

ACQUISITION OPPORTUNITY

CannMart Labs Inc.

Opportunity

An opportunity exists to potentially invest in or acquire all or part of the business and assets of CannMart Labs Inc. (“**CannMart Labs**” or the “**Company**”).

By initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), made on May 2, 2024, msi Spergel inc., as Court-appointed Monitor of the Company (the “**Monitor**”), was authorized to undertake the marketing and solicitation of bids for an investment in the Company or a sale of the assets, property and undertakings of the Company (the “**Sale Process**”).

Business Overview and Description of Assets

CannMart Labs is a licensed cannabis producer in accordance with the *Cannabis Act*, S.C. 2018, c. 16 (the “**Act**”) and the *Cannabis Regulations* SOR/2017-144 (the “**Regulations**”) that specializes in developing butane hash oil (“**BHO**”) extracts.

BHO extracts are a concentrated extraction of cannabis that is used in topical treatments, liquids in vaping, edibles, and other cannabis-related products (collectively the “**Cannabis Products**”).

CannMart Labs sources cannabis biomass from other licensed producers and extracts the biomass to produce the BHO extract. The BHO extracts may be sold as a stand-alone product, or they can be used to increase the potency of other Cannabis Products.

CannMart Brands

The BHO extracts produced by CannMart Labs are packaged under the brand names “Roilty” and “Zest Cannabis”. These trademarks are owned by CannMart Inc., an affiliate of CannMart Labs. CannMart Inc. sells the Cannabis Products produced by the Company to the various provincial entities across Canada that are responsible for distribution to retailers. CannMart Labs and CannMart Inc. are both subsidiaries of Lifeist Wellness Inc., a publicly traded company. The business and assets of Lifeist Wellness Inc. and CannMart Inc. are not part of the Sales Process.

Cannabis License

CannMart Labs’ license is valid until February 12, 2026. The License is for the possession, production, and sale of cannabis at CannMart Labs’ facility at 7 Canso Road (the “**Facility**”).

The License permits CannMart Labs to undertake the following activities at the Facility:

- possess cannabis;

- obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by production, other than by cultivating, propagating or harvesting; and
- sell cannabis in accordance with subsection 17(5) of the Regulations.

Excise Cannabis License

CannMart Labs' cannabis license under the *Excise Act, 2001* (Canada) (the "**Excise License**") expires on May 17, 2024. However, the Canada Revenue Agency has agreed to extend the Excise License for the duration of the proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c C-36 ("**CCAA**").

Company Highlights

- Incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16
- Year Established: 2018
- Head Office Location: 18 Canso Road, Toronto, Ontario M9W 4L8
- Operating Facility: 7 Canso Road, Toronto, Ontario M9W 4L8

Bid Process

Under the Sale Process, all qualified interested parties will be provided with an opportunity to participate. The Sales Process is intended to solicit interest in a restructuring, investment or sale of all or part of the assets and/or business of the Company, which may include a merger, reorganization, recapitalization, primary equity issuance, or other similar transaction.

If you are interested in pursuing this opportunity for the Company's right, title and interest in the business and assets of the Company, please execute the attached confidentiality agreement ("**NDA**") and return it to the Monitor to the attention of Frank Kisluk (e-mail: fkisluk@spergel.ca)

The Monitor has prepared an online data room to provide additional information on the Company and this opportunity. Access to the online data room is available to prospective purchasers who execute and return the attached NDA.

The deadline for the submission of offers is June 17, 2024 at 5:00 pm (Eastern Time).

In due course, the online data room will include a standard asset purchase agreement ("**Purchase Agreement**"). Bidders are encouraged to submit their offers using the Purchase Agreement, making appropriate revisions to reflect the specifics of their offer.

The Monitor reserves the right to amend or terminate this offering at any time. The Monitor nor the Company is under any obligation to accept the highest or any offer.

All communications relating to this opportunity should be directed to:

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CannMart Labs Inc.

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