES FERREIRA**

## DECLARATIONS PAGE

### BERKLEY DIRECTORS' AND OFFICERS' LIABILITY POLICY

New BC07476-2200

**NOTICE:** THIS POLICY IS WRITTEN ON A CLAIMS MADE BASIS AND COVERS CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD (IF APPLICABLE) AND REPORTED PURSUANT TO THE CONDITIONS OF THE POLICY.

**Item 1. NAME AND ADDRESS OF INSURED:**

Lifeist Wellness Inc.  
Suite 2500, 666 Burrard Street Suite  
Vancouver, BC V6C 2X8

**Item 2. Policy Period:** From: 12:01 A.M. April 26, 2022 To: 12:01 A.M. April 26, 2023  
Local time at the address shown in Item 1

**Item 3. Limit of Liability:** \$ 5,000,000 Per Claim Limit of Liability for the Policy Period (Inclusive of Defense Costs)  
\$ 5,000,000 Aggregate Limit of Liability for the Policy Period (Inclusive of Defense Costs)

**Item 4. Retention Amount:** Insuring Clause A \$ 0  
Insuring Clause B \$ 2,500,000  
Insuring Clause C \$ 2,500,000  
Insuring Clause D \$ 2,500,000

**Item 5. Annual Premium:** \$ 800,000

**Item 6. Extended Reporting Period:** (a) 125 %  
(b) 12 months

**Item 7. Prior and Pending Litigation Date:** April 26, 2018

**Item 8. This Policy is subject to the following Endorsements effective at inception:**

Fiduciary Liability Coverage - Public (BC DO 1012-1)  
Investigative Costs Coverage For Shareholder Derivative Demand (BC DO 1009-2)  
Predetermined Allocation of Defense Costs (BC DO 1006-3)  
U.S Securities Claims Exclusion (OTC Carveback)- PUBLIC  
Cannabis Jurisdictional Limitation

**These Declarations, the completed and signed application and this Policy with Endorsements shall constitute the contract between the INSURED and the Insurer.**

In witness whereof, the Insurer has caused this Policy to be signed by its authorized signing officer,

  
\_\_\_\_\_  
Chief Agent

Date issued: May 03, 2022

This policy and the Declarations Page contains clauses which may limit the amount payable.

## DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

**This is a claims made Policy. Please read the entire Policy carefully.**

In consideration of the payment of the premium and in reliance on all statements made and information furnished to Berkley Insurance Company (herein, the "Insurer") in the **Application**, which forms part of this **Policy**, and subject to the Declarations and to all other terms of this **Policy**, the Insurer, the **Company** and the **Insured Persons** agree as follows:

### Section I. Insuring Clauses

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#### Insuring Clause A. Directors and Officers Liability

The Insurer shall pay on behalf of the **Insured Persons** all **Loss** for which the **Insured Persons** are not indemnified by the **Company** and which the **Insured Persons** become legally obligated to pay by reason of any **Claim**, other than a **Claim** for a **Employment Practices Wrongful Act**, first made against the **Insured Persons** during the **Policy Period** or any applicable **Extended Reporting Period** for any **Wrongful Acts**.

#### Insuring Clause B. Company Indemnification

The Insurer shall pay on behalf of the **Company** all **Loss** for which the **Company** grants indemnification to the **Insured Persons**, as permitted or required by law or by the **Company's** Charter or By-laws or by any contractual agreements between the **Company** and any **Insured Person**, and which the **Insured Persons** become legally obligated to pay by reason of any **Claim**, other than a **Claim** for a **Employment Practices Wrongful Act**, first made against the **Insured Persons** during the **Policy Period** or any applicable **Extended Reporting Period** for any **Wrongful Acts**.

#### Insuring Clause C. Company Securities Liability

The Insurer shall pay on behalf of the **Company** all **Loss** which the **Company** becomes legally obligated to pay by reason of any **Securities Claim** first made against the **Company** during the **Policy Period** or any applicable **Extended Reporting Period** for any **Wrongful Acts**.

#### Insuring Clause D. Employment Practices Liability

The Insurer shall pay on behalf of the **Insured Persons** all **Loss** which the **Insured Persons** become legally obligated to pay by reason of any **Claim** first made against the **Insured Persons** during the **Policy Period** or any applicable **Extended Reporting Period** for any **Employment Practices Wrongful Act**.

### Section II. Extended Reporting Period

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If the **Named Insured** terminates or chooses not to renew this **Policy** or if the Insurer refuses to renew this **Policy**, then the **Insured** shall have the right, upon payment of the additional premium described below, to an extension of the coverage granted by this **Policy** for the **Extended Reporting Period** set forth in Item 6. (b) of the Declarations immediately following the effective date of such termination or nonrenewal, but only with respect to **Claims** first made or deemed to be first made during the **Extended Reporting Period** for covered **Wrongful Acts** taking place prior to the effective date of such termination or nonrenewal.

This right of extension shall lapse unless written notice of such election, together with payment of the additional premium due, is given by the **Insured** to the Insurer within thirty (30) days following the effective date of termination or nonrenewal.

The premium due for such **Extended Reporting Period** shall be equal to the percentage set forth in Item 6. (a) of the Declarations of the total annual premium for this **Policy**. The entire premium for such **Extended Reporting Period** shall be deemed fully earned and non-refundable upon payment.

### Section III. Definitions

---

When used in this **Policy** either in the singular or the plural:

- A. **Application** means all signed applications, including all attachments and material therewith, for this **Policy** or for any Policy of which this **Policy** is a renewal or replacement, and any public documents filed by the **Company** with any federal, provincial, municipal or foreign regulatory agency within the twenty-four (24) months preceding the inception date of the **Policy Period** specified in Item 2. of the Declarations. All such applications, attachments, materials and filings are deemed attached to and incorporated into this **Policy**.
- B. **Claim** means:
1. a written demand for monetary damages or non-monetary or injunctive relief,
  2. a civil proceeding commenced by the service of a notice of action, statement of claim, writ of summons, complaint or similar proceeding,
  3. an arbitration proceeding commenced by a Notice of Request to Arbitrate or similar document,
  4. an administrative or regulatory proceeding against an **Insured Person** commenced by the filing of a notice of charges or similar document,
  5. a criminal proceeding commenced by the laying of an information, return of an indictment, or similar document,
  6. any written notice requiring the attendance of an **Insured Person** at any official investigation, examination, inquiry or disciplinary proceeding ordered or commissioned by any official body, provided that the term **Claim** shall not include any labour or grievance arbitration or other proceeding pursuant to a collective bargaining agreement, or
  7. an **Extradition Proceeding** commenced by receipt by an **Insured** of a written request from a sovereign state to extradite an **Insured Person**,
- including any appeal therefrom.
- C. **Company** means the **Named Insured** and any **Subsidiary**, any Joint Venture Entity over which the **Company** exercises management or voting control, and in the event of **Financial Impairment** the resulting debtor (or foreign equivalent).
- D. **Defence Costs** means reasonable and necessary fees (including but not limited to lawyers' fees and experts' fees), costs and expenses (including premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond), incurred by the Insurer or by the **Insureds** with the Insurer's consent, resulting solely from the investigation, adjustment, defence and appeal of a **Claim**, excluding regular or overtime wages, salaries or fees of the directors, officers or employees of the **Company**.
- E. **Employment Practices Wrongful Act** means a **Wrongful Act** related to an actual or potential employment relationship with the claimant for:
1. wrongful dismissal, discharge or termination of employment whether actual or constructive,
  2. employment discrimination of any kind including violation of any federal, provincial, territorial, state or local law involving employment which would deprive or potentially deprive any person of employment opportunities or otherwise adversely affect his or her status as an employee, because of such person's race, colour, religion, age, sex, national origin, disability, pregnancy, or other protected status,
  3. sexual harassment in the workplace, or
  4. wrongful deprivation of career opportunity, employment related misrepresentation, retaliatory treatment against an employee of the **Company**, failure to promote, demotion, wrongful discipline or evaluation, or refusal to hire.
- F. **Executive Officers** means with respect to any **Company** its past, present and future chairperson, chief executive officer, chief financial officer, and chief legal officer, or equivalent.
- G. **Extended Reporting Period** means the period for the extension of coverage, if exercised, described in Section II.
- H. **Extradition Proceeding** means a formal proceeding, including the execution of a warrant for the arrest or detention of an **Insured Person**, to extradite an **Insured Person** from the country in which he or she is presently residing to another country which is a sovereign state, for the purposes of either prosecution by that state or imposing a sentence on an **Insured Person** by that state in respect of a criminal offence

actually or allegedly committed or attempted by such **Insured Person** even if that offence would not have constituted a criminal offence if it had been committed or attempted in Canada.

- I. **Financial Impairment** means (1) the appointment of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate the **Company**, (2) a reorganization proceeding relating to the **Company** which has been brought in Canada under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, or similar federal, provincial, territorial, or state legislation; or (3) the **Company** becoming a debtor in possession under Chapter 11 of the United States Bankruptcy Code.
- J. **Insured** means (1) any **Insured Persons**, or (2) the **Company** but solely with respect to Insuring Clauses B. and C.
- K. **Insured Person** means:
1. any past, present or future duly elected or appointed or *de facto* directors, officers, trustees, or governors of a corporation, members of the board of managers of a limited liability company (or equivalent position), or members of the management committee of the **Company**,
  2. all past, present and future employees of the **Company** not described in the above paragraph,
  3. in the event the **Company** operates outside of Canada, those functionally equivalent titles, positions or capacities to those described in 1. and 2. above in such foreign jurisdiction, and
  4. the estate, heirs, lawful spouse, domestic partner or legal representatives of a deceased, incompetent, insolvent or bankrupt director or officer of the **Company**, solely in their capacity as such and not for their own actual or alleged **Wrongful Act**.
- L. **Interrelated Wrongful Acts** means all **Wrongful Acts** based upon, arising out of, or attributable to the same or related facts, circumstances, situations, events, transactions or causes.
- M. **Loss** means damages, judgments, settlements and **Defence Costs** which an **Insured** is legally obligated to pay as a result of a **Claim**, including punitive or exemplary damages or the multiple portion of any multiplied damage award if insurable under the applicable law most favourable to the insurability of such punitive, exemplary, or multiplied damages; pre-judgment and post-judgment interest; and legal fees, expenses and costs awarded pursuant to a court order or judgment.
- Loss** (other than **Defence Costs**) does not include:
1. any amount for which the **Insureds** are absolved from payment,
  2. civil or criminal fines or penalties imposed by law,
  3. any costs incurred by the **Company** to comply with any non-monetary or injunctive relief or any agreement to provide such relief, nor
  4. any amount that represents or is substantially equivalent to an increase in the consideration paid or proposed to be paid by a **Company** in connection with its purchase of any securities or assets.
- N. **Named Insured** means the entity designated in Item 1. of the Declarations.
- O. **Outside Entity** means (1) any not-for-profit entity, or (2) any other entity specifically included as an **Outside Entity** by endorsement to this **Policy**.
- P. **Outside Position** means the position of director, officer, manager, trustee or other equivalent executive position held by any duly elected or appointed director, officer or trustee of the **Company** in an **Outside Entity** if service in such position is with the knowledge and consent of, at the direction or request of, or part of the duties regularly assigned to the **Insured Person** by, the **Company**.
- Q. **Policy** means, collectively, the Declarations, the **Application**, this policy form and any endorsements attached hereto.
- R. **Policy Period** means the period of time specified in Item 2. of the Declarations, subject to prior termination in accordance with Subsection V. E. of this **Policy**.
- S. **Securities Claim** means any **Claim**, other than an administrative, regulatory or investigative proceeding against or investigation of the **Company** or an employment-related **Claim**, made against any **Insured**:



1. based upon, arising out of or attributable to the purchase or sale of, or offer to purchase or sell, any securities issued by the **Company**, whether such purchase, sale or offer involves a transaction with the **Company** or occurs in the open market (including without limitation any such **Claim** brought by a Securities Commission), or
2. brought by one or more securities holders of the **Company** in their capacity as such, either directly or derivatively on behalf of the **Company**.

Notwithstanding the foregoing, **Securities Claim** for purposes of Insuring Clause C. shall include an administrative, regulatory or investigative proceeding against the **Company** during the time such proceeding is also being maintained against an **Insured Person**.

- T. **Subsidiary** means any entity in which the **Named Insured** owns, directly or indirectly, more than fifty percent (50%) of the issued and outstanding voting stock or shares:
1. on or before the inception of the **Policy**,
  2. by reason of being created by the **Company** during the **Policy Period**,
  3. by reason of being acquired by the **Company** during the **Policy Period**, whose assets total less than thirty-five percent (35%) of the total consolidated assets of the **Company** as of the inception date of the **Policy**, or
  4. by reason of being acquired by the **Company** during the **Policy Period** (other than as described in subparagraph S. 3. above), if the **Named Insured**, within 90 days of such acquisition, provides the Insurer with written notice thereof and agrees to any additional premium and/or agrees to any amendment of the provisions of this **Policy** required by the Insurer.

In all events, coverage as is afforded with respect to a **Claim** made against a **Subsidiary** or any **Insured Person** thereof shall only apply for **Wrongful Acts** committed or allegedly committed after the effective date that such **Subsidiary** became a **Subsidiary** and prior to the date that such **Subsidiary** ceased to be a **Subsidiary**. A corporation ceases to be a **Subsidiary** when the **Company** ceases to own more than fifty percent (50%) of the issued and outstanding voting stock or shares.

**Subsidiary** shall also mean any Limited Liability Company in which the **Company** owns more than fifty percent (50%) of the Membership Interest.

- U. **Wrongful Act** means:
1. any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty by any **Insured Persons** in their capacity with the **Company** or in an **Outside Position**,
  2. any matter claimed against any **Insured Person** solely by reason of their serving in such capacity or in an **Outside Position**, or
  3. solely with respect to the coverage provided under Insuring Clause C., any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty by the **Company**.

## Section IV. Exclusions

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The Insurer shall not be liable for **Loss** on account of any **Claim** made against any **Insured**:

1. Prior and Pending Litigation or Other Insurance
  - a. based upon, arising out of, or attributable to any litigation or proceeding, including but not limited to civil, administrative, regulatory, criminal, or disciplinary proceedings or any investigation, examination, or inquiry, commenced prior to, or which was pending as of, the Prior or Pending Litigation Date as stated in Item 7 of the Declarations;
  - b. based upon, arising out of, or attributable to any fact, circumstance or situation which has been the subject of notice given under any Policy of which this **Policy** is a direct or indirect renewal or replacement;
  - c. which is insured in whole or in part by another valid Policy, except with respect to any excess beyond the amount or amounts of coverage under such other Policy, whether such other Policy is stated to be primary, contributory, excess, contingent or otherwise, unless such other Policy is written only as specific excess insurance over the Limit of Liability provided by this **Policy**.

**2. Bodily Injury or Property Damage, Pollution**

- a. for bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or for damage to or destruction of any tangible property including loss of use thereof; however, this exclusion shall not apply with respect to any actual or alleged mental anguish or emotional distress in any **Claim** for an **Employment Practices Wrongful Act**;
- b. where all or any part of such **Claim** is based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of or in any way involving actual or alleged seepage, pollution, radiation, emission or contamination of any kind; but this exclusion shall not apply to any **Securities Claim** or any coverage provided under Insuring Clause A.

**3. Conduct**

based upon, arising out of, or attributable to:

- a. the gaining by an **Insured Person** of any profit, remuneration or advantage to which a judgment or other final adjudication in such **Claim** establishes such **Insured Person** was not legally entitled;
- b. the **Insured Person** committing any deliberate criminal or deliberate fraudulent or dishonest act, if a judgment or other final adjudication in such **Claim** establishes that such deliberate criminal or deliberate fraudulent or dishonest act was committed;
- c. the purchase or sale by an **Insured Person** or the **Company** of securities of the **Company** in violation of Section 131(4) of the Canada Business Corporations Act, R.S.C. 1985, c. C-44, Section 76 of the Ontario Securities Act, R.S.O., 1990, c. S.5, or Section 16(b) of the Securities Exchange Act of 1934 of the United States of America, and amendments thereto, or similar provisions of any federal, provincial, territorial, state or local statutory, civil or common law if a judgment or other final adjudication in such **Claim** establishes that such violation occurred.

**4. Claims by the Company or an Insured Person**

brought or maintained by or on behalf of the **Company** or any **Insured Person** in any capacity, provided that this Exclusion shall not apply to any **Claim**:

- a. that is a derivative action brought or maintained on behalf of the **Company** by one or more persons who are not **Insured Persons** and who bring and maintain the **Claim** without the active assistance or participation of, or solicitation by, the **Company** or any **Insured Person**, other than assistance or participation by **Insured Persons** that is protected pursuant to the "whistleblower" provisions of any federal, provincial, territorial, or state statute;
- b. for any **Employment Practices Wrongful Act**;
- c. brought or maintained by any **Insured Person** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this **Policy**;
- d. brought by an **Insured Person** who has not served as an **Insured Person** for at least three (3) years prior to the date such **Claim** is first made and who brings and maintains such **Claim** without the active assistance or participation of, or solicitation by, the **Company** or any other **Insured Person** who is serving or has served as an **Insured Person** within such three (3) year period;
- e. in the event of **Financial Impairment**, brought or maintained by or on behalf of a bankruptcy or insolvency trustee, examiner, receiver or creditors' committee for the **Company** or any assignee of such trustee, examiner, receiver or creditors' committee;
- f. with respect to **Defence Costs** for any such **Claim**.

**5. Outside Entity or Other Entity**

- a. based upon, arising out of, or attributable to any act or omission of the **Insured Person** serving in the capacity as a director, officer, governor, advisory board member, committee member, general partner, partnership manager or trustee of any entity other than the **Company** or an **Outside Entity**, or by reason of their status as director, officer, employee, governor, advisory board member, committee member, general partner, partnership manager or trustee of such other entity;
- b. for any **Wrongful Act** arising out of the **Insured Person's** serving as a director, officer, governor, advisory board member, committee member, general partner, partnership manager or trustee of an **Outside Entity**, 1) if such **Claim** is brought by the **Outside Entity** or any of its directors or officers, or by any security holder or shareholder of the **Outside Entity**, whether directly or derivatively, unless such security holder's or shareholder's **Claim** is instigated and continued totally independent of and without the active assistance or

participation of, or solicitation by, the **Outside Entity**, any of its directors or officers, or any **Insured**, other than assistance or participation that is protected pursuant to the “whistleblower” provisions of any federal, provincial, territorial, or state statute, or 2) to the extent such **Insured Person** is indemnified for such **Loss** by such **Outside Entity**.

6. Pension, Employee Benefit, or Welfare Plans

for an actual or alleged violation of the responsibilities, obligations or duties of any **Insureds** in connection with any pension, employee benefit, or welfare plans of the **Company**.

7. Reasonable Notice

for an **Employment Practices Wrongful Act** based upon failure to afford an employee with reasonable notice of termination, except for that portion of **Loss** which constitutes **Defence Costs**.

8. Securities Claims

- a. based upon, arising out of, or attributable to the payment of allegedly inadequate or excessive consideration in connection with the **Company's** purchase of shares of the **Company**;
- b. for dividends, interest on notes, bonds or debentures, or other such corporate payments relating to securities of the **Company** allegedly owing but not provided or paid by the **Company**.

Severability of Exclusions:

For the purpose of determining the applicability of any Exclusion set forth in this **Policy**:

1. the **Wrongful Act** of any **Insured Person** shall not be imputed to any other **Insured Person**; and
2. only the **Wrongful Act** of any **Executive Officer** shall be imputed to the **Company** for purposes of Insuring Clause C.

## Section V. General Terms and Conditions

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### A. Limit of Liability and Retention

The Limit of Liability set forth in Item 3. of the Declarations shall be the maximum aggregate liability of the Insurer under this **Policy** for all covered **Loss** resulting from all covered **Claims**, regardless of the number of **Claims** or the time of payment by the Insurer.

**Defence Costs** shall be part of and not in addition to the aggregate Limit of Liability set forth in Item 3. of the Declarations, and **Defence Costs** shall reduce and may exhaust such Limit of Liability. If the Limit of Liability is exhausted by payment of **Loss**, the Insurer's obligations under this **Policy** shall be completely fulfilled and extinguished.

For the purposes of this **Policy**, all **Claims** which in whole or in part arise out of the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed one **Claim**, and such **Claim** shall be deemed to be first made on the date the earliest of such **Claims** is first made, regardless of whether such date is before or during the **Policy Period**. All **Loss** resulting from a single **Claim** shall be deemed a single **Loss**.

The Limit of Liability for the **Extended Reporting Period**, if exercised, shall be part of and not in addition to the Limit of Liability for the **Policy Period**. The purchase of the **Extended Reporting Period** shall not increase or reinstate the aggregate Limit of Liability, which shall be the maximum liability of the Insurer for the **Policy Period** and **Extended Reporting Period** combined.

Except as otherwise provided in this Subsection V. A., the Insurer's liability with respect to **Loss** arising from each **Claim** shall apply only to that part of **Loss** which is excess of the applicable Retention amount set forth in Item 4. of the Declarations, and such Retention amount shall be borne by the **Insureds** uninsured and at their own risk. If different parts of a single **Claim** are subject to different Retentions, the applicable Retentions will be applied separately to each part of such **Loss**, but the sum of such Retentions shall not exceed the largest applicable Retention.

If the **Company** is permitted or required by law, by its Charter or By-laws, or by any contractual agreements between the **Company** and any **Insured Person**, but fails or refuses, other than for reason of **Financial Impairment**, to advance **Defence Costs** or indemnify the **Insured Persons** for **Loss**, then, notwithstanding any other conditions, provisions or terms of this **Policy** to the contrary, any payment by the Insurer of such **Defence Costs** or other **Loss** shall be subject to the applicable Retention for **Loss** under Insuring Clause B. or Insuring Clause D.

set forth in Item 4. of the Declarations. For the purposes of this paragraph, the Corporate Charter and By-laws shall be deemed to provide indemnification to the **Insured Persons** for such **Defence Costs** or other **Loss** to the fullest extent permitted by law.

Subject to the foregoing, no Retention shall apply to **Loss** in the event of a **Claim** for which the **Insured Persons** are not indemnified by the **Company**.

## **B. Defence and Settlement**

It shall be the duty of the **Insureds** and not the duty of the Insurer to defend any **Claim**. The Insurer shall have the right and be given the opportunity to effectively associate with the **Insureds** regarding the defence and settlement of such **Claim**, including without limitation negotiating a settlement.

Notwithstanding the foregoing, the **Insureds** shall have the right to tender the defence of the **Claim** to the **Insurer**, which right shall be exercised by written notice by the **Company** on behalf of all **Insureds** to the Insurer. This right shall terminate if not exercised within thirty (30) days of the date the **Claim** is first made against an **Insured**. From the date the **Claim** is first made against an **Insured** to the date when the Insurer accepts the tender of the defence of such **Claim**, the **Insureds** shall take no action, or fail to take any required action, that prejudices the rights of any **Insured** or of the Insurer with respect to such **Claim**. Provided that the **Insureds** have complied with all of the foregoing and subject to all conditions, provisions or terms of this **Policy**, the Insurer shall be obligated to assume the defence of the **Claim**, even if such **Claim** is groundless, false or fraudulent. The assumption of the defence of the **Claim** shall be effective upon written confirmation sent by the Insurer to the **Company**. Once the defence has been so assumed by the Insurer, the **Insured** shall have the right and be given the opportunity to effectively associate with the Insurer regarding the defence and settlement of such **Claim**, including without limitation negotiating a settlement. Once the Limit of Liability has been exhausted, however, the Insurer shall not be obligated to continue to defend such **Claim**.

The **Insureds** agree not to settle or offer to settle any **Claim**, select defence counsel, incur any **Defence Costs** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Insurer's prior written consent. Only those settlements, **Defence Costs**, assumed obligations or admissions to which the Insurer consents shall be recoverable **Loss** under this **Policy**. The **Insureds** shall promptly send to the Insurer all settlement demands or offers received by the **Insureds** from the claimant(s).

However, if the **Insureds** are able to settle all **Claims** which are subject to a single Retention for an aggregate amount, including **Defence Costs**, not exceeding such Retention, the Insurer's consent shall not be required for the settlement of such **Claims**.

The **Insureds** agree to provide the Insurer with all information, assistance and cooperation which the Insurer reasonably requests and agree that in the event of a **Claim** or **Loss** the **Insureds** will do nothing that shall prejudice the Insurer's position or its potential or actual rights of recovery. The Insurer may make any investigation it deems necessary.

When the Insurer has not assumed the defence of a **Claim** in accordance with the second paragraph of this Section and subject to Subsection V. D. of this **Policy**, the Insurer shall advance on behalf of the **Insureds** covered **Defence Costs** which the **Insureds** have incurred in connection with **Claims** made against them, within ninety (90) days after receipt of itemized **Defence Costs** invoices; provided that for purposes of coverage under Insuring Clause C., the Insurer shall not advance or otherwise pay any **Defence Costs** incurred by the **Company** by reason of a criminal proceeding against the **Company** until such proceeding against the **Company** is fully resolved.

The **Insureds** agree that any **Defence Costs** paid or advanced by the Insurer shall be repaid to the Insurer by the **Insureds** severally according to their respective interests if and to the extent it is finally determined that such **Defence Costs** are not covered under this **Policy**.

The Insurer and the **Insureds** shall not unreasonably withhold any consent referenced in this Subsection V. B.

## **C. Notice**

The **Insureds** shall, as a condition precedent to their rights under this **Policy**, give to the Insurer written notice of any **Claim** made against the **Insureds** as soon as practicable after any **Executive Officer** or the **Company's** risk manager first learns of such **Claim**, but in no event later than (1) sixty (60) days after expiration of the **Policy Period**, if the **Extended Reporting Period** is not exercised, or (2) expiration of the **Extended Reporting Period**, if exercised.

If during the **Policy Period** or the **Extended Reporting Period**, if exercised, the **Insureds** first become aware of any circumstances which may reasonably give rise to a future **Claim** under this **Policy**, and during such **Policy Period** give written notice to the Insurer of the circumstances, the anticipated **Wrongful Act** allegations, the reasons for anticipating such **Claim**, and full particulars as to dates, persons and entities involved, then any **Claim** which arises out of such circumstances shall be deemed to have been first made during the **Policy Period** in which such written notice was received by the Insurer. No coverage is provided for fees and expenses incurred prior to the time such **Claim** is made.

All notices under this provision of this **Policy**

All other notices to the Insurer shall be given to:

shall be in writing and given to:

Claims Department  
**Berkley Canada**  
145 King Street West, Suite 1000  
Toronto, ON M5H 1J8  
**Fax:** 416-304-4108  
**Email:** [claims@berkleycanada.com](mailto:claims@berkleycanada.com)

Executive and Professional Liability Department  
**Berkley Canada**  
145 King Street West  
Suite 1000  
Toronto, Ontario M5H 1J8  
**Fax:** (416) 304-4108

#### D. Allocation

If a **Claim** is made against the **Insureds** which includes both covered and uncovered matters, or is made against any **Insured** and others who are not **Insureds**, the **Insureds** and the Insurer recognize that there must be an allocation between covered **Loss** and uncovered loss. The **Insureds** and the Insurer shall use their best efforts to agree upon a fair and proper allocation between covered **Loss** and uncovered loss.

If there is an agreement on an allocation of **Defence Costs**, the Insurer shall pay or advance within ninety (90) days after receipt of itemized **Defence Costs** invoices those **Defence Costs** allocated to covered **Loss**. If there is no agreement on an allocation of **Defence Costs**, the Insurer shall pay or advance within ninety (90) days after receipt of itemized **Defence Costs** invoices those **Defence Costs** which the Insurer believes to be covered under this **Policy** until a different allocation is negotiated, arbitrated or judicially determined.

Any negotiated, arbitrated or judicially determined allocation of **Defence Costs** on account of a **Claim** shall be applied retroactively to all **Defence Costs** on account of such **Claim**, notwithstanding any prior advancement.

Any allocation or advancement of **Defence Costs** on account of a **Claim** shall not apply to or create any presumption with respect to the allocation of other **Loss** on account of such **Claim** or any other **Claim**.

#### E. Termination of Policy

This **Policy** shall terminate at the earliest of the following times:

1. the effective date of termination specified in a prior written notice by the **Named Insured** to the Insurer, provided that this **Policy** may not be terminated by the **Named Insured** after the effective date of a Change in Ownership of the **Named Insured** in accordance with Policy Subsection V. (I);
2. upon expiration of the **Policy Period** as set forth in Item 2. of the Declarations;
3. twenty (20) days after receipt by the **Named Insured** of a written notice of termination from the Insurer for failure to pay a premium when due, unless the premium is paid within such twenty (20) days; or
4. at such other time as may be agreed upon by the Insurer and the **Named Insured**.

The Insurer may only terminate this **Policy** for non-payment of premium as set forth in subparagraph 3. above and may not terminate it for any other reason.

The Insurer shall refund the unearned premium computed at customary short rates if this **Policy** is terminated by the **Named Insured**. Under any other circumstances the refund shall be computed *pro rata*. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable.

If the Insurer decides to nonrenew this **Policy**, the Insurer will mail to the **Named Insured** written notice stating such intent at least sixty (60) days before the expiration date set forth in Item 2. of the Declarations.

#### F. Representations and Reliance

The **Insureds** acknowledge and agree that the statements, representations and information contained in the **Application** are true and are the basis of this **Policy** and are to be considered as incorporated into and constituting a part of this **Policy**. This **Policy** is issued in reliance upon the truth of such statements, representations and information.

#### G. Severability of Application

In the event any of the statements, representations or information contained in the **Application** are not true and accurate, then there shall be no coverage under this **Policy** for any **Claims** made pursuant to:



1. Insuring Clause B. for Loss incurred by an Insured Person who had knowledge of the facts that were either omitted from or misrepresented in the Application, whether or not the Insured Person knew the Application contained such misrepresentation or omission; and
2. Insuring Clause C. for Loss if any past or present Executive Officer of the Company had knowledge of the facts that were either omitted from or misrepresented in the Application, whether or not such Executive Officer knew the Application contained such misrepresentation or omission. Insuring Clause A. shall not be rescinded by the Insurer in whole or in part for any reason.

For purposes of this Section, knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**, and only knowledge possessed by an **Executive Officer** shall be imputed to the **Company** for purposes of Insuring Clause C.

#### H. Acquisitions, Amalgamation or Mergers

If, during the **Policy Period**, the **Company** acquires the assets of another entity or creates another entity, which as a result of such acquisition or creation becomes a **Subsidiary**, or acquires another entity by merger or amalgamation with the **Company**, then such organization and its **Insureds** shall be covered under this **Policy** but only with respect to covered **Wrongful Acts** taking place after such acquisition or creation.

If the acquired assets of such acquired entity exceed thirty-five percent (35%) of the total assets of the **Named Insured** as of the inception date of the **Policy**, then the **Named Insured**, as a condition precedent to coverage with respect to the **Insureds** of such entity, shall give written notice of such acquisition to the Insurer within ninety (90) days after the effective date of the transaction and shall agree to any additional terms and conditions, and pay any additional premium, required by the Insurer.

#### I. Change in Ownership

If, during the **Policy Period**, a transaction occurs whereby another entity gains control of the **Named Insured** through the ownership of more than fifty percent (50%) of the voting securities of the **Named Insured**; or the **Named Insured** merges or amalgamates into another entity such that the **Named Insured** is not the surviving entity, then coverage under this **Policy** will continue until termination of this **Policy**, but only with respect to **Claims** for **Wrongful Acts** taking place prior to such transaction.

The **Named Insured** must give written notice of such transaction to the Insurer as soon as practicable, but in no event later than ninety (90) days after the effective date of such transaction. The entire premium for this **Policy** shall be deemed earned as of the date of such transaction.

If such a transaction occurs, the **Named Insured** shall have the right, upon payment of the additional premium described below, to an extension of the coverage provided by this **Policy** for either a 1 year, 3 year, or 6 year Run-Off Period following the termination of the **Policy Period**; but the Insurer may, in its sole discretion and subject to any additional terms, conditions and premiums required by the Insurer, agree by written endorsement to this **Policy** to any other Run-Off Period requested by the **Insureds**. This right of extension shall lapse unless written notice of such election, together with payment of the additional premium due, is given by the **Insureds** to the Insurer within thirty (30) days following the effective date of such transaction. Upon request from any **Insured** following notice to the Insurer of such transaction, the Insurer shall notify such **Insured** of the additional premium amount for this extension of coverage. The **Insureds** shall not be entitled to elect this extension of coverage if an **Extended Reporting Period** is elected pursuant to Section II. of this **Policy**.

#### J. Payment Priority

If the amount of any covered **Loss** which is due and owing by the Insurer under this **Policy** exceeds the then-remaining Limit of Liability applicable to such **Loss**, the Insurer shall pay such **Loss** (subject to such Limit of Liability) in the following priority:

1. first, the Insurer shall pay any such **Loss** covered under Insuring Clause A.;
2. second, only if and to the extent the payment under subparagraph 1. above does not exhaust the applicable Limit of Liability, the Insurer shall pay any such **Loss** covered under any other Insuring Clause.

Subject to the foregoing paragraph, the Insurer shall, upon receipt of a written request from the **Named Insured**, delay any payment of covered **Loss** otherwise due and owing under Insuring Clause B. and/or Insuring Clause C. until such time as the **Named Insured** designates, provided that the Insurer's liability with respect to any such delayed **Loss** payment shall not be increased, and shall not include any interest, on account of such delay.

#### K. Territory and Valuation

Coverage provided under this **Policy** shall apply to **Wrongful Acts** taking place or **Claims** made anywhere in the world.

All premiums, limits, Retentions, **Loss** and other amounts under this **Policy** are expressed and payable in the currency of Canada. If any element of **Loss** under this **Policy** is stated in a currency other than Canadian dollars, payment under this **Policy** shall be made in Canadian dollars at the Bank of Canada's rate of exchange on the date the element of **Loss** is due and payable.

**L. Subrogation**

In the event of any payment under this **Policy**, the Insurer shall be subrogated to the extent of such payment to all the **Insureds'** rights of recovery, including without limitation the **Insured Persons'** rights to indemnification or advancement from the **Company**. The **Insureds** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit or otherwise pursue subrogation rights in the name of the **Insureds**. In no event shall the Insurer subrogate against an **Insured Person** unless and to the extent Exclusion 3 a., 3 b. and/or 3 c. in Section IV. of this **Policy** applies to such **Insured Person**.

**M. Action Against the Insurer**

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this **Policy**. No person or organization shall have any right under this **Policy** to join the Insurer as a party to any action against **Insureds** to determine the **Insured's** liability nor shall the Insurer be impleaded by the **Insureds** or their legal representatives.

**N. Authorization Clause**

By acceptance of this **Policy**, the **Named Insured** agrees to act on behalf of the **Insureds** with respect to the payment of premiums and the receiving of any return premiums that may become due under this **Policy**, the agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for in this **Policy** (other than notice of the exercise of the **Extended Reporting Period** provided for in Section II of the **Policy**), and the **Insureds** agree that the **Named Insured** shall so act on their behalf.

**In witness whereof, the Insurer has caused this Policy to be executed on the Declarations page.**

**For purposes of the Insurance Companies Act (Canada), this document was issued in the course of Berkley Insurance Company's insurance business in Canada.**

This endorsement changes the policy.  
Please read it carefully.

## Fiduciary Liability Coverage

It is understood and agreed that Section I. of the **Policy** is amended by the addition of the following:

### Insuring Clause E. Fiduciary Liability

The **Insurer** shall pay on behalf of the **Insured** all **Loss** for which the **Insured** becomes legally obligated to pay by reason of any **Claim** first made against the **Insured** during the **Policy Period** or any applicable **Extended Reported Period** for any **Wrongful Act**.

For purposes of coverage provided by this endorsement, the following changes are made to the **Policy**:

1. Section III. of the **Policy** is amended as follows:

K. **Insured** means (1) any **Insured Person** or, (2) the **Company**, or (3) an **Employee Benefit Plan**.

L. **Insured Person** shall also mean:

5. any past, present, or future trustee, committee member, member of the board of directors, officer, in-house general counsel, or employee of the **Company** or an **Employee Benefit Plan**, while acting in their capacity as a fiduciary of an **Employee Benefit Plan** or as a person performing **Administration** for an **Employee Benefit Plan**

U. **Wrongful Act** shall also mean:

4. any actual or alleged breach of the responsibilities, obligations or duties imposed upon any **Insured** in its capacity as a fiduciary of any **Employee Benefit Plan** by the Pensions Benefits Standards Act, R.S.C., 1985, c.32 (2<sup>nd</sup> Supp.) or ERISA, or by the common or statutory law of Canada, the United States of America or any province, territory, state or other jurisdiction anywhere in the world.
5. any actual or alleged negligent act, error or omission of the **Insured** in the **Administration** of an **Employee Benefit Plan**; or
6. any other matter claimed against an **Insured** solely because of the **Insured's** status as a fiduciary as respects an **Employee Benefit Plan**.

2. The following are added to Section III:

V. **Administration** means giving counsel, advice, or notice to **Employees**, participants or beneficiaries, interpreting and handling records in connection with, or effecting enrollment or cancellation of **Employees** under any **Employee Benefit Plan**.

W. **Employee** means any individual whose labour or service is engaged and directed by the **Company** in the ordinary course if the **Company's** business including past, present, future, part-time, seasonal, temporary or leased employees. However, **Employee** shall not mean independent contractors unless specifically included by written endorsement to this **Policy**.

X. **Employee Benefit Plan** means:

1. any employee benefit plan, as defined in the Income Tax Act, R.S.C, 1985, c. 1 (5<sup>th</sup> Supp.), for any plan constituted within the territorial limits and jurisdiction of Canada, or as defined by ERISA, for any plan constituted within the territorial limits and jurisdiction of the United States of America, which is operated solely by the **Named Insured**, or jointly by the **Named Insured** and a labour organization, for the benefit of the **Employees** of the **Named Insured** located anywhere in the world, if such plan existed before the **Policy Period** or is afforded coverage pursuant to Section V. subsections H and I of the **Policy**;
2. any other employee benefit plan not subject to Title 1 of ERISA sponsored solely by the **Named Insured** for the benefit of the **Employees** of the **Company**, if such plan existed before the **Policy Period** or is afforded coverage pursuant to Section V. subsections H and I of the **Policy**;
3. any other employee benefit plan if listed as a **Employee Benefit Plan** in an endorsement to this **Policy**; or
4. any government-mandated benefit program for workers compensation, employment, unemployment, social security or disability benefits for **Insured Persons**;

Provided that the **Employee Benefit Plan** shall not include any multi-employer plan or employee stock ownership plan unless such plan is specifically listed as an **Employee Benefit Plan** by endorsement to this **Policy**.

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Insured:	Lifeist Wellness Inc.
Effective Date:	April 26, 2022
Policy Number:	BC07476-2200
Date Issued:	May 03, 2022



# Berkley Insurance Company

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This endorsement changes the policy.  
Please read it carefully.

3. Section IV. Exclusions 4. and 6. are deleted.
4. In addition to Section IV. Exclusions of the **Policy**, the Insurer shall not be liable to make any payment for **Loss**, other than **Defence Costs** in connection with any **Claim** made against any **Insured**:
  - a. for any failure to collect contributions owed to any **Employee Benefit Plan** or for the return of any contributions to any employer if such amounts are or could be chargeable to any **Employee Benefit Plan**.
  - b. for benefits paid or payable to a participant or beneficiary of any **Employee Benefit Plan** if such benefits are paid or may be lawfully paid from the funds of any **Employee Benefit Plan**.
  - c. arising out of the failure to comply with any law concerning workers' compensation, employment insurance, social security, or disability benefits.
5. In addition to Section IV. Exclusions of the **Policy**, the Insurer shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any **Insured**:
  - a. based upon or attributable to intentional non-compliance with any statute or regulation committed by an **Insured** or by a person for whose actions the **Insured** is legally responsible;
  - b. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any prior and/or pending civil, criminal, administrative or investigative proceeding involving any **Insured** as of the date indicated in Item 6a. of the Declarations, or any fact circumstance or situation underlying or alleged in such proceeding;
  - c. involving any **Employee Benefit Plan** that was sold, spun-off, merged, or otherwise terminated, except for any **Wrongful Act** committed or allegedly committed prior to the date of such spin-off, merger, or other termination;
  - d. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any **Wrongful Act** as respects any **Employee Benefit Plan** if such **Wrongful Act** occurred at any time when the **Company** did not sponsor such **Employee Benefit Plan**; or
  - e. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving the liability of others assumed by any **Insured** under any oral or written contract or agreement, except in accordance with or under the agreement or declaration of trust pursuant to which an **Employee Benefit Plan** was established.
6. For the purposes of the coverage provided by this endorsement only, the Retention shall be \$2,500,000 and shall apply to each **Claim**, however, no Retention shall apply to **Loss** incurred by the **Insured Persons** where indemnification by the **Company** and/or any **Employee Benefit Plan** is not legally permissible.

All other terms and conditions of the Policy remain unchanged.

BC DO 1012-1

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Insured:	Lifeist Wellness Inc.
Effective Date:	April 26, 2022
Policy Number:	BC07476-2200
Date Issued:	May 03, 2022

**This endorsement changes the policy.  
Please read it carefully.**

### **Investigative Costs Coverage for Shareholder Derivative Demand**

It is understood and agreed that:

Section I. of the **Policy** is hereby amended by the addition of the following:

#### **Insuring Clause E. Investigative Costs Coverage**

The Insurer shall pay on behalf of the **Insured** all **Investigative Costs** which the **Insured** becomes legally obligated to pay by reason of any **Derivative Demand** first made against the **Insured** during the **Policy Period** or any applicable **Extended Reporting Period** for any **Wrongful Act** of an **Insured Person**. **Investigative Costs** coverage shall be subject to an aggregate sub-limit of \$100,000. This sub-limit is part of and not in addition to the Limit of Liability set forth in Item 3 of the Declarations and no retention shall apply to **Investigative Costs**.

Section III. of the **Policy** is hereby amended by the addition of the following:

- V. **Investigative Costs** means reasonable and necessary costs, charges, fees and expenses consented to by the Insurer (including but not limited to attorney's fees and expert's fees) incurred by the **Company** or its board of directors (or the equivalent management body) or any committee of the board of directors (or the equivalent management body), incurred solely in connection with an investigation conducted as a result of a **Derivative Demand**.
- W. **Derivative Demand** means a written notice as described in Section 239(2)(a) of the Canada Business Corporations Act, R.S.C. 1985, c, C-44, or similar provision of any provincial or foreign statute, to the board of directors of the **Company** to bring a civil proceeding in a court of law against any **Insured Person**

All other terms and conditions of the Policy remain unchanged.

BC DO 1009-2

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Insured:	Lifeist Wellness Inc.
Effective Date:	April 26, 2022
Policy Number:	BC07476-2200
Date Issued:	May 03, 2022

**This endorsement changes the policy.  
Please read it carefully.**

**Predetermined Allocation of Defense Costs**

It is understood and agreed that Section V. D. General Terms and Conditions, of the **Policy** is hereby deleted and replaced with the following:

If a **Claim** is made against the **Insureds** which includes both covered and uncovered matters the **Insureds** and the Insurer recognize that there must be an allocation between covered and uncovered **Loss**. The **Insureds** and the Insurer shall allocate such amount as follows:

1. with respect to Defense Costs, to create certainty in determining a fair and proper allocation of Defense Costs, 80% of all Defense Costs which must otherwise be allocated as described above shall be allocated to the insured **Loss** and shall be advanced by the Insurer. This Defense Costs allocation shall be a final and binding allocation of such Defense Costs and shall not apply with respect to the allocation of any other **Loss**;
2. with respect to Loss other than Defense Costs, the Insurer and the Insureds shall use their best efforts to agree upon a fair and proper allocation of such amount between covered and uncovered Loss.

All other terms and conditions of this Policy remain unchanged.

BC DO 1006-3

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Insured:	Lifeist Wellness Inc.
Effective Date:	April 26, 2022
Policy Number:	BC07476-2200
Date Issued:	May 03, 2022

# Berkley Insurance Company

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This endorsement changes the policy.  
Please read it carefully.

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Insured:	Lifeist Wellness Inc.
Effective Date:	April 26, 2022
Policy Number:	BC07476-2200
Date Issued:	May 03, 2022

## Berkley Insurance Company

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This endorsement changes the policy.  
Please read it carefully.

### Endorsement

#### U.S. Securities Claims Exclusion

It is hereby understood and agreed that with respect to any trading of securities listed in any United States Stock Markets, the **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any **Insureds** alleging, based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving a **Securities Claim**. However, this exclusion shall not apply to any securities traded or listed through any Pink Sheet platform or the Over-the-Counter Bulletin Boards in the United States.

All other terms and conditions of the policy remain unchanged.

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Insured:	Lifeist Wellness Inc.
Effective Date:	April 26, 2022
Policy Number:	BC07476-2200
Date Issued:	May 3, 2022

# Berkley Insurance Company

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This endorsement changes the policy.  
Please read it carefully.

## Endorsement

### Cannabis Jurisdictional Limitation

It is understood and agreed that the **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any **Insured** based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving **Cannabis**, if any of the **Insured's** activities, either in whole or in part:

- i) takes place in a jurisdiction where the use of **Cannabis** has not been legalized; or
- ii) involves a violation of any act, statute, regulation, ordinance, requirement or law; or
- iii) involves any failure to obtain or comply with any requisite licensing, permitting, approval or security protocols; or
- iv) involves **Cannabis** that is deemed to be unsafe by the applicable governmental or regulatory authority having jurisdiction to make such a declaration; or
- v) results in any civil or criminal proceedings made or brought within a jurisdiction where the use of **Cannabis** has not been legalized, including the enforcement by courts of any other country/state/province of any judgement originally obtained in any court of such non-legalized jurisdiction.

For the purposes of this endorsement, **Cannabis** shall mean any and all of the following:

- Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid(s), regardless of whether any such THC or cannabinoid is natural or synthetic, psychoactive or monochrome, including but not limited to:
  - o any plant of the genus Cannabis (hereinafter "hemp" or "marijuana"), by whatever name known, including cannabis sativa and cannabis indica, in any form, including any part thereof, such as seeds, stems, flowers, stalks and roots, and including its presence in any food, drink, cigar or cigarette or in the chewing or smoking of any part thereof; or
  - o any compound, byproduct, extract, derivative, mixture or combination, such as, but not limited to:
    - resin, oil or wax; or
    - hash or hemp; or
    - infused liquid or edible hemp or marijuana; or
  - o any chemical, mineral or other material, good or product applied to, found within, sprayed on or used in connection with the growing, cultivating, packaging, distribution, sale, consumption or research of hemp or marijuana.
- Any filter, paper, pipe, wrapper, vaporizer, or other cannabis-related accessory, including any component or part thereof;
- Any items or paraphernalia used to grow, cultivate, package, distribute, sell, consume or study hemp or marijuana; and
- Any vapour, smoke or other solid, liquid, gaseous or thermal by-product, compound or residue of hemp or marijuana, including waste.

All other terms and conditions of the Policy remain unchanged.

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Insured: Lifeist Wellness Inc.  
Effective Date: April 26, 2022  
Policy Number: BC07476-2200  
Date Issued: May 3, 2022

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CANNMART LABS INC., OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

Court File No.: BK-24-03063478-0031

Estate File No.: 31-3063478

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**AFFIDAVIT OF DANIEL STERN**

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Toronto, ON M5K 1K7

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Lawyers for CannMart Labs Inc.

# TAB 3



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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 CANNMART LABS INC. (the  
“**Applicant**”)

**NOTICE OF APPLICATION**

**TO THE RESPONDENTS:**

**A LEGAL PROCEEDING HAS BEEN COMMENCED** by the Applicant, CannMart Labs Inc. The claim made by the Applicants appears on the following pages.

**THIS APPLICATION** will come on for a hearing (*choose one of the following*)

- In person
- By telephone conference
- By video conference, the details of which will be made available in CaseLines,

before the Honourable Justice Penny presiding over the Ontario Superior Court of Justice (Commercial List) on May 2, 2024 at 10:30 a.m. Eastern Time, or as soon after that time as the application may be heard via video conference, at 330 University Avenue, Toronto, Ontario.

**IF YOU WISH TO OPPOSE THIS APPLICATION**, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicants’ lawyer or, where the Applicants does not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

**IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION**, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants’ lawyer or, where the Applicants does not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

**IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE**

**THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.**

Date: April 26, 2024

Issued by:

\_\_\_\_\_  
Local Registrar

Address of court  
office:

330 University Avenue, 9th Floor  
Toronto, ON M5G 1R7

**TO:**

**THIS HONOURABLE COURT**

**AND TO:**

**THE SERVICE LIST**

## APPLICATION

1. The applicant, CannMart Labs Inc. (the “**Company**”), makes an application for:
  - (a) an initial order pursuant to the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), among other things:
    - (i) continuing under the CCAA the proceeding commenced by the Company by the filing of a notice of intention to make a proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, bearing estate and court file number 31-3063478 (the “**NOI Proceeding**”);
    - (ii) appointing msi Spergel Inc. (“**Spergel**”) as monitor of the Company in these CCAA proceedings (in such capacity, the “**Monitor**”); and
  - (b) such further and other relief as this Honourable Court made deem just.
  
2. The grounds for this application are:
  - (a) the Applicant is a company to which the CCAA applies. The Applicant is indebted to its creditors in an aggregate amount in excess of \$5,000,000 and is insolvent because it cannot pay its creditors generally as they become due;
  - (b) the CCAA provides the most appropriate forum to engage in a Sale and Investment Solicitation Process (“**SISP**”) and facilitate the Company’s insolvency proceedings. Converting from the NOI Proceedings to the CCAA Proceedings presents the best chance for preserving any remaining value of the Applicants’ Property in the circumstances;

- (c) Spergel is not permitted by law to take possession of cannabis products because Spergel is not licensed to do so under *the Cannabis Act*, S.C. 2018, c. 16 (the “**Act**”) or the Cannabis Regulations, SOR/2018-144 (the “**Regulations**”). As a result, if there is a deemed bankruptcy in the NOI proceeding, Spergel has advised that it will not take possession of, or secure any of, the cannabis products because that would directly contravene the Act and the Regulations. The cannabis products comprise a significant portion of the Company’s operating assets and such a result would not be in the best interests of either the Company or any of its stakeholders since significant value would be lost;
  - (d) further grounds set out in the affidavit of Daniel Stern, to be filed (the “**Stern Affidavit**”), and the first report of the Monitor, to be filed;
  - (e) section 11.6 of the CCAA, any other applicable provisions of the CCAA, and the inherent and equitable jurisdiction of this Honourable Court;
  - (f) Such further and other grounds as counsel may advise and this Honourable Court may permit.
3. The following documentary evidence will be used at the hearing of the application:
- (a) The Stern Affidavit;
  - (b) First report of the Monitor;
  - (c) The consent of msi Spergel Inc. to act as Monitor;
  - (d) Such further and other grounds as counsel may advise and this Honourable Court may permit.

April 26, 2024

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Lawyers for CannMart Labs Inc.

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 **CANNMART LABS INC.** (the  
“**Applicant**”)

Court File No.: CV-24-\_\_\_\_\_ -00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

**NOTICE OF APPLICATION**

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Lawyers for CannMart Labs Inc.

# **TAB 4**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	THURSDAY, THE 2 <sup>nd</sup>
	)	
JUSTICE PENNY	)	DAY OF MAY, 2024

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 CANNMART LABS INC. (the  
“**Applicant**”)

**INITIAL ORDER  
(Continuation Under CCAA)**

THIS MOTION, made by the Applicant, CannMart Labs Inc. (the “**Applicant**”), to continue the proceedings commenced by the Applicant by the filing of a notice of intention to make a proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) bearing estate and court file number 31-3063478 (the “**NOI Proceeding**”) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) was heard this day by video conference at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Daniel Stern sworn April 26, 2024 and the Exhibits thereto (the “**Stern Affidavit**”), and the Applicant’s Notice of Intention to Make a Proposal (“**NOI Proceeding**”) pursuant to section 50.4(1) of the BIA dated April 3, 2024, and on being advised that msi Spergel Inc. (“**Spergel**”) was appointed as the proposal trustee (in such capacity, the “**Proposal Trustee**”) in the NOI Proceeding, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on



hearing the submissions of counsel for the Applicant, counsel for the proposed monitor, Spergel (the “**Proposed Monitor**”), and on reading the First Report of the Proposed Monitor filed, and on reading those parties listed in the Participant Information form, and on reading the consent of the Proposed Monitor to act as the monitor (the “**Monitor**”);

## **DEFINITIONS**

1. **THIS COURT ORDERS** that capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Stern Affidavit.

## **SERVICE**

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion, Notice of Application and the Motion Record dated April 26, 2024 is hereby abridged and validated so that the Motion is properly returnable today and hereby dispenses with further service thereof.

## **CONTINUANCE UNDER THE CCAA**

3. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies, and the Applicant shall enjoy the benefits of the protection and authorizations provided to the Applicant by this Order.

4. **THIS COURT ORDERS AND DECLARES** that effective May 2, 2024, the NOI Proceeding is hereby taken up and continued under the CCAA and that, as of such date, the provisions of the BIA shall have no further application to the Applicant, save that any and all steps, agreements and procedures validly taken, done or entered into by the Applicant shall remain valid and binding, notwithstanding the commencement of these CCAA proceedings.

5. **THIS COURT ORDERS** that the Monitor shall have the benefit of all rights and protections granted to the Proposal Trustee under the BIA.

6. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to take all necessary steps in furtherance of its discharge as Proposal Trustee in the NOI Proceeding, including the taxation of its fees and disbursements and those of its counsel.

## **PLAN OF ARRANGEMENT**

7. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

## **POSSESSION OF PROPERTY AND OPERATIONS**

8. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

9. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system currently in place as described in the Stern Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management System**”), and that any present or future financial institution providing the Cash Management System (a) shall not be under any obligation to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, (b) shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and (c) shall be, solely in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan filed by the Applicant under the CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System on or after the date of this Order.

10. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental, vision, insurance and similar benefit plans or arrangements), reasonable amounts owing under corporate credit cards issued to management and employees of the Applicant, vacation pay and reasonable employee and director expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing practices, compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant prior to or after the commencement of these proceedings, at their standard rates and charges.

11. **THIS COURT ORDERS** that, except as otherwise provided herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

12. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) and income taxes;

- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada, any Province thereof, any political subdivision thereof, or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

13. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, in accordance with the terms of the applicable lease agreement.

14. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court, to: (a) make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

15. **THIS COURT ORDERS** that the Applicant shall, subject to any requirements imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate;
- (b) terminate the employment of any of its employees or temporarily lay off any of its employees as the Applicant deems appropriate; and
- (c) pursue all restructuring options for the Applicant including, without limitation, all avenues of refinancing its Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

16. **THIS COURT ORDERS** that the Applicant shall provide each relevant landlord with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) calendar days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

17. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours’ prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord

may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY**

18. **THIS COURT ORDERS** that until and including July 17, 2024, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

19. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall:

- (a) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on,
- (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA,
- (c) prevent the filing of any registration to preserve or perfect a security interest, or
- (d) prevent the registration of a claim for lien.

## **NO INTERFERENCE WITH RIGHTS**

20. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

## **CONTINUATION OF SERVICES**

21. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

22. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **NO PRE-FILING VS POST-FILING SET OFF**

23. **THIS COURT ORDERS** that no Person shall be entitled to set off any amounts that: (i) are or may become due to the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicant in respect of obligations arising on or after the date of this Order; or (ii) are or may become due from the Applicant in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicant in respect of obligations arising on or after the date of this Order, each without the consent of the Applicant and the Monitor or further Order of this Court.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

24. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

25. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

26. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$75,000, as security for the indemnity provided in paragraph **25** of this Order. The Directors' Charge shall have the priority set out in paragraphs **43** and **45** hereof.



27. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph **26** of this Order.

#### **APPOINTMENT OF MONITOR**

28. **THIS COURT ORDERS** that Spergel is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

29. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

##### ***The DIP Lender***

- (a) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender (defined below) and its counsel on a timely basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (b) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, or as otherwise agreed to by the DIP Lender;

***General***

- (c) advise the Applicant in its development of the Plan and amendments to the Plan;
- (d) monitor the Applicant's receipts and disbursements;
- (e) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and any other matters relevant to the proceedings herein;
- (f) assist the Applicant, to the extent required by the Applicant, in the administration of the SISP;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

30. **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of the Property, or any assets, properties or undertakings of the Applicant, or the direct or indirect subsidiaries or affiliates of the Applicant, including but not limited to any activities for which a permit or license is issued or required pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing, retail sale and distributing of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Tax Act*, R.S.C. 1985, c. E. 15, *Excise Act*, 2001, S.C. 2002, c.22, the

*Ontario Cannabis Control Act*, 2017 S.O. 2017, c. 26, Sched. 1, *Ontario Cannabis Retail Corporation Act*, 2017 S.O. 2017, c. 26, the *Cannabis License Act*, 2018, S.O. 2018, c. 12, or other such applicable federal or provincial legislation, and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

31. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

32. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

33. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any other applicable legislation.

34. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a bi-weekly basis after May 2, 2024.

35. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

36. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs **43** and **45** hereof.

## **DIP FINANCING**

37. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from Lifeist Wellness Inc. (the "**DIP Lender**") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$400,000 (the "**DIP Facility**") unless permitted by further Order of this Court.

38. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of April 26, 2024 (the “**DIP Term Sheet**”), filed.

39. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

40. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure any obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs **43** and **45** hereof.

41. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order,

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon five (5) business days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to

this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

42. **THIS COURT ORDERS** that the DIP Lender shall be treated as unaffected in any Plan filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the BIA, with respect to any advances made under the DIP Facility.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

43. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

- (a) first, the Administration Charge (up to a maximum amount of \$300,000);
- (b) second, the DIP Charge; and
- (c) third, the Directors' Charge (up to a maximum amount of \$75,000);

44. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

45. **THIS COURT ORDERS** that the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

46. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

47. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

48. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

### **SERVICE AND NOTICE**

49. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

50. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at: <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* and paragraph 7 of the Guide, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.spergelcorporate.ca/engagements>.

51. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant's creditors or other interested parties at their respective addresses or email addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or electronic transmission shall be



deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

53. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant’s creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS)

## **GENERAL**

54. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

55. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

56. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, 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 the Applicant 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 the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

57. **THIS COURT ORDERS** that the Applicant and the Monitor be at liberty and are 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.

58. **THIS COURT ORDERS** that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs **Error! Reference source not found.** and **Error! Reference source not found.** hereof with respect to any fees, expenses and disbursements (including amounts loaned to the Applicant pursuant to the DIP Facility) incurred as applicable, until the date this Order may be amended, varied or stayed.

59. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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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  
**CANNMART LABS INC.**

Court File No.: Court File No. CV-24-  
[XXXXXX]-CL

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

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**INITIAL ORDER**

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**Thornton Grout Finnigan LLP**  
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Lawyers for the Applicant

# **TAB 5**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE — ) ~~WEEKDAY~~THURSDAY, THE #2<sup>nd</sup>  
 )  
JUSTICE —PENNY ) DAY OF ~~MONTH~~MAY, ~~20YR~~2024

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 ~~[APPLICANT'S NAME]~~CANNMART LABS INC. (the "Applicant")

INITIAL ORDER

(Continuation Under CCAA)

THIS ~~APPLICATION~~MOTION, made by the Applicant, ~~pursuant to~~CannMart Labs Inc. (the "Applicant"), to continue the proceedings commenced by the Applicant by the filing of a notice of intention to make a proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "BIA") bearing estate and court file number 31-3063478 (the "NOI Proceeding") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day by video conference at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~Daniel Stern sworn ~~[DATE]~~April 26, 2024 and the Exhibits thereto (the "Stern Affidavit"), and the Applicant's Notice of Intention to Make a Proposal ("NOI Proceeding") pursuant to section 50.4(1) of the BIA dated April 3, 2024, and on being advised that msi Spergel Inc. ("Spergel") was appointed as the proposal trustee (in such capacity, the "Proposal Trustee") in the NOI Proceeding, and on being advised that the secured

creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for ~~[NAMES], no one appearing for [NAME]~~<sup>1</sup>~~although duly served as appears from the affidavit of service of [NAME] sworn [DATE]~~the Applicant, counsel for the proposed monitor, Spergel (the “Proposed Monitor”), and on reading the First Report of the Proposed Monitor filed, and on reading those parties listed in the Participant Information form, and on reading the consent of [MONITOR’S NAME]the Proposed Monitor to act as the monitor (the “Monitor,-”);

## DEFINITIONS

1. THIS COURT ORDERS that capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Stern Affidavit.

## SERVICE

2. ~~1.~~ THIS COURT ORDERS that the time for service of the Notice of Motion, Notice of Application and the ~~Application~~Motion Record dated April 26, 2024 is hereby abridged and validated<sup>2</sup> so that ~~this Application~~the Motion is properly returnable today and hereby dispenses with further service thereof.

## ~~APPLICATION~~

## CONTINUANCE UNDER THE CCAA

3. ~~2.~~ THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies, and the Applicant shall enjoy the benefits of the protection and authorizations provided to the Applicant by this Order.

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<sup>1</sup>~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

<sup>2</sup>~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

4. **THIS COURT ORDERS AND DECLARES** that effective May 2, 2024, the NOI Proceeding is hereby taken up and continued under the CCAA and that, as of such date, the provisions of the BIA shall have no further application to the Applicant, save that any and all steps, agreements and procedures validly taken, done or entered into by the Applicant shall remain valid and binding, notwithstanding the commencement of these CCAA proceedings.

5. **THIS COURT ORDERS** that the Monitor shall have the benefit of all rights and protections granted to the Proposal Trustee under the BIA.

6. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to take all necessary steps in furtherance of its discharge as Proposal Trustee in the NOI Proceeding, including the taxation of its fees and disbursements and those of its counsel.

#### **PLAN OF ARRANGEMENT**

7. ~~3.~~ **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

#### **POSSESSION OF PROPERTY AND OPERATIONS**

8. ~~4.~~ **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

9. ~~5.~~ **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system<sup>3</sup> currently in place as described in the [Stern](#) Affidavit of

<sup>3</sup> ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to~~

~~[NAME] sworn [DATE]~~ or replace it with another substantially similar central cash management system (the "Cash Management System"), and that any present or future ~~bank~~financial institution providing the Cash Management System (a) shall not be under any obligation ~~whatsoever~~ to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, (b) shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and (c) shall be, solely in its capacity as provider of the Cash Management System, an unaffected creditor under ~~the~~any Plan filed by the Applicant under the CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System. ~~+~~ on or after the date of this Order.

10. ~~6.~~ **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee ~~and pension benefits~~benefits (including, without limitation, employee medical, dental, vision, insurance and similar benefit plans or arrangements), reasonable amounts owing under corporate credit cards issued to management and employees of the Applicant, vacation pay and reasonable employee and director expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing practices, compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant ~~in~~ respectprior to or after the commencement of these proceedings, at their standard rates and charges.

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~~often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross border and inter company transfers of cash.~~



11. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided ~~to the contrary~~ herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

12. ~~8.~~ **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) ~~Quebec Pension Plan~~, and ~~(iv)~~ income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada ~~or of~~ any Province thereof ~~or~~ any political subdivision thereof, or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured

creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

13. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for resiliated~~<sup>4</sup> in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, ~~twice monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.~~ in accordance with the terms of the applicable lease agreement.

14. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court, to: (a) ~~to~~ make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) ~~to~~ grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) ~~to~~ not grant credit or incur liabilities except in the ordinary course of the Business.

## RESTRUCTURING

15. ~~11.~~ **THIS COURT ORDERS** that the Applicant shall, subject to such any requirements ~~as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, ~~and~~ to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate<sup>5</sup>;

<sup>4</sup> ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

<sup>5</sup> ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred~~

- (b) ~~terminate the employment of **such any** of its employees or temporarily lay off **such any** of its employees as **it** the Applicant deems appropriate~~; and
- (c) pursue all restructuring options for the Applicant including, without limitation, all avenues of refinancing ~~of~~ its Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

16. ~~12.~~ **THIS COURT ORDERS** that the Applicant shall provide each ~~of the~~ relevant ~~landlords~~ landlord with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) calendar days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims ~~for resiliates~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~for resiliation~~ of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

17. ~~13.~~ **THIS COURT ORDERS** that if a notice of disclaimer ~~for resiliation~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~for resiliation~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours<sup>19</sup> prior written notice, and (b) at the effective time of the disclaimer ~~for resiliation~~, the

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~~36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY**

18. ~~14.~~ **THIS COURT ORDERS** that until and including ~~[DATE — MAX. 30 DAYS]~~ July 17, 2024, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

19. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being **"Persons"** and each being a **"Person"**) against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall:

- (a) ~~(i)~~ empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on,
- (b) ~~(ii)~~ affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA,
- (c) ~~(iii)~~ prevent the filing of any registration to preserve or perfect a security interest, or ~~(iv) prevent the registration of a claim for lien.~~

(d) prevent the registration of a claim for lien.

## **NO INTERFERENCE WITH RIGHTS**

20. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

## **CONTINUATION OF SERVICES**

21. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

22. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.<sup>6</sup>

~~<sup>6</sup>This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example,~~

## NO PRE-FILING VS POST-FILING SET OFF

23. THIS COURT ORDERS that no Person shall be entitled to set off any amounts that: (i) are or may become due to the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicant in respect of obligations arising on or after the date of this Order; or (ii) are or may become due from the Applicant in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicant in respect of obligations arising on or after the date of this Order, each without the consent of the Applicant and the Monitor or further Order of this Court.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

24. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

25. ~~20.~~ **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings,<sup>7</sup> except to the extent that, with

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~~number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

~~<sup>7</sup>The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are~~

respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

26. ~~21.~~ **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**")<sup>8</sup> on the Property, which charge shall not exceed an aggregate amount of \$~~75,000~~, as security for the indemnity provided in paragraph ~~{20}25~~ of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~{38}43~~ and ~~{40}herein45 hereof~~.

27. ~~22.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~{20}26~~ of this Order.

#### **APPOINTMENT OF MONITOR**

28. ~~23.~~ **THIS COURT ORDERS** that ~~{MONITOR'S NAME}~~Spergel is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

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~~granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

~~<sup>8</sup>Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

29. ~~24.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

*The DIP Lender*

~~(a) monitor the Applicant's receipts and disbursements;~~

~~(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;~~

(a) ~~(e)~~ assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender (defined below) and its counsel on a ~~[TIME INTERVAL]~~timely basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(b) ~~(d)~~ advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, ~~but not less than [TIME INTERVAL],~~ or as otherwise agreed to by the DIP Lender;

*General*

(c) ~~(e)~~ advise the Applicant in its development of the Plan and ~~any~~ amendments to the Plan;

(d) monitor the Applicant's receipts and disbursements;

(e) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and any other matters relevant to the proceedings herein;



- (f) assist the Applicant, to the extent required by the Applicant, ~~with the holding and administering of creditors' or shareholders' meetings for voting on~~ in the administration of the ~~Plan~~SISP;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

30. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession of the Property or management (separately and/or collectively, "Possession") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of the Property, or any assets, properties or undertakings of the Applicant, or the direct or indirect subsidiaries or affiliates of the Applicant, including but not limited to any activities for which a permit or license is issued or required pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing, retail sale and distributing of cannabis or cannabis products including, without limitation, under the Cannabis Act, S.C. 2018, c. 16, the Controlled Drugs and Substances Act, S.C. 1996, c. 19, the Excise Tax Act, R.S.C. 1985, c. E. 15, Excise Act, 2001, S.C. 2002, c.22, the Ontario Cannabis Control Act, 2017 S.O. 2017, c. 26, Sched. 1, Ontario Cannabis Retail Corporation Act, 2017 S.O. 2017, c. 26, the Cannabis License Act, 2018, S.O. 2018, c. 12, or other such applicable federal or provincial legislation, and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order

shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

31. ~~26.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

32. ~~27.~~ **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

33. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall

derogate from the protections afforded the Monitor by the CCAA or any other applicable legislation.

34. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a ~~[TIME INTERVAL]~~ bi-weekly basis after May 2, 2024. ~~and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$●[-, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~

35. ~~30.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

36. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$●300,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~38~~43 and ~~40~~45 hereof.

## **DIP FINANCING**

37. ~~32.~~ **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from ~~[DIP LENDER'S NAME]~~Lifeist Wellness Inc. (the "**DIP Lender**") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$●400,000 (the "DIP Facility") unless permitted by further Order of this Court.

38. ~~33.~~ **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of ~~[DATE]~~April 26, 2024 (the "~~Commitment Letter~~" "DIP Term Sheet"), filed.

39. ~~34.~~ **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the ~~Commitment Letter~~DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the ~~Commitment Letter~~DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

40. ~~35.~~ **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure ~~an~~any obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs ~~38~~43 and ~~40~~45 hereof.

41. ~~36.~~ **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~five~~ five (5) business days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the ~~Commitment Letter~~DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the ~~Commitment Letter~~DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate

- payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

42. ~~37. THIS COURT ORDERS AND DECLARES~~ that the DIP Lender shall be treated as unaffected in any ~~plan of arrangement or compromise~~ Plan filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the ~~Bankruptcy and Insolvency Act of Canada (the "BIA")~~, with respect to any advances made under the ~~Definitive Documents~~ DIP Facility.

#### VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

43. ~~38. THIS COURT ORDERS~~ that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "Charges"), as among them, shall be as follows<sup>9</sup>:

- (a) ~~First~~ first, the Administration Charge (up to ~~the~~ maximum amount of \$~~300,000~~);
- (b) ~~Second~~ second, the DIP ~~Lender's~~ Charge; and
- (c) ~~Third~~ third, the Directors' Charge (up to ~~the~~ maximum amount of \$~~75,000~~);

44. ~~39. THIS COURT ORDERS~~ that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ shall not be required, and that the Charges shall be valid and enforceable for all purposes,

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<sup>9</sup>~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

45. ~~40.~~ **THIS COURT ORDERS** that ~~each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

46. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of ~~the Directors' Charge, the Administration Charge or the DIP Lender's Charge,~~Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

47. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") ~~and/or the DIP Lender thereunder~~ shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the ~~Commitment Letter~~DIP Term Sheet or the Definitive

Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the ~~Commitment Letter~~DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the ~~Commitment Letter~~DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

48. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

## SERVICE AND NOTICE

49. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$~~1000~~1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

50. ~~45.~~ **THIS COURT ORDERS** that the E-Service ~~Protocol~~Guide of the Commercial List (the "~~Protocol~~Guide") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the ~~Protocol~~Guide (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/sej/practice/practice-directions/toronto/e-service-protocol/~~http://www.ontariocourts.ca/sej/practice/practice-directions/toronto/e-service-protocol/;

<https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>)

shall be valid and effective service. Subject to Rule 17.05 of the Rules of Civil Procedure and paragraph 7 of the Guide, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph ~~21~~13 of the ~~Protocol~~Guide, service of documents in accordance with the ~~Protocol~~Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the ~~Protocol~~Guide with the following URL ‘<@>’: <https://www.spergelcorporate.ca/engagements>.

51. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or ~~faecsimile~~electronic transmission to the Applicant's creditors or other interested parties at their respective addresses or email addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or ~~faecsimile~~electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “Service List”). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

53. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant’s creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within



[the meaning of clause 3\(c\) of the \*Electronic Commerce Protection Regulations\*, Reg. 81000-2-175 \(SOR/DORS\)](#)

## GENERAL

54. ~~47.~~ **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

55. ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

56. ~~49.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, 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 the Applicant 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 the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

57. ~~50.~~ **THIS COURT ORDERS** that ~~each of~~ the Applicant and the Monitor be at liberty and ~~is~~are 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.

58. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 43 and 45

hereof with respect to any fees, expenses and disbursements (including amounts loaned to the Applicant pursuant to the DIP Facility) incurred as applicable, until the date this Order may be amended, varied or stayed.

59. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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<b>Summary report:</b>	
<b>Litera Compare for Word 11.3.0.46 Document comparison done on 2024-04-26 6:35:05 PM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> Model Initial Order.doc	
<b>Modified DMS:</b> iw://tgf-mobility-ca.imatech.com/CLIENT/5844926/7	
<b>Changes:</b>	
<u>Add</u>	242
<del>Delete</del>	242
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>484</b>

# TAB 6

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	THURSDAY, THE 2 <sup>nd</sup>
	)	
JUSTICE PENNY	)	DAY OF MAY, 2024

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 CANNMART LABS INC.

Applicant

**ORDER  
(SISP Approval)**

**THIS MOTION**, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, (the "CCAA") for an order, among other things, approving the sale and investment solicitation process (the "SISP") attached at **Schedule "A"** hereto, was heard this day by Zoom video conference.

**ON READING** the Motion Record of the Applicant dated April 26, 2024 (the "**Motion Record**"), the First Report of msi Spergel Inc. (the "**Monitor**"), filed (the "**First Report**"), and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, and those other parties listed on the Counsel Slip, no one else appearing although duly served as appears from the Affidavit of Service of Maria Magni sworn [●], 2024,

**DEFINITIONS**

1. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them in the SISP or the proposed Initial Order (the "**Initial Order**") located at Tab 4 of the Motion Record, as applicable.

## **APPROVAL OF THE SISP**

2. **THIS COURT ORDERS** that the SISP and the procedures contemplated therein be and are hereby approved, subject to such non-material amendments as may be agreed to by the Applicant, the Monitor and the DIP Lender. The Monitor may extend the timelines prescribed in the SISP up to a maximum of seven (7) calendar days with the approval of the Applicant and the DIP Lender and without approval of the Court, or greater than seven (7) calendar days with approval of the Court.

3. **THIS COURT ORDERS** that the Monitor and the Applicant are authorized and directed to take such steps as they deem necessary or advisable to carry out and perform their respective obligations under the SISP, subject to prior approval of this Court being obtained before the completion of any transaction(s) under the SISP.

4. **THIS COURT ORDERS** that the Applicant and the Monitor are authorized to immediately commence the SISP to solicit interest in the opportunity for a sale of or investment in all or part of the Applicant's assets (the "**Property**") and business operations (the "**Business**").

5. **THIS COURT ORDERS** that the Applicant and the Monitor, and their respective affiliates, partners, employees, representatives and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Applicant or the Monitor, as determined by the Court.

6. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the SISP, the Monitor shall not take possession of the Property or be deemed to take possession of the Property, including, without limitation, pursuant to any provision of any legislation specified in paragraph 30 of the Initial Order.

7. **THIS COURT ORDERS** that in overseeing the SISP, the Monitor shall have all of the benefits and protections granted to it under the Initial Order and any other order of this Court in the within proceeding.

#### **REGULATORY COMPLIANCE**

8. **THIS COURT ORDERS** that the Applicant, the Monitor, and their respective counsel be and are hereby authorized but not obligated, to serve or distribute this Order, any other materials, orders, communication, correspondence or other information as may be necessary or desirable in connection with the SISP to any Person or interested party that the Monitor or the Applicant consider appropriate. For greater certainty, any such distribution, communication or correspondence shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, the Monitor and the Applicant are hereby authorized and permitted to disclose and transfer to each potential bidder (collectively, the “**Potential Bidders**”) and to their advisors, if requested by such Potential Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Applicant’s records pertaining to its past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale of the Property (“**Sale**”) or investment in the Business (“**Investment**”). Each Potential Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of a Sale or an Investment, and if it does not complete a Sale or an Investment, shall return all such information to the Monitor and the Applicant, or in the alternative destroy all such information. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Property or Business acquired pursuant to the Sale or invested in pursuant to the Investment in a manner which is in all

material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Monitor and the Applicant, or ensure that all other personal information is destroyed.

## **GENERAL**

10. **THIS COURT ORDERS** that the Applicant or the Monitor may, from time to time, apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

11. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

12. **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 the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby requested to make such orders and to provide such assistance to the Applicant 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 the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that each of the Applicant 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.



14. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order without the need for entry or filing.

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**SCHEDULE A**  
**(Sale and Investment Solicitation Process)**

## SALE AND INVESTMENT SOLICITATION PROCESS

### Introduction

On April 3, 2024, CannMart Labs Inc. (the “**Company**”) filed a Notice of Intention to make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) with the Office of the Superintendent of Bankruptcy (the “**NOI Proceeding**”). Msi Spergel Inc. consented to act as the proposal trustee of the Company.

On May 2, 2024, pursuant to the Order granted by Justice Steele (as may be amended, restated or otherwise modified from time to time, the “**Initial Order**”) on the same date, among other things, the Company converted the NOI Proceedings into proceedings under the *Company’ Creditors Arrangement Act* (the “**CCAA**”). Pursuant to the Initial Order, MSI Spergel Inc. was appointed as Monitor of the Company (in such capacity, the “**Monitor**”).

On May 2, 2024, the Court granted an order (the “**SISP Order**”) approving this sale and investment solicitation process (the “**SISP**”). The purpose of the SISP is to identify one or more financiers for, purchasers of and/or investors in the Company, the Business and/or Assets (each as defined below) to make a binding offer (each a “**Binding Bid**”), and to complete the transaction contemplated by any such offer. Set forth below are the procedures (the “**SISP Procedures**”) that shall govern the SISP and any transactions consummated as a result thereof.

### 1. Defined Terms

The following capitalized terms have the following meanings when used in this SISP:

“**Acknowledgment of the SISP**” means an acknowledgment of the SISP in the form attached as Schedule “A”;

“**Aggregate Bid**” means a combination of Portion Bids that do not overlap for Assets sought to be purchased;

“**Assets**” means the assets, undertakings and property of the Company;

“**Back-Up Bid Expiration Date**” has the meaning given to it in Section 14;

“**Back-Up Bid**” has the meaning given to it in Section 12;

“**Back-Up Bidder**” has the meaning given to it in Section 12;

“**Bid Deadline**” has the meaning given to it in Section 9;

“**Binding Bid**” has the meaning given to it in the Introduction;

“**Business**” means the business carried on by the Company, which consists primarily of the production of cannabis 2.0 products including, but not limited to, edibles, concentrates and topicals and the wholesale distribution of recreational cannabis to Canadian provincial government control boards;

“**Business Day**” means any day, other than a Saturday, Sunday or statutory holiday in the Province of Ontario, on which commercial banks in Toronto, Ontario are open for business;

“**Company**” has the meaning given to it in the Introduction;

“**Confidentiality Agreement**” means the confidentiality agreement, upon terms satisfactory to the Company, in consultation with the Monitor, entered into between the Company and an Interested Party;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**Data Room**” means an electronic data room created and maintained by the Monitor, with the assistance of the Company, containing confidential information in respect of the Company, the Business and the Assets;

“**Form Purchase Agreement**” means the template share purchase agreement posted in the Data Room;

“**Interested Party**” has the meaning given to it in Section 2;

“**Investment Proposal**” has the meaning given to it in Section 9;

“**Known Potential Bidders**” has the meaning give to it in Section 5(a);

“**Monitor**” has the meaning given to it in the Introduction;

“**Notice**” has the meaning given to it in Section 5(b);

“**Outside Date**” means July 31, 2024, or such other date as the Company, the Monitor, and the Successful Bidder(s) or the Back-Up Bidder, if applicable, may agree, acting reasonably;

“**Participant Requirements**” has the meaning given to it in Section 10 hereof;

“**Portion Bid**” means a Binding Bid for less than all, or substantially all of the Assets, that is otherwise a Qualified Bid;

“**Portion Bidder**” means a Qualified Bidder that submits a Portion Bid;

“**Qualified Bid**” means a Binding Bid that satisfies the requirements set out in Section 11. For greater certainty, a Portion Bid may be a Qualified Bid if it forms part of an Aggregate Bid;

“**Qualified Bidder**” means a bidder submitting a Qualified Bid;

“**Sale Approval Hearing**” has the meaning given to it in Section 18;

“**Sale Proposal**” has the meaning given to it in Section 9;

“SISP” has the meaning given to it in the Introduction;

“SISP Procedures” has the meaning given to it in the Introduction;

“Successful Bid” has the meaning given to it in Section 12;

“Successful Bidder” has the meaning given to it in Section 12; and

“Teaser Letter” has the meaning given to it in Section 5(c).

2. **The SISP Procedures**

The SISP shall consist of one phase. Any interested party (an “Interested Party”) that meets the preliminary participant requirements set out herein, including executing a Confidentiality Agreement and an Acknowledgment of the SISP, shall be provided with access to the Data Room to prepare and submit a Binding Bid by the Bid Deadline.

The Monitor, in consultation with the Company, shall supervise the SISP Procedures, and each will generally consult with the other in respect of all matters arising out of this SISP. If there is disagreement as to the interpretation or application of this SISP, the Court will have the jurisdiction to hear and resolve such dispute.

3. **“As Is, Where Is”**

The sale of the Business or all or any part of the Assets or an investment in the Company will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature or description by the Company, the Monitor or any of their respective employees, officers, directors, agents or advisors, except to the extent set forth in the relevant definitive Sale Proposal or Investment Proposal agreement, as applicable, with a Successful Bidder.

By participating in this process, each Interested Party is deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Business, the Assets or the Company prior to making its Binding Bid, that it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or regarding the Business, the Assets or the Company in making its Binding Bid, and that it did not rely on any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Business, the Assets or the Company or the completeness of any information provided in connection therewith, except as expressly stated in the terms of any definitive transaction documents.

4. **Timeline**

The following table sets out the key milestones under the SISP:

Milestone	Deadline
-----------	----------

Commencement of SISP	May 2, 2024
Distribution of the Notice, Teaser Letter Confidentiality Agreement and Acknowledgement of SISP	As soon as reasonably practicable following the date on which the SISP Order is granted
Bid Deadline (5:00 PM (Eastern Time))	June 17, 2024
Selection of Successful Bid(s), Back-Up Bid(s)	June 21, 2024
Sale Approval Hearing	As soon as practicable
Closing Date Deadline	A maximum of 4 weeks after the Sale Approval Hearing, but by no later than the Outside Date

5. **Solicitation of Interest**

As soon as is reasonably practicable:

- (a) the Monitor, with the assistance of the Company, will prepare a list of potential bidders, including: (i) parties that have approached the Company or the Monitor indicating an interest in the opportunity; and (ii) strategic parties whom the Company or the Monitor believe may be interested in purchasing all or part of the Business and Assets, or investing in the Company, pursuant to the SISP (collectively, “**Known Potential Bidders**”);
- (b) the Monitor, with the assistance of the Company, will cause a notice of the SISP and such other relevant information that the Monitor, with the assistance of the Company, considers appropriate (the “**Notice**”) to be published in *The Globe and Mail* (National Edition) and *Insolvency Insider*, and any other newspaper, journal or industry publication as the Company and the Monitor consider appropriate, if any; and
- (c) the Monitor, in consultation with the Company, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the opportunity, outlining the SISP Procedures, and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a Confidentiality Agreement, in each case in form and substance satisfactory to the Company.

The Monitor, with the assistance of the Company, will publish the Notice and send the Teaser Letter, Confidentiality Agreement, and Acknowledgement of the SISP to all Known Potential Bidders as soon as reasonably practicable following the date on which the SISP Order is granted and to any other party who requests a copy of the Teaser Letter, Confidentiality Agreement, and Acknowledgement of the SISP, or who is identified to the

Company or the Monitor as a potential bidder, as soon as reasonably practicable after such request or identification, as applicable.

6. **Role of Management of the Company**

If any party who is: (a) associated with the Board of Directors or management of the Company, (b) the DIP Lender, or (c) an affiliate of the Company, intends to submit a Binding Bid pursuant to the SISP, any such party must advise the Monitor of such intention in writing by May 17, 2024. Any such party(ies) shall be entitled to participate in the SISP as an Interested Party, provided that, and only to the extent that, such party(ies) shall: (a) be excluded from participating in the SISP in any manner or capacity that would be reasonably likely to create an unfair advantage for any party or otherwise jeopardize the integrity of the SISP, as determined by the Monitor in its sole discretion; and (b) be subject to such restrictions as the Monitor, in its sole discretion, determines to be necessary to ensure compliance with (a).

7. **Role of the Monitor**

The Monitor's responsibilities pursuant to the SISP include:

- (a) consulting with the Company in connection with the SISP Procedures and the closing of the transaction contemplated in the Successful Bid(s);
- (b) assisting the Company with supervision of the SISP Procedures;
- (c) reporting to the Court in connection with the SISP Procedures, including the bidding procedures described in this SISP, and the closing of the transaction contemplated in the Successful Bid(s); and
- (d) assisting the Company to facilitate information requests, including assisting the Company in preparing or modifying financial information to assist with the bidding procedures described in this SISP and the closing of the transaction contemplated in the Successful Bid(s).

8. **Access to Due Diligence Materials**

Only Interested Parties that satisfy the Participant Requirements will be eligible to receive access to the Data Room.

The Monitor, with the assistance of the Company, will be responsible for the coordination of all reasonable requests for additional information and due diligence access from Interested Parties. Neither the Company nor the Monitor shall be obligated to furnish any due diligence information after the Bid Deadline, provided however that the Company and the Monitor may, but are not obligated to, provide further information including, without limitation, financial information to the Successful Bidder. Neither the Company nor the Monitor are responsible for, and will bear no liability with respect to, any information

obtained by any party in connection with the sale of the Assets and the Business, or an investment in the Company.

9. **Bid Deadlines**

An Interested Party that wishes to make a Binding Bid to: (a) acquire the Business or all, substantially all or any part of the Assets, including any offer to acquire some or all of the Company' intellectual property, accounts receivable and furniture, fixtures and equipment (a "**Sale Proposal**"); or (b) make an investment in the Company by way of private issuances, sale or placement of newly issued or treasury equity, equity-linked or debt securities, instruments or obligations of the Company with one or more lenders and/or investors or security holders (an "**Investment Proposal**"), must deliver an executed copy of a Binding Bid to the Monitor, at the email address specified in Schedule "B", so as to be received by it **not later than 5:00 p.m. (Eastern Time) on June 17, 2024**, or such other later date or time as may be agreed by the Monitor, in consultation with the Company (the "**Bid Deadline**").

10. **Participant Requirements.**

To participate in the SISP and to otherwise be considered for any purpose hereunder, each Interested Party must provide the Company and the Monitor with an executed copy of each of the following prior to being provided with access to the Data Room: (a) a Confidentiality Agreement; and (b) an Acknowledgement of the SISP (collectively, the "**Participant Requirements**").

11. **Qualified Bid Requirements**

Only Interested Parties who submit a Qualified Bid shall be considered by the Monitor, in consultation with the Company. To be considered a Qualified Bid, a Binding Bid must satisfy all of the following requirements in form and substance satisfactory to the Monitor, in consultation with the Company:

- (a) **Irrevocable Bid:** A cover letter stating that the Binding Bid is irrevocable until Court approval of the Successful Bid(s), provided that if such bidder is selected as the Successful Bidder or the Back-Up Bidder, its Binding Bid shall remain irrevocable until the Back-Up Bid Expiration Date (as defined below), which cover letter includes:
  - (i) **Sale Proposal:** In the case of a Sale Proposal, a duly authorized and executed definitive purchase agreement, together with all completed schedules thereto substantially in the form of the Form Purchase Agreement, together with a blackline comparing the purchase agreement submitted to the Form Purchase Agreement; and
  - (ii) **Investment Proposal:** In the case of an Investment Proposal, a duly authorized and executed binding term sheet;



- (b) Unconditional Bid: Evidence that it is not conditioned on: (i) the outcome of unperformed due diligence; (ii) obtaining financing; and/or (iii) any other material closing conditions;
- (c) Proof of Financial Ability to Perform: Written evidence upon which the Company and the Monitor may reasonably conclude that the bidder has the necessary financial ability to fully fund and consummate the transaction contemplated by the Binding Bid, and satisfy its obligations under the definitive purchase agreement, including: (i) binding equity/debt commitment letters and/or guarantees (*i.e.*, bank guarantees) covering the full value of all cash consideration; (ii) evidence of the bidder's internal financial resources; and/or (iii) any such other form of financial disclosure or credit-quality support information or enhancement requested by and reasonably acceptable to the Company and the Monitor demonstrating that the bidder has the ability to close the contemplated transaction;
- (d) Acknowledgment: An acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents regarding the Company, the Business and/or the Assets to be acquired, or liabilities to be assumed in making its Binding Bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties conditions or guaranties whatsoever, whether express or implied (by operation of law or otherwise) by the Company, the Monitor or any of their respective employees, directors, officers, agents, advisors or other representatives, regarding the Company, the Business, the Assets to be acquired, liabilities to be assumed, or the completeness of any information provided in connection therewith, except as expressly provided in any definitive transaction documents; and (iii) promptly, at its own expense, will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating in the cannabis sector;
- (e) Authorization: Evidence, in form and substance reasonably satisfactory to the Company and the Monitor, of authorization and approval from the Interested Party's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Binding Bid, and confirmation that any other required approvals have been obtained;
- (f) Employees: If applicable, full details of the proposed number of employees of the Company who will become employees of the bidder if determined to be the Successful Bidder and the proposed terms and conditions of employment to be offered to those employees;
- (g) Other: Such other information as may reasonably be requested by the Company or the Monitor; and
- (h) Bid Deadline: The Binding Bid is received by the Monitor, at the address specified in Schedule "B" hereto (including by email) on or before the Bid Deadline.

12. **Evaluation of Qualified Bids and Subsequent Actions**

The Monitor, in consultation with the Company, shall evaluate Qualified Bids on various grounds with a view to selecting the best or otherwise highest bid, including, but not limited to: (a) the purchase price or imputed or projected value, (b) the treatment of creditors and related implied recovery for creditors (in each case, as applicable), (c) the assumed liabilities, (d) the number of employees assumed, (e) the certainty of closing the transactions contemplated by the Qualified Bid on or before the Outside Date, (f) any delay or other risks (including closing risks) in connection with the Qualified Bids, and (g) any other factors considered to be relevant by the Monitor. The Qualified Bid selected by the Monitor, in consultation with the Company, as the best or highest bid based on the factors enumerated herein, shall constitute the “Successful Bid” and such Qualified Bidder, the “Successful Bidder”.

The Monitor, in consultation with the Company, shall have the option to aggregate Portion Bids into an Aggregate Bid.

The Company may conditionally accept one or more (if for distinct and compatible transactions that are Portion Bids) Qualified Bids, which acceptance will be conditional upon the failure of the transaction(s) contemplated by the Successful Bid to close (the “**Back-up Bid**”, and Qualified Bidder making such Back-up Bid being the “**Back-Up Bidder**”).

Following the selection of the Successful Bid, the Company shall take such steps as may be necessary to finalize definitive transaction documents for the Successful Bid(s) with the Successful Bidder(s) prior to Court approval of the Successful Bid.

As soon as reasonably practicable and by no later than June 21, 2024, the Monitor, in consultation with the Company, shall advise the Qualified Bidders if Successful Bid(s) and Back-Up Bid(s) have been accepted, or conditionally accepted, as the case may be.

**APPROVAL MOTION**

13. **Approval Motion**

The Company shall use reasonable efforts to bring a motion to the Court to approve the Successful Bid(s) and Back-Up Bid(s) as soon as practicable following the determination by the Monitor, in consultation with the Company, of the Successful Bidder(s) and the execution of definitive documents (the “**Sale Approval Hearing**”). The Company will be deemed to have accepted the Successful Bid(s) only when it has been approved by the Court. All Qualified Bids (other than the Successful Bid(s) and the Back-Up Bid(s)) shall be deemed rejected by the Company on and as of the date of approval of the Successful Bid(s) by the Court.

14. **Back-Up Bidder**

If a Successful Bidder fails to close the transaction contemplated by the Successful Bid(s) on or before the Outside Date for any reason, then the Company will be deemed to have

accepted the Back-Up Bid(s) and will proceed with the transaction pursuant to the terms thereof. The Back-Up Bid(s) shall remain open for acceptance until the closing of the Successful Bid(s), or such other later date as the Company and the Back-Up Bidder may agree, acting reasonably (the “**Back-Up Bid Expiration Date**”).

## **MISCELLANEOUS**

### 15. **Information From Interested Parties**

Each Interested Party shall comply with all reasonable requests for additional information by the Company or the Monitor regarding such Interested Party and its proposed transaction. Failure by an Interested Party to comply with requests for additional information will be a basis for the Monitor, in consultation with the Company, to determine that the Interested Party is not a Qualified Bidder.

### 16. **Deposits**

All deposits shall be held by the Monitor in a single interest-bearing account designated solely for such purpose. A deposit made by a Successful Bidder shall be dealt with in accordance with the definitive documents for the transactions contemplated by the Successful Bid. Deposits, and any interest earned thereon, paid by Qualified Bidders not selected as either a Successful Bidder or a Back-Up Bidder shall be returned to such Bidders as soon as practicable, and in any event no later than seven (7) Business Days following Court approval of the Successful Bid. In the case of Back-Up Bid(s), the deposit and any interest earned thereon shall be retained by the Monitor until the Back-Up Bid Expiration Date and returned to the Back-Up Bidder as soon as practicable, and in any event no later than seven (7) Business Days thereafter or, if a Back-Up Bid becomes a Successful Bid, shall be dealt with in accordance with the definitive documents for the Back-Up Bid.

### 17. **Modifications and Termination**

The Monitor, in consultation with the Company, shall have the right to adopt such other rules for the SISP Procedures (including rules that may depart from those set forth herein) that will better promote the sale of the Business or all or any part of the Assets or investment in the Company under this SISP. The Company, in consultation with the Monitor, shall apply to the Court if it wishes to materially modify or terminate the process set out in this SISP. For certainty, any amendments to the Bid Deadline or other dates set out in this SISP shall not constitute a material modification, provided that any extensions to the Bid Deadline are not longer than seven calendar days.

### 18. **Other**

Neither the Company nor the Monitor shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the consummation of any of the transactions contemplated under the SISP arising out of any agreement or arrangement entered into by the parties that submitted the Successful Bid(s) and Back-Up Bid(s). Any

such claim shall be the sole liability of the parties that submitted such Successful Bid(s) and Back-Up Bid(s).

Neither the Company nor the Monitor shall have any liability whatsoever to any person or party, including without limitation, to any Known Potential Bidder, Interested Party, Qualified Bidder, a Successful Bidder or Back-Up Bidder, or any creditor, or other stakeholder, for any act or omission related to this SISIP. By submitting a Binding Bid, each Interested Party shall be deemed to have agreed that it has no claim against the Company or the Monitor for any reason, matter or thing whatsoever related to this SISIP.

**SCHEDULE “A”**

**Acknowledgement of the SISP**

The undersigned hereby acknowledges receipt of the Sale and Investor Solicitation Process approved by the Order of the Honourable Justice Steele of the Ontario Superior Court of Justice (Commercial List) dated May 2, 2024 (the “**SISP**”) and that compliance with the terms and provisions of the SISP is required in order to participate in the SISP and for any Bids to be considered by the Company.

This \_\_\_\_ day of \_\_\_\_\_, 2024.

[NAME]

By:

\_\_\_\_\_  
[Signing Officer]

**SCHEDULE "B"**  
**ADDRESS PARTICULARS**

**msi Spergel Inc.**

200 Yorkland Blvd., Suite 1100  
Toronto, Ontario M2J 5C1

Attention: Frank Kisluk | Mukul Manchanda  
Phone: (647) 288-7636 | (416) 498-4314  
Email: fkisluk@spergel.ca | mmanchanda@spergel.ca

**With a copy to:**

**Reconstruct LLP**

200 Bay Street Suite 2305  
Toronto, Ontario M5J 2J3

Attention: Caitlin Fell | Jared Rosenbaum  
Phone: 416-613-8282 | 416-613-8284  
Email: cfell@reconllp.com | jrosenbaum@reconllp.com

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  
**CANNMART LABS INC.**

Court File No.: Court File No. CV-24-  
[XXXXXX]-CL

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

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**SISP ORDER**

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**Thornton Grout Finnigan LLP**  
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Lawyers for the Applicant

# **TAB 7**



***ONTARIO***

**SUPERIOR COURT OF JUSTICE**

**(COMMERCIAL LIST)**

IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF CANNMART LABS INC. OF THE CITY OF TORONTO IN THE  
PROVINCE OF ONTARIO

**CONSENT**

msi Spergel inc., of the City of Toronto, Ontario, hereby consents to act as the court-appointed monitor of CannMart Labs Inc. pursuant to the terms of an order substantially in the form filed in the above proceeding.

DATED at Toronto, this 26<sup>th</sup> day of April, 2024.

msi Spergel inc., solely in its capacity as Monitor and not in its  
personal capacity

Per:



---

Name: Mukul Manchanda

Title: Managing Partner

I have the authority to bind the corporation

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CANNMART LABS INC., OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

Court File No.: BK-24-03063478-0031  
Estate File No. 31-3063478

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**MOTION RECORD**  
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