

**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 BZAM LTD., BZAM HOLDINGS INC., BZAM
MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE
INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC
DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING
CORP. AND FINAL BELL CORP.

Applicants

RESPONDING RECORD

March 28, 2024

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TO: THE SERVICE LIST

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TAB 1

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Applicants

**AFFIDAVIT OF MATTHEW MILICH
(Sworn March 25, 2024)**

I, Matthew Milich, of the City of Long Beach, in the State of California, **MAKE OATH
AND SAY:**

1. I am the Chief Executive Officer of BZAM Ltd. ("**BZAM**"), which wholly-owns or has a controlling interest in each of the other applicants in this proceeding (collectively with BZAM, the "**Applicants**"). I was directly involved in the transaction under which BZAM acquired all of the issued and outstanding shares of Final Bell Canada Inc. ("**FBC**") from Final Bell Holdings International Ltd. ("**Final Bell**") pursuant to a share exchange agreement between Final Bell, FBC and BZAM dated December 5, 2023 (the "**Share Exchange Agreement**"), a copy of which is attached as **Exhibit "A"**. I refer to this transaction as the "**FBC Acquisition**" below. As such, I have personal knowledge of the facts set out in this affidavit, except where otherwise indicated to be based on information provided to me by others or from reviewing a document, in which case I state the source of the information and I believe that information to be true. Nothing in this affidavit is intended to waive any privilege of any kind including, without limitation, any privilege

attaching to any communications between any of the Applicants and their legal counsel, other professional advisors or otherwise.

2. I have reviewed the affidavit of Kay Jessel sworn March 18, 2024 (the "**Jessel Affidavit**") and the affidavit of Keith Adams sworn March 18, 2024 (the "**Adams Affidavit**", and together with the Jessel Affidavit, the "**Final Bell Affidavits**") delivered on behalf of Final Bell in connection with its motion seeking rescission of the FBC Acquisition under which its wholly-owned Canadian subsidiary, FBC, was acquired by BZAM prior to the commencement of these CCAA proceedings.

3. Aspects of the Final Bell Affidavits are incorrect and incomplete. Below I respond to various assertions in the Final Bell Affidavits and address various omissions in those affidavits. In the interest of brevity, I have not addressed every issue raised in or omitted from the Final Bell Affidavits, and I should not be taken to agree with statements in the Final Bell Affidavits simply because I have not responded to them here.

4. This affidavit is supplemental to my affidavit sworn February 28, 2024 (the "**First Affidavit**") in support of the Applicants' urgent application for an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). The First Affidavit summarizes, among other things, the corporate structure of the Applicants, the business of the Applicants, the financial position of the Applicants, various other matters relating to the Applicants, the relief requested under the Initial Order and the relief to be requested at the comeback hearing. Justice Osborne granted the Initial Order on February 28, 2024, a copy of which is attached as **Exhibit "B"**, along with His Honour's endorsement of the same date.

5. This affidavit is also supplemental to my affidavit sworn March 1, 2024 (the "**Second Affidavit**") in support of the Applicants' motion for an amended and restated initial order (the "**ARIO**") and an order approving a proposed sales and investment solicitation process (the "**SISP Approval Order**"). The Second Affidavit summarizes, among other things, the relief sought under the ARIO and the SISP Approval Order. Justice Osborne granted the ARIO and the SISP Approval Order on March 8, 2024, copies of which are attached as **Exhibit "C"**, along with His Honour's endorsement of the same date.

6. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the First Affidavit, the Second Affidavit or the Share Exchange Agreement.

7. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

8. I discuss the following issues below in my response to the Final Bell Affidavits:

- I. Background to the FBC Acquisition;
- II. BZAM's known financial condition at the time of entering into the Share Exchange Agreement;
- III. Final Bell's baseless allegations concerning forward-looking information;
- IV. FBC's financial condition and its need for a financial lifeline;
- V. The integration of FBC into BZAM pre- and post-closing of the FBC Acquisition;
- VI. The timing of BZAM's consideration of restructuring options; and

VII. How the relief Final Bell seeks would prejudice, among others, arm's length third parties, particularly Cortland Credit Lending Corporation ("**Cortland**"), BZAM's first secured lender and the DIP Lender in the CCAA proceedings.

I. BACKGROUND TO THE FBC ACQUISITION

9. As set out in the Final Bell Affidavits, BZAM and Final Bell entered into a letter of intent under which BZAM expressed its interest in acquiring all of the issued and outstanding shares of FBC. Attached as **Exhibit "D"** is the final, mutually executed letter of intent dated October 31, 2023, which was signed by Final Bell on November 1, 2023 (the "**LOI**").

10. However, omitted from the Final Bell Affidavits is any mention of the fact that the parties had been in discussions about a potential transaction before this time. In particular, the parties began exploring a potential transaction in or around early October 2023.

11. On or about October 6, 2023, I was connected by email to Greg Boone (then CEO of FBC) by a mutual contact, Keith Merker, who was a director of BZAM at the time. Mr. Boone and I then exchanged emails to schedule an introductory meeting shortly afterwards. Attached as **Exhibit "E"** is a copy of that correspondence.

12. On or about October 11, 2023, I had a call with Mr. Boone. On that call, Mr. Boone brought up that FBC was pursuing a new product launch—specifically, the launch of infused pre-rolled joints under the Jeeter brand (the "**Jeeter Launch**") for which FBC had recently secured a licensing deal and for which a large load-in with the Ontario Cannabis Retail Corporation (operating as the Ontario Cannabis Store) was required by late January/early February 2024. I subsequently learned, however, that the license agreement was in fact not signed by the parties

until on or about November 16, 2023. As Final Bell and Mr. Boone knew, BZAM had at one time sought the same licensing deal, but Jeeter ultimately decided to partner with FBC.

13. During the October 11th call, Mr. Boone indicated FBC's need for operational and financial help, particularly with the cost-intensive Jeeter Launch on the horizon. We discussed the idea of a potential M&A transaction between FBC and BZAM. We also discussed a potential in-person meeting between myself and Tom Fornarelli (a co-founder of Final Bell) to further explore and advance discussions around a potential transaction of this nature.

14. On or about October 21, 2023, I met with Mr. Fornarelli at the Final Bell facility in Van Nuys, California to further discuss a potential way forward that could assist Final Bell with the operational and financial support it needed and was seeking in respect of FBC. In dealing with Final Bell, it was my understanding that Mr. Fornarelli was the *de facto* leader of the company.

15. At the October 21st meeting, Mr. Fornarelli and I discussed the possibility of a share exchange transaction between Final Bell and BZAM under which BZAM would acquire all of the shares of Final Bell's Canadian business, FBC. In exchange, it was contemplated that Final Bell (and/or its affiliates) would receive equity in BZAM. There was also contemplation of BZAM assuming some portion of debt owing by FBC to its parent and/or affiliates.

16. On October 22, 2024, I delivered a draft letter of intent expressing BZAM's interest in this form of transaction to Final Bell. A copy of this correspondence and the enclosed draft letter of intent are attached as **Exhibit "F"**.

17. On or about October 26, 2023, I met again with Mr. Fornarelli, and other Final Bell personnel (including Final Bell CEO Robert Meyer) at the Final Bell facility in Van Nuys.

Following that meeting, at which we discussed the draft letter of intent, I sent a revised draft to Mr. Fornarelli and Mr. Meyer. This correspondence is attached as **Exhibit "G"**.

18. Over the next several days, Mr. Meyer and I exchanged comments regarding the draft letter of intent. This correspondence is attached as **Exhibit "H"**.

19. On October 30, 2023, Mr. Meyer provided a revised draft letter of intent and a mutual Non-Disclosure Agreement between Final Bell and BZAM (the "**NDA**") in contemplation of "exchanging further information". A copy of Mr. Meyer's correspondence is attached as **Exhibit "I"**, with the revised draft letter of intent he enclosed attached as **Exhibit "J"**.

20. The parties ultimately agreed to the LOI and NDA, and Final Bell executed both concurrently on November 1, 2023. The mutually executed copy of the NDA is attached as **Exhibit "K"**.

21. Under the LOI, it was contemplated that the parties would enter into a definitive agreement by November 22, 2023 (or such as other time or date as may be agreed to in writing by the parties).

22. While the Final Bell Affidavits omit any reference to the period and circumstances preceding the signing of the LOI and NDA, it was Final Bell that initiated discussions between the parties about a potential transaction and was most interested in a transaction given its need for operational and financial support as it related to FBC.

23. Final Bell was at all material times represented by sophisticated legal counsel in connection with the FBC Acquisition, including at the time Final Bell signed the LOI and NDA, and at all material times since. In particular, Final Bell was represented by Sangra Moller LLP, a law firm

based in Vancouver that holds itself out as "a leading corporate and securities law firm representing local, national and international clients".

24. In introducing BZAM to the Final Bell "deal team" on November 1, 2023, Mr. Meyer noted that Mr. Adams was Final Bell's Chief Financial Officer, and that he led the Final Bell senior finance team comprising at least several individuals: Ariel Wessling, Jimmy Nguyen and Kiarash Hessami, each of whom was copied on Mr. Meyer's email. It was in this email that Mr. Meyer also introduced Final Bell's legal counsel as part of the deal team (though Final Bell's legal counsel was also copied on earlier correspondence, including when Final Bell sent the revised draft letter of intent and the NDA to BZAM on October 30, 2023). A copy of this email correspondence is attached as **Exhibit "L"**.

25. As set out in the Final Bell Affidavits, Mr. Adams (and, subsequently, Mr. Jessel), who led the diligence efforts on behalf of Final Bell, had extensive qualifications and experience in transactions of this nature (with Mr. Adams being a Certified Public Accountant and Certified Management Accountant with over forty years of experience, including several executive roles in the cannabis integration and supply chain management space, and also having served as Chief Financial Officer or Chief Accounting Officer of various public and private companies; and Mr. Jessel having worked in investment banking, private asset management and investor relations, having raised hundreds of millions of dollars for public and private companies worldwide, and having also held director positions with various public and private companies in North America and Europe).

26. At all times, I understood Final Bell and the individuals representing it to be sophisticated parties with significant experience and expertise in transactions of the nature contemplated under the LOI and, ultimately, the Share Exchange Agreement.

27. Between the signing of the LOI and NDA (on November 1, 2023) and the signing of the Share Exchange Agreement (on December 5, 2023), BZAM and Final Bell exchanged certain financial information relevant to the FBC Acquisition.

28. The documentation and information provided by BZAM to Final Bell in the lead up to the signing of the Share Exchange Agreement was shared pursuant to and in reliance upon the terms of the NDA.

29. In connection with the FBC Acquisition, BZAM engaged Clarus Securities Inc. ("**Clarus**"), a reputable investment bank, as its financial advisor. Clarus was engaged to provide advice on the FBC Acquisition and, among other things, prepare a combined *pro forma* model for the to-be-combined business based on standalone models for each company, including the model for FBC that Final Bell had prepared and provided to BZAM. A copy of FBC's standalone model provided by Final Bell is attached [REDACTED]. Throughout the process, BZAM relied on Clarus' expertise and financial modelling with respect to the FBC Acquisition.

30. At Final Bell's request, a copy of the confidential *pro forma* combined model prepared by Clarus for BZAM's use was provided to it on November 21, 2023 and the confidential standalone BZAM model was provided on November 30, 2023. Respectively attached [REDACTED] [REDACTED] are the confidential *pro forma* combined model prepared by Clarus and the confidential standalone BZAM model.

31. At no time did BZAM represent that these models should be exclusively relied upon by Final Bell, or relied upon at all. Moreover, in my experience, models of this nature containing forward-looking projections are commonly exchanged in advance of potential M&A transactions. Given that actual results invariably differ from forecasted projections, receiving parties will typically heavily scrutinize models, perform their own sensitivity analysis, and perform other appropriate due diligence.

32. Indeed, Mr. Adams himself seemed to acknowledge the challenges associated with producing a model. As he wrote to me on November 21, 2023 concerning the combined model: “[h]ow is the model coming? Never easy. Just when you think you have it, something else pops its ugly head up.” A copy of this email is attached as **Exhibit "P"**.

33. Of note, on November 29, 2023, Final Bell provided BZAM with an excel spreadsheet detailing FBC's accounts payable, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] A copy of this spreadsheet is attached [REDACTED]

34. As discussed in more detail below, I believe that Final Bell was of the view that it could not continue bearing the operational and financial burden associated with FBC, [REDACTED]
[REDACTED]
[REDACTED] I believe that Final Bell was looking for a partner who could take on the significant historical and future costs of operating FBC and

also provide the operational expertise, infrastructure and other support that FBC required. I believe that this was a primary driver for Final Bell entering into a transaction with BZAM.

35. Ultimately, the parties executed the Share Exchange Agreement on December 5, 2023. BZAM press released the FBC Acquisition the following morning, on December 6, 2023. A copy of this press release is attached as **Exhibit "R"**.

36. Between the signing of the Share Exchange Agreement on December 5, 2023, and the closing of the FBC Acquisition on January 8, 2024, BZAM conducted further due diligence relating to the FBC Acquisition.

37. While the Final Bell Affidavits baselessly assert that Final Bell relied on various representations concerning potential future events allegedly made to it preceding the signing of the Share Exchange Agreement (which I categorically deny and address in more detail below), it appears Final Bell conducted only superficial diligence on BZAM before the signing of the Share Exchange Agreement on December 5, 2023 and virtually no further diligence between the signing of the Share Exchange Agreement and the closing of the FBC Acquisition on January 8, 2024. This is also discussed in more detail below.

II. BZAM'S KNOWN FINANCIAL CONDITION AT THE TIME OF ENTERING INTO THE SHARE EXCHANGE AGREEMENT

38. BZAM has operated at a loss at all material times, including when the Share Exchange Agreement was negotiated and signed. Collectively attached as **Exhibit "S"** are copies of BZAM's audited consolidated annual financial statements for the last three years, which were reviewed quarterly, audited annually by BZAM's independent auditor (KPMG LLP), and publicly disclosed in accordance with the laws and regulations applicable to public companies. As set out in BZAM's

most recent consolidated audited annual financial statements dated April 28, 2023 for the fiscal year ending December 31, 2022, BZAM had a net loss from operations of nearly \$37 million.

39. For the three months ended September 30, 2023, BZAM had a net loss from operations of nearly \$17 million—and for the nine months ended September 30, 2023, a net loss from operations of nearly \$102 million (inclusive of a non-cash impairment charge of approximately \$74 million). Similarly, in 2022, BZAM had a net loss from operations of nearly \$7 million for the three months ended September 30, 2022, and a net loss from operations of about \$27 million for the nine months ended September 30, 2022. Attached as **Exhibit "T"** are BZAM's unaudited consolidated financial statements for the three and nine months ended September 30, 2023, and September 30, 2022. Also attached as **Exhibit "U"** is an email chain of November 22, 2023 by which I sent Mr. Adams these most recent financial statements, among other things. Mr. Adams confirmed receipt later that day.

40. Simply put, BZAM's public financial disclosure has shown significant and sustained losses at all material times.

41. Consistent with the above, and relatedly, a factor made clear in all of BZAM's financial statements is a material uncertainty relating to BZAM's ability to operate as a going concern. For instance, in Note 2 to the most recent consolidated audited annual financial statements (FY2022) attached as Exhibit "S", it states "a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern." Note 2 to the financial statements further provides, in part:

The Company will need to obtain further funding in the form of asset sales, debt, equity or a combination thereof to continue operations for the next twelve months. There can be no assurance that additional funding will be available to the Company,

or, if available, that this funding will be on acceptable terms. If positive operating cash flows are not achieved, debt obligations are not repaid, or adequate funding is not available, the Company will be required to delay, reduce or cease the scope of any or all of its operations.

42. This caution is repeated in the unaudited consolidated financial statements for the three and nine months ended September 30, 2023 attached as Exhibit "T".

43. This is also consistent with the disclosure in BZAM's other public disclosure documents, to which Final Bell had access. For instance, the Management Discussion and Analysis for BZAM dated April 28, 2023 (which are publicly accessible and which Final Bell was also provided prior to the signing of the Share Exchange Agreement), attached as **Exhibit "V"**, provides, among other things, that "[t]here can be no assurance that additional funding will be available to the Company, or, if available, that such funding will be on acceptable terms. If adequate funds are not available, the Company will be required to delay or reduce the scope of any or all of its projects. Management continues to pursue other alternatives to fund the Company's operations and looks to reduce costs... These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern."

44. Final Bell had access to all of BZAM's public disclosures prior to entering into the LOI. Final Bell was also provided with BZAM's consolidated audited annual financial statements along with additional financial disclosure including, among other things, the unaudited financial statements for the three and nine months ended September 30, 2023, prior to entering into the Share Exchange Agreement.

45. On December 5, 2023, prior to signing the Share Exchange Agreement, Final Bell was also provided with a disclosure letter from BZAM, per Section 1.5 of the Share Exchange Agreement (the purpose of which, per Section 1.6, was to "set out the qualifications, exceptions and other

information called for in this Agreement”). The disclosure letter documented, among other things, past-due excise tax and GST liabilities, and six injections of cash (via secured demand promissory notes) from Stone Pine Capital Ltd. ("**Stone Pine**") over the course of 2023. Capital injections from Stone Pine were also disclosed in the financial statements that Final Bell was given.

46. In other words, prior to the parties signing the Share Exchange Agreement, BZAM provided Final Bell with clear disclosure that, among other things, between March and December 2023, Stone Pine had injected approximately \$7,515,000 into BZAM, including \$900,000 on December 4, 2023 (the day before the Share Exchange Agreement was signed). This was consistent with the disclosure in BZAM’s financial statements at the time, which disclosed the ongoing need for continued cash injections to fund BZAM’s business. A complete copy of this disclosure letter is attached as **Exhibit "W"**.

47. Final Bell also had the ability to conduct such further or additional diligence as it deemed necessary or appropriate prior to entering into the Share Exchange Agreement. Among other things, section 3 of the LOI specifically provided that BZAM will "cooperate with [Final Bell] on [its] due diligence of BZAM and its business, operations and financial performance and promptly furnish [Final Bell] and [its] advisors with any materials reasonably requested."

48. Further, as is customary, the Share Exchange Agreement (at section 9.5) also provided Final Bell and FBC with the right to access all of BZAM's books and records and to obtain from BZAM any financial and operating data and other information with respect to BZAM as Final Bell or FBC reasonably requested to enable them to confirm the accuracy of the matters represented and warranted by BZAM in the Share Exchange Agreement.

49. Final Bell was (or at least ought to have been) well-aware of BZAM's financial condition at the time of negotiating and entering into the Share Exchange Agreement. I believe that BZAM's financial statements were prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects BZAM's financial position on a consolidated basis at such dates and the results of operations and changes in financial position on a consolidated basis for the periods then ended, consistent with the representations it made under the Share Exchange Agreement.

50. As set out in the First Affidavit, BZAM's shares were listed for trading on the Canadian Securities Exchange under the symbol "BZAM", and in the United States on the OTCQX under the symbol "BZAMF". Attached as **Exhibit "X"** is a print-out of BZAM's historical share performance from March 2023 onwards, which shows a consistently declining share price throughout that period.

51. Despite having knowledge of BZAM's financial condition, the material uncertainty it would be able to continue as a going concern, its ongoing need for continued capital injections (including from Stone Pine), and the performance of its shares in the capital markets, it appears from the Final Bell Affidavits that Final Bell is now remarkably asserting it effectively ignored or disregarded all of this information and, instead, purportedly took comfort entirely in a *pro forma* combined model based on various assumptions (including forward-looking assumptions about FBC), and other representations allegedly made, before the Share Exchange Agreement was signed, which form no part of the Share Exchange Agreement. I discuss these alleged representations below.

III. FINAL BELL'S BASELESS ALLEGATIONS CONCERNING FORWARD-LOOKING INFORMATION

52. Mr. Adams asserts in his affidavit that he "oversaw and undertook Final Bell's due diligence of BZAM". He then discusses a PowerPoint presentation that I "shared various drafts" of with him in November 2023 (which he calls the "**Project Tower PowerPoint**"). He asserts that this presentation was one of the bases for Final Bell's due diligence. In citing the *pro forma* cash flow statement contained in the Project Tower PowerPoint (which consisted of projections for the to-be-combined business for the next several quarters), he claims that BZAM contradicted the information in BZAM's financial statements concerning BZAM's lack of cash and that, on this basis, Final Bell effectively ignored BZAM's financial statements and all of its other financial disclosure.

53. As Mr. Adams was aware, however, the Project Tower PowerPoint incorporated certain summary information from the *pro forma* model prepared by Clarus, which contained a set of combined forward-looking projections based on, among other things, certain assumptions about the post-purchase integrated business, including about synergies that could be potentially achieved. The projections contained in the Project Tower PowerPoint were derived from the *pro forma* combined model prepared by Clarus (for BZAM's use) based on its financial modelling of the to-be-combined business at that point in time.

54. The FBC model, which was prepared by Final Bell, was, of course, an integral input in the *pro forma* combined model prepared by Clarus. While the Final Bell Affidavits focus almost exclusively on cash flow projections in the Project Tower PowerPoint taken from the *pro forma* combined model, it is important to note what the key building blocks of the *pro forma* combined model were (and were not).

55. The *pro forma* combined model is a forward-looking, three statement model utilizing as inputs the projected income statements, balance sheets and cash flow statements for each of BZAM and FBC. It is built upon: (i) the BZAM standalone model; (ii) the FBC standalone model (which was prepared by Final Bell); and (iii) a myriad of synergy assumptions, many of which were jointly discussed between BZAM and Final Bell.

56. At no point did Mr. Adams, or any Final Bell personnel, raise any concerns at the time the *pro forma* combined model was prepared regarding the reasonableness of those assumptions. I am also not aware of Final Bell having taken any steps to stress test the assumptions and projections in the *pro forma* combined model, nor is any mention made of this in the Final Bell Affidavits.

57. As time went on, it turned out that the forward-looking projections in the *pro forma* combined model varied from actual results in certain material respects, including in terms of both revenue and costs.

58. It defies credulity that Final Bell now characterizes the Project Tower PowerPoint, which contained information from the *pro forma* combined model that was prepared by Clarus for BZAM's own use, based on inputs from Final Bell, and based on mutually discussed assumptions about the to-be-combined business, as a representation by BZAM that Final Bell detrimentally relied upon.

59. While Mr. Adams asserts in the Adams Affidavit that he also "reviewed the BZAM Standalone Spreadsheet carefully" and, in doing so, "noted that BZAM had an almost neutral cash flow from operations, and did not need any external funding", the BZAM standalone model showed that BZAM had projected negative cash flow from operations in many of the future months

with negative net income throughout 2024 and a dwindling cash balance that becomes negative toward the end of the year. Based on the projections in the BZAM standalone model, it ought to have been clear that BZAM would require over \$2 million of external funding in 2024 (provided all of the assumptions upon which the BZAM standalone model was premised turned out to be correct).

60. In any event, as far as I can tell based on the disclosure in the Final Bell Affidavits, the standalone BZAM model formed no part of what is referred to as the "Transaction PowerPoint" that was presented to Final Bell's board of directors in connection with the FBC Acquisition. Rather, it was exclusively summary portions of the *pro forma* combined model included in the Transaction PowerPoint that was presented to Final Bell's board of directors.

61. Additionally, although Mr. Adams insinuates in his affidavit that BZAM misrepresented that it "expected to sell its Edmonton property for over \$10 million", BZAM in fact listed this property for sale for \$10.8 million in or around August 2023. The property remained listed at the time of the Project Tower PowerPoint and *pro forma* combined model in November 2023, with the expectation that it would soon sell at or close to the list price. A copy of the listing agreement for this property, dated August 15, 2023, is attached as **Exhibit "Y"**. A copy of the sales brochure for this property is attached as **Exhibit "Z"**. I understand there has recently been an offer on the property for a purchase price close to the list price. BZAM reasonably anticipated that the Edmonton property would sell sooner than it has.

62. Similarly, Mr. Jessel asserts in the Jessel Affidavit that a presentation he calls the "Transaction PowerPoint" misrepresented BZAM's projected future growth and the certainty with which the Cortland Credit Facility would be renewed (among other things). This Transaction

PowerPoint, however, was prepared by Final Bell, and to my knowledge, neither I nor anyone at BZAM had seen this document until it was included in the Final Bell Affidavits.

63. While some contents of the Transaction PowerPoint appear to be directly copied from the Project Tower PowerPoint and/or the *pro forma* combined model that were prepared by Clarus for BZAM's use,¹ other content in the Transaction PowerPoint appears to have been produced by Final Bell, and cannot be attributed to BZAM. For instance, the Transaction PowerPoint (prepared by Final Bell) notes that "[c]onservative revenue numbers [were] used" (in the *pro forma* combined model prepared by Clarus); however, to the best of my knowledge, neither BZAM nor Clarus advised Final Bell that this was the case.

64. In any event, in the Transaction PowerPoint prepared by Final Bell, Final Bell specifically noted that "working capital management and the risks associated with integration may lead for [*sic*] the financial projections to be lower than expected". Based on this statement and all the other circumstances, I believe Final Bell knew that forward-looking projections in the Project Tower PowerPoint and/or the *pro forma* combined model could vary from actual results. Final Bell also failed to advise BZAM of the extent to which it now claims to have relied upon projections in the Project Tower PowerPoint and/or *pro forma* combined model.

65. Further, from my experience, I believe it is commonly known that forecasting future financial performance is particularly difficult for cannabis companies given the relatively nascent,

1. An email from Mr. Adams to myself and Mr. Bovingdon in which he asks me for a "board deck that [he] could leverage with the financials trended graphically etc." is attached as **Exhibit "AA"**.

unique and regulation-intensive environment in which they operate. Among other things, the nature of sales arrangements with provincial distributors makes forecasting challenging given that the vast majority of sales do not involve long-term purchase orders. Instead, purchasing arrangements with these distributors are typically made on a purchase order by purchaser order basis. Likewise, with respect to costs, there are a host of challenges associated with forecasting future costs that are particularly acute in the cannabis industry. This is attributable to, among other things, the significant and variable costs associated with operating a highly regulated business, the variability inherent in producing a plant-based product, the variability in working capital demands given the production and sales cycles as well as the excise tax cost and long cash-collection cycle, and other factors.

66. Given the inherent difficulty in accurately calculating forward-looking estimates in the cannabis industry (particularly for any extended period), in my experience, forward-looking information is generally viewed with caution in this industry. I believe that any sophisticated cannabis industry participant would understand this.

67. Messrs. Adams and Jessel also allege that BZAM misrepresented the risk of the Cortland Credit Facility not being extended. Mr. Adams alleges that BZAM "would have known" of such a risk prior to the closing of the Share Exchange Agreement on January 8, 2024, and should have disclosed it by then. However, at no point prior to February 2024 did BZAM have any reasonable basis to believe that the Cortland Credit Facility would not be extended. And, importantly, Cortland never declined or refused to extend the Cortland Credit Facility. Rather, since the Facility was due to mature (or be extended) in March 2024 – a fact well-known to Final Bell – and BZAM entered CCAA proceedings in February 2024, the possibility of extending the facility past March 2024 was superseded by intervening events.

68. As addressed in more detail below, BZAM did not anticipate needing to enter CCAA proceedings at the time it may have discussed the prospect of extending the Cortland Credit Facility. To be clear, neither I nor anyone else of which I am aware at BZAM had any basis to believe that Cortland would not have extended the Facility past March 2024 (as it had done previously).

69. At no point, contrary to Mr. Adams' assertions, was he ever "assured" by BZAM with certainty that it "would be able to get a 15-month extension to the Cortland Credit Facility". At most, BZAM personnel expressed their belief that the Facility would be extended, which was reasonable at the time given all the circumstances, including, in particular, Cortland's past conduct in extending the Facility. As is clear from BZAM's December 5, 2023 disclosure letter, Cortland had amended the Facility first entered into on September 29, 2021 with The Green Organic Dutchman Ltd. ("**TGOD**") numerous times. Cortland extended the maturity date of the Facility four times previously. Accordingly, to the extent there was any representation by BZAM that it believed the Cortland Facility would likely be extended, this was a reasonably held belief.

70. Moreover, despite having the ability to seek assurances from Cortland that the Facility would be extended, as well as the ability to build this into the Share Exchange Agreement as a condition to closing, Final Bell elected not to do so. In my experience, if this were an important factor for Final Bell in agreeing to the FBC Acquisition, it would have sought formal assurance that the Facility would be extended. It never did so. As noted above, Final Bell was at all times represented by counsel, including when negotiating the terms of the Share Exchange Agreement (e.g., the conditions to closing at Article 8).

71. When BZAM transacted with TGOD in 2022, it was a condition to closing that the facility be extended and, prior to closing that transaction, the facility was in fact extended. Attached as **Exhibit "BB"** is a copy of the share exchange agreement between BZAM and TGOD dated October 18, 2022 (the "**TGOD Share Exchange Agreement**"), which contains this condition to closing at section 8.1(p) (providing that the terms of TGOD's facility with Cortland would be amended or waived to the satisfaction of BZAM). Attached as **Exhibit "CC"** is the amended facility with the extended maturity date (*see* section 2.7), which was obtained prior to closing the transaction under the TGOD Share Exchange Agreement. The TGOD Share Exchange Agreement was provided by BZAM to Final Bell as part of the diligence materials prior to Final Bell signing the Share Exchange Agreement. Yet, Final Bell sought no such assurance in connection with the FBC Acquisition.

72. To the best of my knowledge, at no time did Final Bell even seek any kind of informal assurance from Cortland that the Facility would likely be extended past March 2024. As noted, Final Bell well-knew that the maturity date of the Facility was March 2024.

73. Mr. Adams alleges in the Adams Affidavit that the Project Tower PowerPoint showed that approximately \$5-7 million would be "available" to BZAM under the Cortland Credit Facility. He suggests that this was another representation on which Final Bell supposedly detrimentally relied. This is incorrect, since—as I had explained to Mr. Adams at the time and is, in any event, clear in the terms of the Credit Facility (which was available to Final Bell at the time, and which has remained available to it at all times since)—the \$5-7 million figure is "available" only insofar as there is available collateral (accounts receivable) to borrow against. Attached as **Exhibit "DD"** are BZAM's borrowing base calculations under the Cortland Credit Facility as at November 17, 2023 (with certain redactions for confidential/commercially sensitive information), which show

over \$7 million "available" for borrowing under the Cortland Credit Facility (contingent on BZAM having sufficient accounts receivable that could serve as collateral to borrow against).

74. Finally, Mr. Adams' allegation that BZAM misrepresented its excise tax and GST liabilities is also incorrect. His supposed failure to understand "how BZAM's excise tax arrears could have increased by more than \$2.5 million between the closing of the FBC sale on January 8, 2024 and the date of the [First] Affidavit on February 28, 2024" is difficult to understand. Given the passage of time, BZAM's excise tax liabilities are bound to evolve, fluctuate, and potentially increase.

75. Between the time of the disclosure letter on December 5, 2023 and February 15, 2024, BZAM's excise tax liability increased in the ordinary course of business by approximately \$2.7 million (from approximately \$6,356,000 to approximately \$9,000,000). In particular, a total of approximately \$3.7 million in new excise tax liabilities were created in and around this period, with approximately \$1 million having been paid against excise tax liabilities throughout this time. Worth noting is that, in any given month, BZAM might be expected to create \$3-4 million in new excise tax liabilities. The CRA requires companies to maintain a security deposit, the amount of which is intended to cover their highest anticipated excise tax liability in any given month. Collectively, the BZAM entities maintain security (through deposits and surety bonds) of more than \$4.7 million with the CRA for this purpose. \$2.7 million in new excise tax liabilities as at February 15, 2024 ought to have been reasonably expected.

76. As it relates to the alleged undisclosed GST liability of approximately \$923,851, this amount was not included in BZAM's December 5th disclosure letter because it related to tax incurred on an intercompany transfer of inventory for which BZAM reasonably anticipated there

would be no tax consequences (given that, while a liability would be incurred on the transferor, an equivalent asset would be recorded by the transferee, such that the intercompany transfer would be GST-neutral to the overall business).

IV. FBC'S FINANCIAL CONDITION AND ITS NEED FOR A FINANCIAL LIFELINE

77. Mr. Adams alleges (without any documentary support in the Adams Affidavit) that, "[t]hrough the closing process, BZAM impressed upon us an urgency to close the Share Exchange Agreement", and "pushed us...to close the Share Exchange Agreement." The reality was precisely the opposite. As set out in more detail below, FBC represented a significant liability to Final Bell, and it was eager (if not desperate) to sell the FBC business to avoid incurring further losses in operating it, which it could not bear.

78. Collectively [REDACTED] are copies of FBC's balance sheets and income statements provided to BZAM prior to the signing of the Share Exchange Agreement, which show

[REDACTED]

79. As set out above and confirmed in FBC's accounts payable summary discussed above and attached [REDACTED]

[REDACTED]

80. Additionally, beyond [REDACTED] [REDACTED] For instance, as set out in FBC's most recent balance sheet that was provided to BZAM for the three-month period ended September

30, 2023 (attached [REDACTED])

81. In an internal Final Bell email that was sent to me by Mr. Adams in November 2023 (after the parties had signed the LOI and while they were engaged in due diligence before signing the Share Exchange Agreement), [REDACTED]

[REDACTED] A copy of the email chain containing this correspondence is attached as [REDACTED]

82. Further, in the Transaction PowerPoint Final Bell prepared for its board of directors (attached as Exhibit "2" to the Jessel Affidavit) and which was not shared with BZAM prior to the Final Bell Affidavits, Final Bell specifically acknowledged, in its first bullet point under the heading titled "Deal Rationale", that FBC "has been a significant cash drain on our group, mainly in the form of accruing intercompany balances as they've scaled their business." In its first bullet point on the concluding slide of the Transaction PowerPoint, Final Bell noted that the FBC Acquisition "will eliminate the cash drain from [FBC] and begin to generate more cash flows in [14th Round]".

83. Finally, in a December 2023 email exchange forwarded to me by Mr. Adams following the signing of the Share Exchange Agreement, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] copy of this exchange, as forwarded to me by Mr. Adams, is attached [REDACTED]

84. Based on the above, including [REDACTED]

[REDACTED]

[REDACTED] I believe that Final Bell prioritized limiting its losses on the FBC business by selling and exiting it as quickly as it could, while conducting limited or superficial due diligence, in exchange for some potential upside down the road, which it obtained by virtue of acquiring a sizeable equity position in BZAM along with the Final Note (as defined below).

85. The Final Bell Affidavits suggest that it was only under great protest (and at BZAM and Cortland's insistence) that Final Bell reluctantly agreed to replace the Secured Promissory Note of \$4 million and the Unsecured Promissory Note of \$4 million contemplated under the Share Exchange Agreement with a single, unsecured note for \$8 million (the "**Final Note**"). This characterization is also incorrect.

86. After entering into the Share Exchange Agreement but prior to closing, I spoke with Mr. Adams at or around 8:30 am PST on December 21, 2023, to discuss Final Bell's proposal that, rather than BZAM assuming \$4 million in secured debt (which would be subordinate to Cortland's

senior secured debt and the principal amount of which would only be payable to Final Bell after the Cortland senior secured debt was paid in full) and \$4 million in unsecured accounts payable, BZAM instead could assume the full amount of \$8 million in a single unsecured “accounts payable” promissory note (which could be paid to Final Bell on a monthly basis in increments). Final Bell insisted that this be a condition to closing as BZAM would be able to pay down principal on an unsecured note characterized as accounts payable at some point, whereas, under a secured note, principal payments would always be subordinate to Cortland and only payable once Cortland's senior secured debt was repaid in full.

87. The correspondence between Mr. Adams and I leading up to our December 21, 2023 call is attached as **Exhibit "HH"**.

88. Final Bell’s last-minute idea expressed to me by Mr. Adams to convert the original agreement that BZAM would assume \$4 million in unsecured debt and \$4 million in secured debt, to now instead have BZAM assume \$8 million in unsecured debt, was inconvenient to BZAM and added, in my view, unnecessary effort to the FBC Acquisition on BZAM's part. It also delayed closing. However, in order to get the deal done, BZAM was prepared to agree to Final Bell's new proposal with Cortland's approval. It was never BZAM’s intention to have the \$8 million in debt be entirely unsecured. Rather, as noted, this was Final Bell's proposal as a work-around to the issues they had with the conditions attaching to secured debt.

89. Not only did BZAM make two payments of principal under the Final Note to Final Bell (in the amount approximately \$79,000 each) after closing the FBC Acquisition, but, immediately prior to closing the FBC Acquisition, Final Bell improperly withdrew approximately \$1,000,000 from FBC outside the ordinary course of business and in contravention of the terms of the Share

Exchange Agreement. It was only after BZAM had discovered these payments and confronted Final Bell about them that approximately \$700,000 was ultimately credited against the unsecured debt owing to Final Bell pursuant to the Final Note.

90. As a general matter, I believe that Final Bell acquired what it bargained for under the Share Exchange Agreement. I also believe that it would be fundamentally unjust to allow it to now unwind the FBC Acquisition after the risks inherent in its transaction with BZAM, which were well-known (or ought to have been well-known) to Final Bell, have come to fruition. In any event, as discussed in greater detail below, the businesses of FBC and BZAM have already become integrated. Any attempt to undo that integration could prejudice not only BZAM but innocent third parties, particularly Cortland as senior secured lender and DIP Lender, whose collateral package is now comprised of the acquired FBC assets.

V. THE INTEGRATION OF FBC INTO BZAM PRE- AND POST-CLOSING

91. The business of FBC has already been integrated into the combined organization. Such integration commenced before the FBC Acquisition even closed (and, indeed, before the Share Exchange Agreement was even signed), and continued at an increased rate post-closing.

92. For instance, on or about November 8, 2023, just one week after signing the LOI and before the Share Exchange Agreement was signed, [REDACTED] [REDACTED] is email correspondence between Final Bell and BZAM dated November 8, 2023 relating to this matter.

93. Since signing the Share Exchange Agreement and closing the FBC Acquisition, among other things:

(a) **Company Wide Staff Integration**: BZAM has so far reduced overall headcount by over 60 positions across the combined organization over two phases of integration in order to streamline operations. Each functional area of the business such as the executive team, operations, commercial and the functional areas are acting as one and continuing to integrate their teams, processes, workflows and systems.

(b) **Product Portfolio Integration**: BZAM has already undertaken a comprehensive SKU rationalization across the entire organization to focus on certain brands, product segments, and specific SKUs. Numerous SKUs have been delisted or discontinued to focus on a complimentary portfolio of brands and products across the organization.

(c) **Production Integration**: BZAM has integrated inputs and production processes across the facilities. In some cases, production of certain high-volume products is partially done at one site, then completed and excised at another. With respect to the Jeeter Launch in particular, I believe it would not have happened without BZAM's financial and operational support.

(d) **Excise Tax Integration**: BZAM has integrated the excise requirements of Final Bell Corp. (a FBC subsidiary, renamed BZAM Labs) into the rest of the organization. At the time of the transaction, Final Bell had an excise deposit of only \$438,000 approximately, which was significantly below what it would have required at renewal to function on a stand-alone basis. In keeping with this, the final manufacturing and excise stamping, and hence the excise burden, for the Jeeter Launch was borne by another BZAM subsidiary rather than Final Bell Corp.

(e) **Collateral Package Integration**: Post-acquisition, High Road Holding Corp. (formerly FBC) and BZAM Labs (formerly Final Bell Corp.) have been fully integrated into BZAM's collateral package, including the collateral for the Accounts Receivable facility with Cortland as senior secured lender.

(f) **Back Office Integration**: BZAM is in the midst of various back-office integrations (IT and HR systems).

(g) **SKU Listing Consolidation**: BZAM has already started reorganizing / changing which licences are used to list SKUs with the provincial boards.

VI. TIMING OF BZAM'S CONSIDERATION OF RESTRUCTURING OPTIONS

94. BZAM conducted its business in the ordinary course after entering into the Share Exchange Agreement and at all times beforehand and since, although subject to the terms of the Initial Order and ARIO since they were granted.

95. As of January 14, 2024, BZAM's cash flow forecast identified a funding need of approximately \$720,000 over an 8- to 12-week period. At the time, I had a reasonable expectation that Stone Pine would provide such funding to BZAM, as it had in the past.

96. However, an updated cash flow statement subsequently prepared showed a deficit of approximately \$3.36 million over about a 12-week time horizon, with the peak deficit within 3-4 weeks.

97. At the January 24, 2024 budget meeting, which Mr. Jessel attended, the BZAM board discussed the 2024 annual budget model, BZAM's objectives for 2024 and various other business matters, including the timing and logistics for BZAM's annual general meeting. At this meeting, the pending departure of Mr. Bovingdon from the company was also discussed. Notably, while Mr. Jessel asserts in the Jessel Affidavit that he first learned of Mr. Bovingdon's departure from BZAM at a BZAM board meeting conducted on February 8, 2024, Mr. Bovingdon's resignation from the board was approved by the board at the January 24th meeting, with Mr. Jessel voting to approve Mr. Bovingdon's resignation as a director at that time. Mr. Bovingdon's departure as CFO was also discussed at this meeting. The minutes of this meeting are attached as **Exhibit "JJ"**. BZAM press released Mr. Bovingdon's departure on January 25, 2024. A copy of this press release is attached as **Exhibit "KK"**. At the January 24 board meeting, it was discussed that Alberto Montagne, the CFO of Stone Pine, would urgently visit BZAM's office in Mississauga

the following week to participate in an in-depth examination of BZAM's 2024 budget model and near term cashflow forecast.

98. I met with Mr. Montagne and others at BZAM's office between January 29 and January 31, 2024 to review, in detail, BZAM's financials and 12-week cashflow following/in the midst of the BZAM-FBC integration. During the course of this review certain material issues with the cashflow were identified. In particular, the analysis revealed a need for \$5 million in funding over a 12-week time horizon.

99. On February 6, 2024, I presented the findings of the most recent cashflow analysis to BZAM's board of directors. Although he also neglects to mention this meeting in the Jessel Affidavit, Mr. Jessel attended this meeting as well, which lasted approximately two hours. I reported BZAM's findings that, given the demands for working capital and various other factors (including some suppliers having changed terms to cash on delivery, revenues coming in shy of expectations, and the company not having enough of a financial buffer to cover its near-term financial needs), BZAM had a funding deficit of approximately \$5 million. It was also discussed that Stone Pine would not provide additional funding of that magnitude to BZAM until Stone Pine received and reviewed a detailed restructuring plan acceptable to Stone Pine, with a view to providing a solution for a long-term sustainable outcome for the company. I indicated that I had engaged in preliminary discussions with restructuring advisors, and the Board indicated its support to engage appropriate restructuring advisors as required. The minutes of this meeting are attached as **Exhibit "LL"**.

100. Contrary to the suggestions in the Jessel Affidavit, at no time prior to closing the FBC Acquisition did BZAM or any of the Applicants consider filing for protection under the CCAA,

nor did they consider undertaking any restructuring steps whatsoever. It was only after the FBC Acquisition closed and the increasing need for capital became apparent which the company reasonably determined it would not be able to obtain that BZAM then engaged restructuring counsel. Following this time, BZAM considered its various options with the benefit of legal advice from restructuring counsel (and, ultimately, filed for creditor protection under the CCAA on February 28, 2024).

101. The February 6, 2024 board meeting was to be (and was in fact) followed by a shorter board meeting for a further review of the findings on February 8, 2024. Mr. Jessel incorrectly suggests that this second meeting on February 8 (which he incorrectly calls the "First Board Meeting" in his affidavit) was improperly short, though its summary nature was—as he was aware—always contemplated. It was also continued on February 12, 2024.

102. At the February 8, 2024 meeting, I advised BZAM's board that a few preliminary steps had been taken to address issues identified in the previous meeting. By way of examples, I mentioned that management had initiated engagement of external advisors, and prepared a revised cashflow forecast. At the follow-up continuance of this meeting on February 12, 2024, Jeffrey Rosenberg (of FTI Canada Consulting Inc.) and Sean Zweig (of Bennett Jones LLP) attended. At that time, I introduced FTI Canada Consulting Inc. as BZAM's financial advisor, and Bennett Jones LLP as its restructuring counsel. The minutes of this meeting are attached to this affidavit as **Exhibit "MM"**.

103. In his affidavit, Mr. Jessel claims that he had spoken to multiple individuals who had expressed interest in funding BZAM around mid-February 2024 prior to BZAM's CCAA filing, and that he communicated this to me. He suggests, incorrectly, that I “refused to engage with

[him]” on the point. Mr. Jessel’s characterization of this is inaccurate. I had a phone call with him and a follow-up meeting in-person. However, he did not, as he now alleges, claim to have lined up “multiple individuals who had expressed interest in funding BZAM”. Rather, what Mr. Jessel told me was that he had a lead on one possible funder, but that he was unsure how “serious” this individual was. I offered to speak with this individual and requested that Mr. Jessel make an introduction, but Mr. Jessel never followed up on my offer.

104. It is also worth noting that BZAM had previously made efforts to fund the company through a brokered private placement in October 2023. In connection with that, it engaged Clarus as agent to conduct, on a best-efforts marketed basis, a private placement for aggregate proceeds of approximately \$2 million. A copy of BZAM's press release dated October 2, 2023 announcing this private placement is attached as **Exhibit "NN"**. Ultimately, there was insufficient interest from investors in the capital markets to complete the private placement. Accordingly, BZAM opted to proceed with a loan facility offered by Stone Pine in lieu of the brokered private placement. On October 30, 2023, BZAM announced this and also disclosed that it had secured a loan of up to \$3 million in aggregate, funded by way of one or more secured promissory notes, with the initial tranche of \$1.19 million being funded as of the date of the press release. Attached as **Exhibit "OO"** is a copy of this press release. Final Bell was well-aware of all of this. Not only was it publicly disclosed—it was also directly referenced in BZAM's disclosure provided directly to Final Bell in advance of signing the LOI. I believe that the suggestion in the Adams Affidavit that BZAM failed to consider or pursue alternatives and somehow pushed the company into a CCAA process improperly is absurd. BZAM has at all times acted in good faith, with a view to the best interests of the company and its stakeholders.

VII. THE PROPOSED RELIEF WOULD BE PREJUDICIAL TO ARM'S LENGTH THIRD PARTIES, PARTICULARLY CORTLAND/THE DIP LENDER

105. Following the closing of the FBC Acquisition, on or about January 9, 2024, BZAM, through its wholly-owned subsidiary TGOD, entered into a Second Amended and Restated Credit Agreement (the "**SARCA**") with Cortland to incorporate the assets of FBC into the security collateral. Attached as **Exhibit "PP"** is a copy of the SARCA.

106. BZAM then borrowed funds from Cortland using FBC's accounts receivable as part of its borrowing base.

107. Attached as **Exhibit "QQ"** is a copy of a borrowing base calculation dated February 23, 2024 (with certain redactions for confidential/commercially sensitive information), under which Cortland loaned and advanced funds to BZAM post-closing of the FBC acquisition on the basis of the FBC receivables.

108. Based on the terms of the SARCA, I believe that Cortland would not have advanced the same level of funds to BZAM under the revolving facility as it did following the closing of the FBC Acquisition had the FBC assets not formed part of the collateral against which Cortland secured its debt.

109. Additionally, the DIP Loan approved under the Initial Order and the ARIO is a creeping "roll-up" whereby the pre-filing debt of Cortland is to be paid back using proceeds from receivables and is thereby "rolled" into the DIP Loan. Final Bell appeared at the March 8, 2024 hearing at which the ARIO was sought and obtained. It did not object to the ARIO, including to any provisions relating to the DIP Loan.

110. I believe that the relief sought by Final Bell on its motion would be prejudicial to Cortland as BZAM's first secured lender and the Applicants' DIP Lender as it would effectively deprive it of the very collateral upon which it agreed to advance funds to BZAM and the other Applicants, thereby exacerbating the losses it may suffer.

111. Cortland is a *bona fide* arm's length lender, with no connection to the Applicants or any of its directors or officers other than in its capacity as lender.

112. Given all of the circumstances, including the integration between the FBC and BZAM businesses that has occurred to date, I also believe that the relief sought by Final Bell on its motion could be prejudicial to other third parties, such as employees and arm's length suppliers who have contracted with BZAM following the FBC acquisition.

113. I would be remiss not to mention that Final Bell personnel (including Mr. Fornarelli) have advised me and others at BZAM (including Mr. Merker) that they would take steps to harm BZAM's go-forward business by destroying BZAM's relationships with its license partners, particularly those with whom Final Bell established relationships, if BZAM does not accede to Final Bell's demands.

114. BZAM has serious concerns that if Final Bell follows through on its threats, such actions would have a detrimental effect on BZAM's ability to exit the CCAA proceedings as a going concern.

SWORN REMOTELY by Matthew)
Milich stated as being located in the City of)
Vancouver, in the Province of British)
Columbia, before me at the City of)
Toronto, in the Province of Ontario, on)
March 25, 2024 in accordance with O. Reg.)
431/20, Administering Oath or Declaration)
Remotely.)



A Commissioner for Taking Affidavits in)
and for the Province of Ontario)



MATTHEW MILICH

**Exhibit "A" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BZAM LTD.

- and -

FINAL BELL CANADA INC.

- and -

FINAL BELL HOLDINGS INTERNATIONAL LTD.

SHARE EXCHANGE AGREEMENT

December 5, 2023

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SHARE EXCHANGE AGREEMENT

This **SHARE EXCHANGE AGREEMENT** is dated December 5, 2023 and made among:

BZAM LTD., a corporation incorporated under the laws of Canada (the "**Purchaser**");

FINAL BELL CANADA INC., a corporation incorporated under the laws of Ontario ("**FBC**"); and

FINAL BELL HOLDINGS INTERNATIONAL LTD., a corporation incorporated under the laws of British Columbia (the "**FBC Shareholder**").

RECITALS:

- (A) The Purchaser is a company whose common shares are listed on the CSE (as hereinafter defined).
- (B) The FBC Shareholder is the beneficial and legal owner of all of the issued and outstanding FBC Shares (as defined herein).
- (C) The Purchaser wishes to purchase and acquire all of the issued and outstanding FBC Shares from the FBC Shareholder in exchange for the Consideration Shares (as hereinafter defined), upon and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties (each, a "**Party**" and, together, the "**Parties**") covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

"Accounts Payable" means all accounts payable, trade payables, obligations to make payment, book payables and other amounts, due, owing or accruing due, together with any security interest, letters of credit or other credit support documents granted by any FBC Entity as security therefor.

"Accounts Receivable" means all accounts receivable, trade receivables, rights to receive payment, book debts and other amounts, due, owing or accruing due to any FBC Entity, together with any security interest, letters of credit or other credit support documents granted in favour of any FBC Entity as security therefor.

"Acquisition Proposal" has the meaning set forth in Section 9.9(a).

“Affiliate” with respect to any specified Person at any time, means each Person directly or indirectly, through one or more intermediaries, controlling, controlled by or under direct or indirect common control with, such specified Person at such time.

“Agreement” means this Share Exchange Agreement and all of the schedules, exhibits and other documents attached hereto or delivered pursuant to the terms hereof, as it may from time-to-time be supplemented or amended.

“Anti-Corruption Legislation” has the meaning set forth in Section 4.34(a).

“Applicable Securities Laws” means all applicable Canadian securities laws relevant to the issuance of securities of the Purchaser or the purchase and sale of the FBC Shares pursuant to the terms of this Agreement, including the published rules and policies of the CSE.

“Authorization” means, with respect to any Person, any Order, permit, approval, consent, waiver, licence or other authorization issued, granted, given or authorized by, or made applicable under the authority of, any Governmental Authority having jurisdiction over the Person.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in the City of Toronto, Ontario, Canada are closed during regular banking hours.

“Cannabis and cannabis” includes cannabis products as defined in the Cannabis Regulations with reference to Schedule 4 of the Cannabis Act and industrial hemp as defined in the Industrial Hemp Regulations made under the Cannabis Act.

“Cannabis Laws” means, collectively: (i) the laws of Canada and each of the provinces and territories therein applicable to the production, manufacture, cultivation, importation, exportation, advertisement, marketing, promotion, sale and/or distribution of cannabis and/or related products, including, without limitation, the *Cannabis Act* (Canada), the Cannabis Regulations and the *Excise Act, 2001* (Canada); and (ii) the respective regulations and rules made and forms prescribed under such laws, together with all applicable and legally enforceable published policy statements, orders and rulings of the applicable Governmental Authority in each such jurisdiction.

“Cannabis Regulations” mean the *Cannabis Regulations* (Canada), as amended from time to time.

“Claims” means claims, demands, complaints, grievances, actions, applications, suits, causes of action, charges, indictments, prosecutions, information or other similar processes.

“Closing” has the meaning set forth in Section 6.1.

“Closing Date” has the meaning set forth in Section 6.1.

“Closing Period” means the period between the close of business on the Execution Date and the Closing.

“Confidentiality Agreement” means the confidentiality agreement between FBC Shareholder and the Purchaser dated October 31, 2023.

“Consideration Shares” has the meaning set forth in Section 2.2(b).

“Contract” means any contract, agreement, option, lease, license, deed, mortgage, note, indenture, commitment or other instrument of any kind, whether written or oral, and other legal binding agreements, arrangements, understandings, commitments and undertakings, to which a Person is a party or a beneficiary or pursuant to which any of its property or assets are or may be affected.

“CSE” means the Canadian Securities Exchange.

“Damages” means any losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third Person, including a Governmental Authority, or a cause, matter, thing, act, omission or state of facts not involving a third Person.

“Disclosure Letters” means, collectively, the FBC Disclosure Letter and the Purchaser Disclosure Letter.

“Drop Dead Date” means January 30, 2024, or such other date as the Parties may mutually approve in writing.

“Effective Time” means 9:00 a.m. (Eastern Time) on the Closing Date (or such other time as may be agreed to by the Parties).

“Employee” means any full-time or part-time employee of any FBC Entity including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Employee Contracts” means any written or verbal employment Contract for employment between FBC and any Employee.

“Employee Plans” has the meaning set forth in Section 4.32(a).

“Environmental Authorization” means all Authorizations issued pursuant to any Environmental Laws in connection with the operation of the FBC Business or the ownership and use by any FBC Entity of the property and assets (including the Leased Properties) of FBC.

“Environmental Claim” means any Claim alleging or asserting any violation of any Environmental Law or Environmental Authorization, or liability for response costs or remedial action under an Environmental Law related to any Environmental Release.

“Environmental Laws” mean all Laws, regulations, ordinances or written decisions relating to environmental matters and relating to the protection of workers and public health, including any Laws having as a purpose or effect the protection of the environment, ground water, endangered species of flora and fauna, air, land or natural resources (including soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere)), the prevention or reduction to acceptable levels of pollution and emissions or the provision of remedies in respect of damage arising therefrom and the generation, use, handling, release, treatment, storage, disposal or transportation of Environmentally Hazardous Substance.

“Environmental Release” means any emission, discharge, release, deposit, issuance, spray, injection, abandonment, escape, spill, leak, seepage, disposal or exhaust (other than exhaust from a vehicle) of an Environmentally Hazardous Substance, or other occurrence or event defined as such in any Environmental Laws.

“Environmentally Hazardous Substance” means any material or substance that could reasonably be expected to impair the quality of the environment or that causes or could reasonably be expected to cause an adverse effect on the environment for any use which can be made of it and as to which liabilities or standards of conduct are imposed pursuant to Environmental Laws, including any material or substance that is deemed pursuant to any Environmental Law to be “hazardous”, “toxic”, “deleterious”, “caustic”, “dangerous”, a “contaminant”, a “hazardous waste”, a “source of contaminant”, a “pollutant”, or words of similar meaning and regulatory effect under any Environmental Law, and any of the following substances: asbestos, urea formaldehyde, hydrocarbons, lead and polychlorinated biphenyls and any material or equipment containing one of these substances.

“Equity Interests” of a Person means options, warrants, calls, pre-emptive rights, subscriptions or other rights, restricted share awards, restricted share unit awards, agreements, arrangements, understandings or commitments of any kind relating to the issued or unissued shares in the capital of such Person, or other equity interests of such Person.

“Execution Date” means the date of this Agreement.

“Exemptions” has the meaning set forth in Section 2.7(a).

“FB Indemnified Losses” has the meaning set forth in Section 10.1(b).

“FB Indemnified Parties” has the meaning set forth in Section 10.1(b).

“FB Payment Plan” means the payment plan in connection with the unsecured promissory note in the principal amount of \$4,000,000 owed by FBC to the FBC Affiliated Vendor, guaranteed by the Purchaser, which shall be payable in accordance with Schedule A of this Agreement and subject to any additional terms as may be determined by the parties, acting reasonably.

“FBC” has the meaning set forth in the preamble of this Agreement.

“FBC Affiliated Vendor” means 14th Round Inc., which is a wholly-owned subsidiary of the FBC Shareholder.

“FBC Books and Records” means all books of account, financial statements, tax records, personnel records of Employees, historic documents relating to the FBC Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information relating to any FBC Entity (whether in written, electronic or other form).

“FBC Business” means the business carried on by the FBC Entities on the Execution Date in Canada, consisting of operating the FBC Facilities.

“FBC Disclosure Letter” means the disclosure letter delivered by the FBC Shareholder to the Purchaser on the Execution Date.

“FBC Entities” means FBC and Final Bell Corp.

“FBC Facilities” means the licensed cannabis facility and office space located at 1100, Unit 3, Bennett Rd, Bowmanville, Ontario L1C 3K.

“FBC Financial Statements” means, collectively, (a) the unaudited financial statements of FBC for the twelve months ended December 31, 2022, and (b) the unaudited interim financial statements of FBC for the nine months ended September 30, 2023, all prepared in accordance with IFRS.

“FBC IP” has the meaning set forth in Section 4.26(a).

“FBC Material Authorizations” has the meaning set forth in Section 4.18.

“FBC Material Contracts” has the meaning set forth in Section 4.21.

“FBC Promissory Note” means the secured promissory note in the form set out as Schedule B of this Agreement, executed by FBC in favor of the FBC Affiliated Vendor on Closing, guaranteed by the Purchaser, in the aggregate principal amount of \$4,000,000, owed by FBC to the FBC Affiliated Vendor, bearing interest at zero percent (0%) and with a maturity date no earlier than March 31, 2025. For greater

clarity: (i) this note shall rank pari passu with all secured debts owed by the Purchaser to Stone Pine and bear the same maturity date as the secured debts owed by the Purchaser to Stone Pine and to the Senior Lender; and (ii) all such secured debts owed to Stone Pine and the FBC Affiliated Vendor shall be subordinated to the secured debts owed to the Senior Lender, in accordance with the terms of the Subordination Agreement and the Intercreditor Agreement.

"FBC Reference Date" means September 30, 2023.

"FBC Shareholder" has the meaning set forth in the preamble to this Agreement.

"FBC Shares" means: (i) 295 class A common shares; (ii) the 295 class B common shares; (iii) the 30 class C common shares; (iv) the 100 class D common shares; (v) 100 class E common shares; (vi) the 30 class F common shares; (vii) 100 class G common shares; (viii) 20 class H common shares; and (ix) the 30 class I common shares in the capital of FBC, and FBC Share means any one of them.

"FBC Specified Representations" has the meaning set forth in Section 7.1(a).

"Fundamental Representations" means the representations and warranties of the FBC Shareholder set forth in Sections 5.1, 5.2, and 5.3.

"Golden Iris Release" means the agreement evidencing the release of the FBC Entities as guarantors of the loan between the FBC Shareholder and Golden Iris International Ltd, and related general security agreement and PPSA registration.

"Governmental Authority" means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above.

"GST/HST" means goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

"Healthcare Data Requirements" has the meaning set forth in Section 3.33(a) or Section 4.35, as applicable.

"IFRS" means generally accepted accounting principles in Canada from time to time including, for the avoidance of doubt, the standards prescribed in Part I of the CPA Canada Handbook – Accounting (which incorporates International Financial Reporting Standards, as issued by the International Accounting Standards Board) as the same may be amended, supplemented or replaced from time to time.

"Indebtedness" means with respect to FBC, (i) any liability for borrowed money (including bank loans, lines of credit and loans from related parties), or evidenced by an instrument for the payment of money, or incurred in connection with the acquisition of any property, products, services, assets or securities (including "earnouts", holdbacks, vendor notes or any other similar form of contingent or deferred payment obligation, and any conditional sale or other title retention agreement), or relating to a capitalized lease obligation, (ii) any change of control payments, bonuses, severance, termination and retention obligations, and similar amounts for which FBC becomes liable in connection with the Transaction contemplated by this Agreement, (iii) profit sharing bonus accruals; bonuses and incentives payable; and all accrued but unpaid salaries, wages and benefits, accrued matching RRSP contributions, accrued profit sharing payments, banked vacation pay and banked hours, and (iv) the employer portion of any payroll Taxes payable in connection with any amounts referred to in clause (ii) or (iii).

"Indemnified Loss" shall mean a Purchaser Indemnified Loss or a FB Indemnified Loss, as the case may be.

“Indemnified Party” shall mean a Purchaser Indemnified Party or a FB Indemnified Party, as the case may be.

“Industrial Hemp Regulations” mean the Industrial Hemp Regulations made under the *Cannabis Act*, as amended from time to time.

“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.

“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 the 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).

“Intercreditor Agreement” means the intercreditor agreement to be entered into between Stone Pine and the FBC Affiliated Vendor, with respect to: (i) the ranking of any secured debts owed by the Purchaser to Stone Pine to be *pari passu* with the FBC Promissory Note; and (ii) the acknowledgement of the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor and the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“ITA” means the *Income Tax Act (Canada)*, RSC 1985, c 1 (5th Supp).

“Laws” means any and all (a) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws of any Governmental Authority and (b) Orders.

“Leased Properties” means the lands and premises set out and described in Section 4.29(a) of the FBC Disclosure Letter by reference to their municipal address and proper legal description.

“Leases” means the leases and offers to lease in respect of the Leased Properties set out and described in Section 4.29(a) of the FBC Disclosure Letter.

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

“Lien” means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

“Lock-up Agreement” means an agreement to be entered into between the Purchaser and the FBC Shareholder pursuant to which the FBC Shareholder will covenant not to sell, transfer or otherwise dispose of:

- i. with respect to 1/3 of the Consideration Shares, for a period ending on the 4-month plus a day anniversary of the date of issuance of such Purchaser Shares;
- ii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 8-month anniversary of the Closing Date; and
- iii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 12-month anniversary of the Closing Date.

“Material Adverse Effect” means, (a) in respect of a Party, any effect or change that is, individually or together with other effects or changes, materially adverse to (1) the results of operations and financial condition of the business of such Party and, if applicable, its subsidiaries, taken as a whole, or; (2) the Party’s ability to consummate the transactions contemplated by this Agreement, and (b) in respect of the Party’s assets, an effect that is individually or together with other effects or changes, materially adverse to such assets, taken as a whole; provided that a “Material Adverse Effect” does not include any effect or change arising from (i) any change affecting the cannabis industry as a whole, (ii) changes in applicable Laws, (iii) changes in IFRS, (iv) any change in general economic, business, regulatory, political (including the outbreak or escalation of war or acts of terrorism) or market conditions or in national or global financial or capital markets, (v) any natural disaster, or (vi) this Agreement or the completion of the transactions contemplated by this Agreement other than, in respect of each of clauses (i), (ii), (iii), (iv), and (v), any such effect that specifically relates to or disproportionately affects in an adverse manner the Party’s business.

“Merged Entity” means the Purchaser and the resulting group of subsidiaries following the completion of the Transaction contemplated by this Agreement.

“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Authority.

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

“Parties” means, collectively, the Purchaser, FBC and the FBC Shareholder and **Party** means any one of them.

“Permitted Encumbrances” means (a) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due or delinquent, the validity of which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS have been made in the FBC Books and Records or the Purchaser Books and Records, as the case may be, (b) easements, servitudes, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the use or marketability of any real property, (c) undetermined or inchoate Liens arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been given in accordance with applicable Laws, (d) Liens set out and described in Section 4.11 of the FBC Disclosure Letter or Section 1.1 of the Purchaser Disclosure Letter but only to the extent such Liens conform to their description in such Disclosure Letter and (e) Liens that would not reasonably be expected to have a Material Adverse Effect.

“Person” includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof.

“Personal Information” means information about an identifiable individual other than such individual’s business contact information where such business contact information is collected, used or disclosed for the purposes of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose.

“Pre-Closing Tax Period” means any Tax or fiscal period ending on or before the Closing, and with respect to a Straddle Period, the portion of a Straddle Period up to and immediately prior to the Closing.

“Privacy Laws” means the *Personal Information Protection and Electronic Documents Act* (Canada) and any similar Laws relating to the collection, use, disclosure or storage of Personal Information applicable in Canada.

“Purchase Price” has the meaning set forth in Section 2.2.

“Purchased FBC Shares” means the FBC Shares to be purchased by the Purchaser pursuant to Article 2, being all of the issued and outstanding shares in the capital of FBC.

“Purchaser” has the meaning set forth in the preamble of this Agreement.

“Purchaser Books and Records” means all books of account, financial statements, tax records, personnel records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic or other form).

“Purchaser Disclosure Letter” means the disclosure letter delivered by the Purchaser to the FBC Shareholder on the Execution Date.

“Purchaser Disclosure Record” means all documents filed by or on behalf of the Purchaser on the System for Electronic Document Analysis Retrieval prior to the date hereof that are publicly available on the date hereof.

“Purchaser Employee” means any full-time or part-time employee of the Purchaser or any Purchaser Entity, including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Purchaser Employee Contracts” means any written or verbal employment Contract for employment between any Purchaser Entity and any other Person engaged in the business of any Purchaser Entity.

“Purchaser Employee Plans” has the meaning set forth in Section 3.30(a) of this Agreement.

“Purchaser Entities” means, collectively, the Purchaser and its subsidiaries.

“Purchaser Financial Statements” means the audited consolidated financial statements of the Purchaser for the years ended December 31, 2022 and 2021, and the unaudited financial statements of the Purchaser for the three and nine months ended September 30, 2023, all prepared in accordance with IFRS.

“Purchaser Indemnified Losses” has the meaning set forth in Section 10.1(a).

“Purchaser Indemnified Parties” has the meaning set forth in Section 10.1(a).

“Purchaser IP” has the meaning set forth in Section 3.24(a).

“Purchaser Leased Properties” means the lands and premises leased by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Leases” means the leases and offers to lease in respect of the Purchaser Leased Properties set out and described in Section 3.27(a) of the Purchaser Disclosure Letter.

“Purchaser Material Authorizations” has the meaning set forth in Section 3.16.

“Purchaser Material Contracts” has the meaning set forth in Section 3.19.

“Purchaser Owned Properties” means the lands and premises owned by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Reference Date” means September 30, 2023.

“Purchaser Shares” means common shares in the capital of the Purchaser, and Purchaser Share means any one of them.

“Purchaser Specified Representations” has the meaning set forth in Section 8.1(a).

“Release Date” has the meaning set forth in Section 6.5(a).

“SEDAR” means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of issuers across Canada.

“Senior Lender” means the Purchaser’s Canadian senior secured lender.

“Stone Pine” means Stone Pine Capital Ltd.

“Stone Pine Amendments” means any amendments to any documents evidencing secured debts owed by the Purchaser to Stone Pine, to reflect the amendment of the maturity date under such documents to March 31, 2025, cross-call provisions, prepayments to be made under such documents to require concurrent prepayments to be made under the FBC Promissory Note, and such other matters as may be agreed to by the Parties, acting reasonably.

“Straddle Period” means any taxation period of FBC ending after the Closing Date that commenced before the Closing Date. Where necessary to allocate Taxes under this Agreement with respect to a Straddle Period: (i) the amount of any real property, personal property, ad valorem, intangible, and other Taxes imposed on a periodic basis for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be equal to the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediate preceding period) multiplied by a fraction, the numerator of which is the number of calendar days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) the amount of any Taxes (other than Taxes allocable under clause (i) of this definition) for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be computed on the basis of a “closing of the books,” as if such taxable period ended as of the end of the day on the Closing Date and all such Taxes were calculated in accordance with the past practices of FBC in preparing Tax Returns, except to the extent otherwise required by applicable Law; provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period beginning after the Closing Date in proportion to the number of calendar days in each period.

“Subordination Agreement” means the subordination agreement to be entered into between the Senior Lender and the FBC Affiliated Vendor, with respect to the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“Tax” means any taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

“Tax Return” means any return (including any information return), report, statement, schedule, notice, election, designation, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Law relating to any Tax.

“Transaction” means, collectively, the purchase and sale of the Purchased FBC Shares, the issuance of the Consideration Shares, and all other transactions contemplated by this Agreement.

“Transaction Documents” means this Agreement, the FBC Promissory Note, the FB Payment Plan, the Subordination Agreement, the Intercreditor Agreement, the Lock-Up Agreement and all other agreements, certificates and other instruments or documents given pursuant to this Agreement.

1.2 Gender and Number

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, (a) words in the singular number include the plural and are to be construed as if the plural had been used and *vice versa*, and (b) words importing the use of any gender include all genders where the context or party referred to so requires, and the rest of the sentence is to be construed as if the necessary grammatical changes had been made.

1.3 Certain Phrases and Calculation of Time

In this Agreement, unless otherwise specified:

- (a) the words “including” and “includes” mean “including (or includes) without limitation”;
- (b) “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement;
- (c) the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”; if the last day of any such period is not a Business Day, such period will end on the next Business Day; and
- (d) when calculating the period of time “within” which or “following” which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is to be excluded from the calculation. If the last

day of any such period is not a Business Day, such period will end on the next Business Day.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement.

1.5 Disclosure Letters and Exhibits

The Disclosure Letters and the exhibits attached to this Agreement are incorporated by reference into this Agreement and form an integral part hereof.

1.6 Purpose of the Disclosure Letters

The purpose of the Disclosure Letters is to set out the qualifications, exceptions and other information called for in this Agreement. The disclosure of any fact or item in any section of a Disclosure Letter shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties of FBC and the FBC Shareholder or the Purchaser, as the case may be, that are contained in the corresponding Section of this Agreement; and (ii) any other representations and warranties of the FBC and the FBC Shareholder or the Purchaser, as the case may be, contained in this Agreement, where it is reasonably apparent that such matter is pertinent to such other representation or warranty.

1.7 Currency

In this Agreement, unless otherwise specified, all references to dollars or to \$ are references to Canadian dollars.

1.8 Knowledge

Where any representation or warranty in this Agreement is expressly qualified by reference to the knowledge of a Party (or similar phrases), it is deemed to refer to the actual knowledge of such Party or, if such Party is not an individual, of any officer or director of such Party, in each case after due inquiry.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with IFRS.

1.10 Instruments and Statutes

Any agreement, instrument or statute (including any specific provision) defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute (including any specific provision and in the case of a statute any regulations promulgated thereunder) as amended, restated, replaced, modified, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statute) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein.

1.11 Governing Law; Venue

This Agreement shall be governed by and interpreted and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be brought in a suitable court located

in the Province of British Columbia and each Party irrevocably submits to the exclusive jurisdiction of those courts.

ARTICLE 2 SHARE EXCHANGE

2.1 Purchase and Sale

Subject to the terms and conditions hereof, the FBC Shareholder covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the FBC Shareholder, the Purchased FBC Shares at the Closing.

2.2 Purchase Price

In consideration for the acquisition of the Purchased FBC Shares, the Purchaser will pay a purchase price (the "**Purchase Price**") equal to the sum of the following:

- (a) Cash – The payment on Closing of \$100 in cash.
- (b) Consideration Shares – The issuance on Closing of ninety million (90,000,000) Purchaser Shares (the "**Consideration Shares**"), to the FBC Shareholder, at a deemed price per Purchaser Share of \$0.15.

2.3 Hold Period

The FBC Shareholder acknowledges that in addition to what is contemplated under the Lock-up Agreement, all Purchaser Shares comprising the Consideration Shares may be subject to a restrictive hold period of four (4) months plus a day in length, if determined to be applicable by a Governmental Authority under Applicable Securities Laws.

2.4 Allocation of Purchase Price

The Parties agree to allocate the Purchase Price on a basis to be agreed between the Parties prior to Closing. In conjunction therewith, each of the Parties will review with their respective legal, accounting and financial advisors the most tax effective structure for allocating the Purchase Price with respect to the Transaction. The Parties agree to execute and file all Tax Returns, and prepare all financial statements, on the basis of such allocation and agree not to take any position inconsistent therewith in any Tax Return, in any Tax refund claim, in any litigation or otherwise.

2.5 *Intentionally Deleted*

2.6 Purchase of Entire Interest

It is the understanding of the parties hereto that this Agreement provides for the purchase of all of the issued and outstanding FBC Shares at the Effective Time, whether same are owned as at the date hereof or to be acquired after the date hereof and prior to the Effective Time, and the FBC Shareholder therefore covenants and agrees with the Purchaser that, if prior to the Effective Time, it acquires any further FBC Shares, in addition to those set forth in this Agreement, then such FBC Shares shall be subject to the terms of this Agreement, and FBC Shares shall be delivered or such rights shall be transferred to the Purchaser at the Effective Time, without the payment of any additional or further consideration.

2.7 Delivery of Purchased FBC Shares

Subject to the fulfilment of all of the terms and conditions hereof (unless waived as herein provided), at the Effective Time, the FBC Shareholder shall be deemed to have delivered to the Purchaser certificates or equivalents representing all of the FBC Shares to the Purchaser.

2.8 Acknowledgements

The FBC Shareholder hereby acknowledges and agrees with the Purchaser as follows:

- (a) The transfer of the FBC Shares to the Purchaser, and the issuance of the Consideration Shares to the FBC Shareholder will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the prospectus (or equivalent) requirements of applicable securities laws;
- (b) As a consequence of acquiring the Consideration Shares pursuant to the Exemptions:
 - (i) the Purchaser is relying on an exemption from the requirements to provide the FBC Shareholder with a prospectus and to, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the FBC Shareholder;
 - (ii) the FBC Shareholder may not receive information that might otherwise be required to be provided to the FBC Shareholder, and the Purchaser is relieved from certain obligations that would otherwise apply under the *Securities Act* (Ontario) if the Exemptions were not being relied upon by the Purchaser;
 - (iii) there is no government or other insurance covering the Consideration Shares;
 - (iv) there are risks associated with the acquisition of the Consideration Shares; and
 - (v) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares;
- (c) The FBC Shareholder is knowledgeable of, or has been independently advised as to, the applicable Law of that jurisdiction which applies to the sale of the FBC Shares and the issuance of the Consideration Shares, which may impose restrictions on the resale of such Consideration Shares in that jurisdiction and it is the responsibility of the FBC Shareholder to become aware of what those resale restrictions are, and to comply with them before selling or distributing any of the Consideration Shares, as applicable; and
- (d) The Consideration Shares may be subject to certain resale restrictions under applicable Law, and the FBC Shareholder agrees to comply with such restrictions and acknowledges that the certificates for the Consideration Shares may bear an applicable legend or legends respecting restrictions on transfers as required under applicable Law if and as required by Section 2.7 of this Agreement (or legend notation on each applicable Consideration Share, if applicable, issued electronically in a direct registration system), and that the FBC Shareholder have been advised to consult its own legal advisor with respect to applicable resale restrictions and that each is solely responsible for complying with such restrictions.

2.9 Joint Tax Election

The Purchaser and the FBC Shareholder, within 10 Business Days after the Closing Date (or at such later date as may be requested by the FBC Shareholder), shall jointly make and execute an election (a “**Section**

85 Election”), in the prescribed form and within the prescribed time limits, to have section 85 of the Tax Act apply in respect of the disposition of the FBC Shares by the FBC Shareholder in consideration for, inter alia, the Consideration Shares issuable to the FBC Shareholder and, in this regard, the aggregate “elected amount” for purposes of a Section 85 Election will be an amount determined by the FBC Shareholder within the limits prescribed under the Tax Act. The FBC Shareholder will be solely responsible for filing the Section 85 Elections within the time prescribed by the Income Tax Act. The Purchaser shall reasonably cooperate with the FBC Shareholder if it determines that a Section 85 Election which has been filed should be amended, supplemented or replaced.

2.10 Agreement to be Bound

Each Person who becomes a FBC Shareholder subsequent to the Execution Date, or acquires additional FBC Shares subsequent to the Execution Date, must concurrently with becoming a FBC Shareholder or acquiring such additional FBC Shares execute and deliver to the Purchaser an agreement in form and substance satisfactory to the Purchaser, agreeing to be bound by this Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser makes the following representations to the FBC Shareholder, and acknowledges and agrees that the FBC Shareholder is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

3.1 Incorporation, Corporate Power and Registration

- (a) The Purchaser is a corporation validly existing and in good standing under the federal laws of Canada and has all necessary corporate power, authority and capacity to own or lease its property and to carry on its business as presently conducted.
- (b) Subject to Section 3.2, neither the nature of the Purchaser Entities’ business nor the location or character of the assets owned or leased by the Purchaser Entities requires any Purchaser Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

3.2 Qualification

Each Purchaser Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter. The jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter include all jurisdictions in which (a) the nature of the Purchaser Entities’ business makes such qualification necessary, (b) the Purchaser Entity owns or leases any material property or assets which form part of the Purchaser Entity’s business or (c) the Purchaser Entity conducts the Purchaser Entity’s business, in each case except as would not have a Material Adverse Effect.

3.3 Due Authorization and Enforceability of Obligations

- (a) The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.

- (c) This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by the Purchaser or necessary to the ownership of the assets owned by the Purchaser Entities or the operation of the Purchaser Entities' business;
- (b) result in or require the creation of any Lien upon any of the assets owned by the Purchaser Entities;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to the Purchaser Entities.

3.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any Purchaser Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any Purchaser Material Contract, or (ii) the acceleration of any debt or other obligation of the Purchaser, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any Purchaser Entity.

3.6 Purchaser Financial Statements

The Purchaser Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the Purchaser Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the Purchaser Entities on a consolidated basis for the periods then ended.

3.7 No Undisclosed Liabilities

Since the Purchaser Reference Date, no Purchaser Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities

reflected or reserved against in the applicable Purchaser Financial Statements; (b) current liabilities incurred since the Purchaser Reference Date in the Ordinary Course; or (c) liabilities that are not material to any Purchaser Entity, taken as a whole.

3.8 Conduct of Purchaser's Business in Ordinary Course

Except as set out in Section 3.8 of the Purchaser Disclosure Letter or as set out in the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the Purchaser Reference Date, the Purchaser Entities' business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, the Purchaser Entities have not, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$250,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$250,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value to a Purchaser Entity;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to a Purchaser Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any Purchaser Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) declared or paid any dividends or declared or made any other distribution on the Purchaser Shares or other securities of any of the Purchaser Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchaser Shares or other securities of the Purchaser Entities;
- (k) written off as uncollectible any accounts receivable or any part thereof;
- (l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;

- (n) compromised or settled any litigation or governmental action relating to assets owned or used by a Purchaser Entity (including the Purchaser Owned Properties and Purchaser Leased Properties);
- (o) cancelled or reduced any insurance coverage on its business, property and assets;
- (p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;
- (q) made any change in the method of billing or the credit terms made available to its customers;
- (r) amended its organizational documents or structure; or
- (s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

3.9 Capitalization of the Purchaser

The authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares. As at the Execution Date, there are 180,818,952 Purchaser Shares issued and outstanding. In addition, as at the Execution Date, there are issued and outstanding (i) options to purchase, in the aggregate, 6,240,000 Purchaser Shares, (ii) warrants exercisable for, in the aggregate, 48,096,811 Purchaser Shares and (iii) restricted share units entitling certain employees of the Purchaser to, in the aggregate, 187,500 Purchaser Shares. Except as set forth in this Section 3.9, no other Purchaser Shares are issued and outstanding as at such date and there are no existing Equity Interests in, the Purchaser or any of its subsidiaries obligating the Purchaser or such subsidiary to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, the Purchaser or such subsidiary or securities convertible into or exchangeable for such shares or Equity Interests or other securities. All of the outstanding Purchaser Shares were duly authorized and validly issued, and are fully paid and non-assessable.

3.10 Litigation

Except as set out in Section 3.10 of the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, current or pending, or, to the knowledge of the Purchaser, threatened against the Purchaser Entities' business or any of the Purchaser Entities' assets, including the Purchaser Owned Properties, the Purchaser Leased Properties, or the Purchaser IP, or in respect of any employment matters.

3.11 Title to Assets

Except as set out in Section 3.11 of the Purchaser Disclosure Letter, each Purchaser Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Purchaser Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

3.12 No Options, etc.

Except as set out in Section 3.12 of the Purchaser Disclosure Record, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition from the Purchaser Entities of

any of the property and assets other than pursuant to purchase orders for inventory sold in the Ordinary Course.

3.13 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of the Purchaser Entities are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

3.14 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the Purchaser Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the Purchaser Books and Records, copies of which have been provided to the FBC, and are not subject to any defence, counterclaim or set off.

3.15 Compliance with Law

(a) Each Purchaser Entity:

- (i) is conducting its business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating to in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business;
- (ii) has not received, since the Purchaser Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the Purchaser Entities' business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any Purchaser Material Authorization; and
- (iii) has, or has had on its behalf, since the Purchaser Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the Purchaser Entities' business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the Purchaser Entities'

business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

- (b) To the knowledge of the Purchaser, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws.
- (c) The individuals listed in Section 3.15(c) of the Purchaser Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any Purchaser Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance
- (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all cannabis products sold or stored by the Purchaser Entities:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended by the Purchaser Entities, and of merchantable quality;
 - (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with the Purchaser Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Purchaser Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all Purchaser Entities relating to the Purchaser Entities' business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
- (f) (i) Each Purchaser Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any Purchaser Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the Purchaser's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any Purchaser Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.

- (g) Each Purchaser Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states)

3.16 Governmental Authorizations

The Purchaser Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Purchaser Owned Properties and Purchaser Leased Properties). All such Authorizations are set out in Purchaser Disclosure Record (the “**Purchaser Material Authorizations**”). Each Purchaser Material Authorization is valid, subsisting and in good standing. The Purchaser is not in default or breach of any Purchaser Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the Purchaser, threatened to revoke or limit any Purchaser Material Authorization.

3.17 Required Purchaser Authorizations

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 3.17 of the Purchaser Disclosure Letter.

3.18 Third Party Consents

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a Purchaser Material Contract binding on or affecting the Purchaser Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 3.18 of the Purchaser Disclosure Letter.

3.19 Material Contracts

Except for the Contracts listed in the “Material Contracts” section of the Purchaser’s annual information form dated April 18, 2022, and as otherwise set out under Section 3.19 of the Purchaser Disclosure Letter (collectively, the “**Purchaser Material Contracts**”), no Purchaser Entity is a party to or bound by any Contract material to its business or the ownership of its assets including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by a Purchaser Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of a Purchaser Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than a Purchaser Entity so as to expire, more than one year after the Execution Date;

- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;
- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of a Purchaser Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on its business;
- (g) any Contract pursuant to which a Purchaser Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Affiliate of a Purchaser Entity or any other Person with whom a Purchaser Entity does not deal at arm's length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by a Purchaser Entity from any Governmental Authority;
- (j) any Contract pursuant to which any Purchaser Entity grants or receives a licence to use any Purchaser IP, other than: (A) those in which grants of Purchaser IP rights are incidental to such Contract; (B) those granting rights to Purchaser IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any Purchaser Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;
- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for Indebtedness of a Purchaser Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all Purchaser Material Contracts are available in the Purchaser Disclosure Record.

3.20 No Breach of Material Contracts

Each of the Purchaser Entities has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any Purchaser Material Contract. Each of the Purchaser Material Contracts is in full force and effect, unamended, to the knowledge of the Purchaser, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any Purchaser Material Contract. To the knowledge of the Purchaser, all of the covenants to be performed and the obligations to be fulfilled by any party to such Purchaser Material Contract, including the applicable Purchaser Entity, have been fully performed and fulfilled in all material respects. No consent or notice is required for a valid assignment to the Purchaser of any Purchaser Material Contract.

3.21 Related Party Transactions

Except as set out the Purchaser Disclosure Record or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting the Purchaser Entities have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by a Purchaser Entity to any Affiliate of a Purchaser Entity in relation to such Contracts are recorded on the Purchaser Books and Records at their fair market value.

3.22 Insurance

The Purchaser Entities maintain such policies of insurance as are appropriate to their business and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. No Purchaser Entity is in default in any material respect with respect to any of the provisions contained in the insurance policies.

3.23 Books and Records

- (a) All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such Purchaser Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the FBC in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the Purchaser Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the Purchaser Entities.
- (b) Purchaser Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by Purchaser's current Information Technology.

3.24 Intellectual Property

- (a) The Purchaser Disclosure Record sets out a true, correct and complete description of (i) all of the registered Intellectual Property owned or used by a Purchaser Entity in connection with a Purchaser Entity's business (collectively, the "**Purchaser IP**"), and (ii) all licenses or similar agreements or arrangements to which any Purchaser Entity is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of a Purchaser Entity's business as presently conducted.
- (b) One of the Purchaser Entities is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the Purchaser IP, free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities have not assigned, licensed or otherwise conveyed any of the Purchaser IP.
- (c) The Purchaser Entities have maintained or caused to be maintained the rights to any of the registered Purchaser IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered Purchaser IP owned by a Purchaser Entity and subject to expiration on or prior to the Closing Date.
- (d) The Purchaser 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 Purchaser IP. In the past five years, no Purchaser Entity has received written notice of any alleged infringement or misappropriation from any Person

with respect to the Purchaser IP. During such period, no Purchaser Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.

- (e) The Purchaser Entities have the full right and authority to use the Purchaser IP in connection with the conduct of their business in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The Purchaser IP is sufficient to conduct the Purchaser Entities' business as presently conducted. All licenses to which a Purchaser Entity is a party relating to Purchaser IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of a Purchaser Entity thereunder. No royalty or other fees is required to be paid by any Purchaser Entity to use and exploit any of the Purchaser IP rights and, to the Purchaser's knowledge, there are no restrictions on the ability of any Purchaser Entity to use any of the Purchaser IP rights
- (f) To the knowledge of the Purchaser, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the Purchaser IP.
- (g) To the knowledge of the Purchaser, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of a Purchaser Entity owns or has claimed an ownership interest in any of the Purchaser IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) Each Purchaser Entity has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect Purchaser IP and confidential information relating thereto. To the knowledge of the Purchaser, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent the Purchaser Entities from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

3.25 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the Purchaser Entities' businesses is sufficient for the conduct of the Purchaser Entities' businesses in the Ordinary Course after Closing. The Purchaser Entities use reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by a Purchaser Entity in respect of any license or lease under which the Purchaser Entities receive Information Technology.

3.26 Owned Property

Except as set out in Section 3.26 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Purchaser Entities are the absolute registered and beneficial owner of, and have good and marketable title to, the Purchaser Owned Properties free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities are not the owner of, or party to any agreement, option or right to own, any real property or any interest in any real property used in connection with the Purchaser Entities' business, other than the Purchaser Owned Properties.

3.27 Leases and Leased Property

- (a) Except as set out in Section 3.27(a) of the Purchaser Disclosure Letter, no Purchaser Entity is a party to, or under any agreement to become a party to, any real property lease other than the Purchaser Leases. Each Purchaser Lease is in good standing, creates a good and valid leasehold estate in favour of the Purchaser Entities in the Purchaser Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Purchaser Lease pursuant to which a Purchaser Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any Purchaser Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Purchaser Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable Purchaser Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the Purchaser, all of the covenants to be performed by any party (other than the applicable Purchaser Entity) under the Purchaser Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable Purchaser Entity of any of the Purchaser Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Purchaser Leased Property.
- (b) Each applicable Purchaser Entity has adequate rights of ingress and egress to, from and over the Purchaser Leased Properties in the Ordinary Course and the Purchaser Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the Purchaser, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any Purchaser Entity to carry on business in the Ordinary Course.

3.28 Environmental Matters

- (a) The Purchaser Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Purchaser Owned Properties.
- (b) Except as permitted under applicable Laws, no Purchaser Entity has used or permitted to be used at any of the Purchaser Owned Properties or Purchaser Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the Purchaser there has not been any such use.
- (c) Except as permitted under Environmental Laws, no Purchaser Entity has caused or permitted, and the Purchaser does not have any knowledge of any Environmental Release on or from the Purchaser Owned Properties or Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity.
- (d) No Purchaser Entity has been required in writing by any Governmental Authority to: (i) alter any of the Purchaser Owned Properties or Purchaser Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which,

in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.

- (e) There are no pending or, to the knowledge of the Purchaser, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties.
- (f) Neither the Purchaser nor any Purchaser Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any Purchaser Entity or the Purchaser Entities' business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the Purchaser nor any Purchaser Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the Purchaser, no Purchaser Entity nor the Purchaser Entities' business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) Section 3.28(g) of the Purchaser Disclosure Letter contains a complete and accurate list of all reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the Purchaser or the Purchaser Entities have been provided to FBC. To the knowledge of the Purchaser, there are no other reports or material documents relating to environmental matters affecting any Purchaser Entity or any of the Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control which have not been made available to FBC.
- (h) To the knowledge of the Purchaser, there are not any underground storage tanks located on the Purchaser Owned Properties or Purchaser Leased Properties.
- (i) No Authorizations issued to any Purchaser Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the Purchaser Entities' business, the Purchaser Owned Properties, the Purchaser Leased Properties or any other assets of any Purchaser Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

3.29 Employee Matters

- (a) No Purchaser Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any Purchaser Entity.

- (b) Except as disclosed in Section 3.29(b) of the Purchaser Disclosure Letter, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any Purchaser Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the Purchaser Entities' business which are currently outstanding.
- (c) To the knowledge of the Purchaser, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for a Purchaser Entity and no Purchaser Entity is unionized and does not have an employee association.
- (d) Each Purchaser Entity has observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (e) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon the Purchaser Entities to do or refrain from doing any act or which place a financial obligation upon a Purchaser Entity.
- (f) In the past three years, no Purchaser Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (g) Except as set out in 3.29(g) of the Purchaser Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, pending, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser Entities or the Purchaser Entities' business. To the knowledge of the Purchaser, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any Purchaser Entity in respect of employment matters.
- (h) All Purchaser Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements
- (i) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the Purchaser Entities, threatened against or directly or indirectly affecting a Purchaser Entity's business, a Purchaser Entity or any of their respective operations. No Purchaser Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Purchaser Employees. There are no charges or complaints pending, or to the knowledge of the Purchaser, threatened with respect to or relating to a Purchaser Entity before any Governmental Authority in relation to unlawful employment practices. No Purchaser Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of a Purchaser Entity or any of its business concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the Purchaser Entity, threatened.

3.30 Employee Benefit Plans

- (a) Section 3.30 of the Purchaser Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any Purchaser Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any Purchaser Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Purchaser Employee Contracts containing any such provisions (collectively, the "**Purchaser Employee Plans**"). None of the Purchaser Employee Plans is a registered pension plan under the ITA.
- (b) Each Purchaser Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Purchaser Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any Purchaser Entity pursuant to the terms of any Purchaser Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Purchaser Employee Plans, and no event has occurred or circumstance exists under which any of the Purchaser Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Purchaser Employee Plan has a deficit and the liabilities of all Purchaser Entities in respect of all Purchaser Employee Plans are properly accrued and reflected in the Purchaser Financial Statements in accordance with IFRS.
- (f) The Purchaser Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Purchaser Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the Purchaser, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any Purchaser Entity to amend any Purchaser Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Purchaser Employee Plan.

- (i) No Purchaser Entity has any obligation to provide retirement benefits for any current, former or retired employees of any Purchaser Entity or to any other Person.
- (j) None of the Purchaser Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No Purchaser Entity contributes, nor is any Purchaser Entity required to contribute, to any multi-employer pension or benefit plan. None of the Purchaser Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Purchaser Employee Plans can be amended or terminated without restrictions and any applicable Purchaser Entities have the unrestricted power and authority to amend or terminate the Purchaser Employee Plans.

3.31 Tax Matters

- (a) Other than as set out in Section 3.31 of the Purchaser Disclosure Letter, the Purchaser Entities have paid or made arrangements for the payment of all Taxes in respect of any Pre-Closing Tax Period.
- (b) All Tax Returns of the Purchaser Entities that are required to be filed prior to the Closing Date have or will have been timely filed. All material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the Closing Date. Each such Tax Return is true, correct and complete in all material respects.
- (c) The Purchaser Entities have properly withheld and paid or remitted to the relevant Governmental Authority, in all material respects, all Taxes required to have been withheld and paid or remitted.
- (d) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to the assets of the Purchaser Entities or the Purchaser Entities' businesses is currently in effect.
- (e) The Purchaser is duly registered for HST under Part IX of the *Excise Tax Act* (Canada).
- (f) The Purchaser is a "taxable Canadian corporation" and a "public corporation" within the meaning of the ITA.

3.32 Anti-Corruption

- (a) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under Anti-Corruption Legislation.

- (b) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Person acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the knowledge of the Purchaser, no change, fact, event, circumstance, condition or omission has occurred that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

3.33 Privacy Laws

- (a) Each Purchaser Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the Purchaser Entities in connection with the operation of the Purchaser Entities' business (the "**Healthcare Data Requirements**"). No Purchaser Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the Purchaser Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The Purchaser Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No Purchaser Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

3.34 No Broker

Other than as set out in Section 3.34 of the Purchaser Disclosure Letter, the Purchaser has carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the FBC Shareholder.

3.35 Reporting Issuer

The Purchaser is a reporting issuer not in default (or the equivalent) under Applicable Securities Laws in each of the provinces and territories of Canada, and the Purchaser Shares are listed for trading on the CSE. No order ceasing or suspending trading in any securities nor prohibiting the sale of any securities of the Purchaser has been issued by any Governmental Authority or is outstanding against the Purchaser and, to the knowledge of the Purchaser, no investigation or proceeding for such purposes are pending or threatened. To the knowledge of the Purchaser it is not, and will not be at the time of Closing, in default under any of its obligations as a reporting issuer with securities regulatory authorities or the CSE.

3.36 Consideration Shares

The Consideration Shares to be issued pursuant to this Agreement will, immediately following their issuance to the FBC Shareholder, (a) be duly and validly authorized and issued as fully paid and non-assessable Purchaser Shares in accordance with applicable Law and (b) be subject to resale restrictions, as applicable under Applicable Securities Laws. Subject to the truth of the representations and warrants of the FBC

Shareholder, the distribution of the Consideration Shares to the FBC Shareholder will be exempt from the prospectus requirements of Applicable Securities Laws.

3.37 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES CONCERNING FBC

The FBC Shareholder makes the following representations to the Purchaser solidarily and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

4.1 Incorporation, Corporate Power and Registration

- (a) Each FBC Entity is a corporation or sole proprietorship, as applicable, validly existing and in good standing under its jurisdiction of incorporation (or existence, as applicable) and has all necessary corporate power, authority and capacity to own or lease its property and to carry on the FBC Business as presently conducted.
- (b) Subject to 4.2, neither the nature of the FBC Business, nor the location or character of the assets owned by any FBC Entity, requires any FBC Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

4.2 Qualification

Each FBC Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 4.2 of the FBC Disclosure Letter. The jurisdictions set out in Section 4.2 of the FBC Disclosure Letter include all jurisdictions in which (a) the nature of the assets owned by each FBC Entity or the FBC Business makes such qualification necessary, (b) each FBC Entity owns or leases any material property or assets which form part of FBC Business, or (c) the FBC Business is conducted, in each case except as would not have a Material Adverse Effect.

4.3 Due Authorization and Enforceability of Obligations

- (a) FBC has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of FBC.
- (c) This Agreement constitutes a valid and binding obligation of FBC enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by any FBC Entity or necessary to the ownership and use of the assets owned by any FBC Entity or the operation of the FBC Business;
- (b) result in or require the creation of any Lien upon any of the assets owned by any FBC Entity, other than in respect of the FBC Promissory Note;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to any FBC Entity.

4.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, or as otherwise set forth in Section 4.5 of the FBC Disclosure Letter, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any FBC Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any FBC Material Contract, (ii) the acceleration of any debt or other obligation of any FBC Entity, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any FBC Entity.

4.6 FBC Financial Statements

The FBC Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the FBC Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the FBC Entities on a consolidated basis for the periods then ended.

4.7 No Undisclosed Liabilities and Indebtedness

Since the FBC Reference Date, no FBC Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable FBC Financial Statements; (b) current liabilities incurred since the FBC Reference Date in the Ordinary Course; or (c) liabilities that are not material to any FBC Entity, taken as a whole, and liabilities listed in Section 4.7 of the FBC Disclosure Letter. Other than the amounts owed under the FBC Promissory Note and pursuant to the FB Payment Plan, there shall be no outstanding Indebtedness owing by FBC to the FBC Shareholder or any Affiliates of the FBC Shareholder at Closing,

provided that, notwithstanding anything in this Agreement to the contrary, any new Accounts Payable that are generated in the Ordinary Course, and approved in advance in writing by the Purchaser, following the date hereof and through to the Closing Date, payable to FBC Shareholder or its Affiliates, shall be for the account of the Purchaser and the Purchaser shall pay such Accounts Payable when due.

4.8 Bank Accounts and Powers of Attorney

Section 4.8 of the FBC Disclosure Letter sets forth a correct and complete listing of the name, address and bank account numbers for each bank or other financial institution in which any FBC Entity has an account or safe deposit box and the names of all individuals authorized to draw on the account(s) or that have access to the safety deposit box(s). No FBC Entity has granted any Person a power of attorney.

4.9 Subsidiaries

Section 4.9 of the FBC Disclosure Letter sets forth a complete and accurate organizational chart of the FBC Entities. All of the issued and outstanding shares of each FBC Entity other than FBC have been issued in accordance with all applicable laws (including Applicable Securities Laws). Other than the FBC Entities, no FBC Entity has any subsidiaries (as such term is defined in Applicable Securities Laws).

4.10 Capitalization of FBC

- (a) The authorized capital of FBC consists of an unlimited number of FBC Shares.
- (b) As at the Execution Date, the only issued and outstanding shares in the capital of FBC are the Purchased FBC Shares. In addition, as at the Execution Date, no options, warrants or other rights to purchase or acquire shares or other securities of FBC and no securities or obligations convertible into or exchangeable for shares or other securities of FBC have been authorized or agreed to be issued.
- (c) Except as set forth in this Section 4.10, no other FBC Shares are issued and outstanding and there are no existing Equity Interests in, FBC or any of its subsidiaries obligating FBC to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, FBC or securities convertible into or exchangeable for such shares or Equity Interests or other securities.
- (d) All of the outstanding FBC Shares were duly authorized and validly issued and are fully paid and non-assessable.
- (e) All transfer restrictions affecting the transfer of the Purchased FBC Shares to the Purchaser will have been complied with or effectively waived on Closing.
- (f) None of the FBC Entities is a reporting issuer (as such term is defined in the *Securities Act* (Ontario)) and there is no published market for the Purchased FBC Shares.
- (g) No FBC Entity is party to, or subject to, or affected by, any unanimous shareholders' agreement or declaration; and (ii) there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of any FBC Entity.

4.11 Conduct of Business in Ordinary Course

Except as set out in Section 4.11 of the FBC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the FBC Reference Date, the FBC Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing,

no FBC Entity has, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets, other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$250,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$250,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value pertaining it;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to an Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of the FBC Business or any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any FBC Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) declared or paid any dividends or declared or made any other distribution on the Purchased FBC Shares or other securities of any of the FBC Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchased FBC Shares or other securities of the FBC Entities;
- (k) written off as uncollectible any Accounts Receivable or any part thereof;
- (l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;
- (n) compromised or settled any litigation or governmental action relating to assets owned or used by a FBC Entity (including the Leased Properties);
- (o) cancelled or reduced any insurance coverage on its business, property or assets;
- (p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;

- (q) made any change in the method of billing or the credit terms made available to its customers;
- (r) amended its organizational documents or structure; or
- (s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

4.12 Litigation

Except as set out in Section 4.12 of the FBC Disclosure Letter, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits, proceedings, grievances, arbitrations, investigations, audits or other alternative dispute resolution processes at law or in equity, by any Person (including any FBC Entity or the FBC Shareholder), nor any arbitration, administrative or other proceeding by or before any Governmental Authority, current or pending, to the knowledge of the FBC Shareholder, threatened against any FBC Entity or any property or assets used by any FBC Entity, including the Leased Properties, or FBC IP, or in respect of any regulatory matters or employment matters.

4.13 Title to Assets

Each FBC Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the FBC Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

4.14 No Options, etc.

Except for the Purchaser under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition of any FBC Entity or any of the property and assets of any FBC Entity, other than pursuant to purchase orders for inventory sold in the Ordinary Course.

4.15 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of FBC or leased for use by FBC are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

4.16 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the FBC Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the FBC Books and Records, copies of which have been provided to the Purchaser, and are not subject to any defence, counterclaim or set off.

4.17 Compliance with Law

- (a) Each of the FBC Entities:
 - (i) is, other than as disclosed in Section 4.17(i) of the FBC Disclosure Letter, conducting the FBC Business in compliance with all applicable Laws, in all material

respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business;

- (ii) has not received, since the FBC Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority, other than as disclosed in Section 4.17(ii) of the FBC Disclosure Letter, (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the FBC Business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any FBC Material Authorization; and
 - (iii) has, or has had on its behalf, since the FBC Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the FBC Business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the FBC Business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).
- (b) To the knowledge of the FBC Shareholder, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws, other than as disclosed in Section 4.17(b) of the FBC Disclosure Letter.
 - (c) The individuals listed in Section 4.17(c) of the FBC Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any FBC Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance.
 - (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Cannabis products sold by any FBC Entity, directly or indirectly, or stored in inventory for any FBC Entity:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended, and of merchantable quality;

- (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with FBC Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the FBC Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all FBC Entities relating to the FBC Business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
- (f) (i) Each FBC Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any FBC Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the FBC Shareholder's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any FBC Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.
- (g) Each FBC Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states).

4.18 Governmental Authorizations

The FBC Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Leased Properties). All such Authorizations are set out in Section 4.18 of the FBC Disclosure Letter (the "**FBC Material Authorizations**"). Each FBC Material Authorization is valid, subsisting and in good standing. FBC is not in default or breach of any FBC Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the FBC Shareholder, threatened to revoke or limit any FBC Material Authorization.

4.19 Required Authorizations

There is no requirement for any FBC Entity, FBC or the FBC Shareholder to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with

or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 4.19 of the FBC Disclosure Letter.

4.20 Third Party Consents

There is no requirement for any FBC Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a FBC Material Contract binding on or affecting the FBC Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 4.20 of the FBC Disclosure Letter.

4.21 Material Contracts

Except for the FB Payment Plan and the FBC Promissory Note to be entered into at Closing and the Contracts set out in Section 4.21 of the FBC Disclosure Letter (collectively, the “**FBC Material Contracts**”), FBC is not a party to or bound by any Contract material to it including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by any FBC Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of any FBC Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than any FBC Entity so as to expire, more than one year after the Execution Date;
- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;
- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract limiting the freedom of any FBC Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on business;
- (g) any Contract pursuant to which any FBC Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Person with whom any FBC Entity or the FBC Shareholder do not deal at arm's length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by any FBC Entity from any Governmental Authority;
- (j) any Contract pursuant to which any FBC Entity grants or receives a licence to use any FBC IP, other than: (A) those in which grants of FBC IP rights are incidental to such Contract; (B) those granting rights to FBC IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any FBC Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;

- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for Indebtedness of a FBC Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all FBC Material Contracts have been provided to the Purchaser.

4.22 No Breach of Material Contracts

Each FBC Entity has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. Each of the FBC Material Contracts is in full force and effect, unamended, to the knowledge of the FBC Shareholder, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. To the knowledge of the FBC Shareholder, all of the covenants to be performed and the obligations to be fulfilled by any party to such FBC Material Contract, including the applicable FBC Entity, have been fully performed and fulfilled in all material respects, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. No consent or notice is required for a valid assignment to the Purchaser of any FBC Material Contract.

4.23 Related Party Transactions

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting any FBC Entity have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by any FBC Entity in relation to such Contracts are recorded on the FBC Books and Records at their fair market value.

4.24 Insurance

Each FBC Entity maintains such policies of insurance as are appropriate to the FBC Business and the Leased Properties, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. Section 4.24 of the FBC Disclosure Letter is a list of insurance policies which are maintained by or on behalf of all FBC Entities setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage, the expiration date, the annual premium and any pending claims. No FBC Entity is in default in any material respect with respect to any of the provisions contained in such insurance policies or has failed to give any material notice or to present any material claim under any insurance policy in a due and timely fashion. True, correct and complete copies of all insurance policies held by or on behalf of all FBC Entities and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.

4.25 Books and Records

- (a) All accounting and financial FBC Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such FBC Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the Purchaser in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the FBC

Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the FBC Entities.

- (b) FBC Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by FBCs current Information Technology.

4.26 Intellectual Property

- (a) Section 4.26(a) of the FBC Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered Intellectual Property owned or used by all FBC Entities (collectively, the “**FBC IP**”) and (ii) all licenses or similar agreements or arrangements to which FBC is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of the FBC Business as presently conducted.
- (b) The applicable FBC Entity is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the FBC IP, free and clear of all Liens other than Permitted Encumbrances. No FBC Entity has assigned, licensed or otherwise conveyed any of the FBC IP.
- (c) Each applicable FBC Entity has maintained or caused to be maintained the rights to any of the registered FBC IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered FBC IP subject to expiration on or prior to the Closing Date.
- (d) The FBC 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 FBC IP. In the past five years, no FBC Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the FBC IP. During such period, no FBC Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.
- (e) The applicable FBC Entity has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the FBC IP in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The FBC IP is sufficient to conduct the FBC Business as presently conducted. All licenses to which any applicable FBC Entity is a party relating to FBC IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of any FBC Entity thereunder. No royalty or other fees is required to be paid by any FBC Entity to use and exploit any of the FBC IP rights and, to the FBC Shareholder’s knowledge, there are no restrictions on the ability of any FBC Entity to use any of the FBC IP rights.
- (f) To the knowledge of the FBC Shareholder, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the FBC IP.
- (g) To the knowledge of the FBC Shareholder, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of any FBC Entity owns or has claimed an ownership interest in any of the FBC IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) All applicable FBC Entities have used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect FBC IP and confidential

information relating thereto. To the knowledge of the FBC Shareholder, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent any FBC Entity from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

4.27 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the FBC Business is sufficient for the conduct of the FBC Business in the Ordinary Course after Closing. Each FBC Entity uses reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by any FBC Entity in respect of any license or lease under which any FBC Entity receives Information Technology.

4.28 Leases and Leased Property

- (a) No FBC Entity is a party to, or under any agreement to become a party to, any real property lease other than the Leases, true, correct and complete copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in favour of the applicable FBC Entity in the Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Lease pursuant to which a FBC Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any FBC Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable FBC Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the FBC Shareholder, all of the covenants to be performed by any party (other than the applicable FBC Entity) under the Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable FBC Entity of any of the Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Leased Property. Section 4.28(a) of the FBC Disclosure Letter contains a list of all of the Leases setting out, in respect of each Lease, the identity of the lessor and the lessee, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment.
- (b) Each applicable FBC Entity has adequate rights of ingress and egress to, from and over the Leased Properties in the Ordinary Course and the Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the FBC Shareholder, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any FBC Entity to carry on business in the Ordinary Course.

4.29 Customers and Suppliers

Section 4.29 of the FBC Disclosure Letter sets out a true, correct and complete list of the ten largest customers (or, if the FBC Entities have fewer than ten customers, all of the customers) and ten largest suppliers of the FBC Entities by dollar amount for the 12-month period ending the FBC Reference Date. Such list includes the approximate value of the sales and purchases for each such customer and supplier during that time. To the knowledge of the FBC Shareholder, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with FBC Business.

4.30 Environmental Matters

- (a) The FBC Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Leased Properties.
- (b) Except as permitted under applicable Laws, no FBC Entity has used or permitted to be used at any of the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the FBC Shareholder there has not been any such use.
- (c) Except as permitted under Environmental Laws, no FBC Entity has caused or permitted, and the FBC Shareholder does not have any knowledge of any Environmental Release on or from the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity.
- (d) No FBC Entity has been required in writing by any Governmental Authority to: (i) alter any of the Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.
- (e) There are no pending or, to the knowledge of the FBC Shareholder, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any FBC Entity or any Leased Properties.
- (f) Neither the FBC Shareholder nor any FBC Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any FBC Entity or the FBC Business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the FBC Shareholder nor any FBC Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the FBC Shareholder, no FBC Entity nor the FBC Business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) There are not any reports or material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any FBC Entity or any Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or

had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the FBC Shareholder or the FBC Entities have been provided to Purchaser. To the knowledge of the FBC Shareholder, there are no other reports or material documents relating to environmental matters affecting any FBC Entity or any of the Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or had charge, management or control which have not been made available to Purchaser.

- (h) To the knowledge of the FBC Shareholder, there are not any underground storage tanks located on the Leased Properties.
- (i) No Authorizations issued to any FBC Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the FBC Business, the Leased Properties, or any other assets of any FBC Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

4.31 Employee Matters

- (a) No FBC Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any FBC Entity.
- (b) Section 4.31 of the FBC Disclosure Letter includes a complete list of all Employees. The list includes each Person's:
 - (i) position or title with all applicable FBC Entities;
 - (ii) material terms and conditions of employment, including reference to any Employee Plans to which such Person participates and a summary of such Person's benefits thereunder;
 - (iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year to such Person;
 - (iv) the date upon which the wage, salary, rate or bonus in Section 4.31(b)(iii) became effective;
 - (v) the date upon which such Person was first hired or engaged;
 - (vi) the Employee Plans in which the Person participates; and
 - (vii) accrued vacation, if any.
- (c) Except as disclosed in Section 4.31(c) of the FBC Disclosure Letter, no employee of any FBC Entity has any written agreement as to length of notice or termination payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or termination, and there are no outstanding amounts owed to any Employees pursuant to any employment, consulting or similar type agreement relating to any FBC Entity.

- (d) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any FBC Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the FBC Business which are currently outstanding.
- (e) To the knowledge of the FBC Shareholder, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for any FBC Entity and no FBC Entity is unionized or has an employee association.
- (f) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against any FBC Entity in respect of, concerning or affecting any of the Employees.
- (g) All FBC Entities have observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (h) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon any FBC Entity to do or refrain from doing any act or which place a financial obligation upon any FBC Entity.
- (i) In the past three years, no FBC Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (j) Except as set out in Section 4.31(j) of the FBC Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the FBC Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the FBC Shareholder any investigation by) any Governmental Authority, pending, or, to the knowledge of the FBC Shareholder, threatened against or affecting the FBC Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the FBC Entities or the FBC Business. To the knowledge of the FBC Shareholder, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any FBC Entity in respect of employment matters.
- (k) All FBC Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements.
- (l) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the FBC Shareholder, threatened against or directly or indirectly affecting any FBC Entity or its operations. No FBC Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Employees. There are no charges or complaints pending, or threatened with respect to or relating to any FBC Entity before any Governmental Authority in relation to unlawful employment practices. No FBC Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of any FBC Entity concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the FBC Shareholder, threatened.

4.32 Employee Benefit Plans

- (a) Section 4.32 of the FBC Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any FBC Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any FBC Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Employee Contracts containing any such provisions (collectively, the “**Employee Plans**”). None of the Employee Plans is a registered pension plan under the ITA.
- (b) Each Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any FBC Entity pursuant to the terms of any Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Employee Plans, and no event has occurred or circumstance exists under which any of the Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Employee Plan has a deficit and the liabilities of all FBC Entities in respect of all Employee Plans are properly accrued and reflected in the FBC Financial Statements in accordance with IFRS.
- (f) The FBC Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the FBC Shareholder, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any FBC Entity to amend any Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Employee Plan.

- (i) No FBC Entity has any obligation to provide retirement benefits for any current, former or retired employees of any FBC Entity or to any other Person.
- (j) None of the Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No FBC Entity contributes, nor is any FBC Entity required to contribute, to any multi-employer pension or benefit plan. None of the Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Employee Plans can be amended or terminated without restrictions and any applicable FBC Entities have the unrestricted power and authority to amend or terminate the Employee Plans.

4.33 Tax Matters

- (a) Each of the FBC Entities have (i) properly completed, maintained appropriate supporting documentation for, and timely filed all Tax Returns required to be filed by it on or prior to the date hereof, and all such Tax Returns are true, correct and complete in all respects, (ii) has timely paid all Taxes required to be paid by it for which payment was due, (iii) has established an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portions thereof prior to the FBC Reference Date (which accrual or reserve as of the FBC Reference Date is fully reflected on the face of the FBC Financial Statements (rather than in any notes thereto) and will establish an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portion thereof through the Closing Date), (iv) has no liability for Taxes in excess of the amount so paid or accruals or reserves so established, other than as set out in Section 4.33 of the FBC Disclosure Letter, and (v) since the FBC Reference Date, has not incurred any liability for Taxes outside the ordinary course of business. The FBC Entities have provided to the Purchaser correct and complete copies of all Tax Returns with respect to the FBC Entities, that were filed or received for all taxable years remaining open under the applicable statute of limitations.
- (b) Except as set forth in Schedule 4.33 of the FBC Disclosure Letter: (A) the FBC Entities are not delinquent in the payment of any Tax or in the filing of any Tax Returns and no claims for assessment or collection of Taxes or for deficiencies for any Tax have been threatened, claimed, proposed or assessed against the FBC Entities or any of its officers, employees or agents in their capacity as such; and (B) there is no action by any Governmental Authority pending or, to FBC's knowledge threatened, against the FBC Entities.
- (c) Any government assistance and Tax refunds claimed or received by any FBC Entity, including under section 125.7 and subsection 153(1.02) of the ITA, and all subsidies, government assistance and Tax refunds claimed or received by any FBC Entity were claimed and received in accordance with applicable Law and no FBC Entity is liable to repay any such amounts.
- (d) No claim has ever been made by a Governmental Authority in the United States in respect of Taxes and no FBC Entity is liable for Tax in the United States.
- (e) Each of FB and FBC is registered under Part IX of the Excise Tax Act, R.S.C., 1985, c. E-15, in respect of GST/HST, and FB and FBC's registration numbers are 787522945RT0001 and 78063924RT0001, respectively.
- (f) No FBC Entity has entered into or been contractually obligated to enter into a "reportable transaction" within the meaning of section 237.3 of the Tax Act or "notifiable transaction" within the meaning of section 237.4.

4.34 Anti-Corruption

- (a) No FBC Entity nor, to its knowledge, any of their respective shareholders, directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act*, the *US Foreign Corrupt Practices Act of 1977*, the *UK Bribery Act, 2010* and any related or similar rules, regulations or guidelines made, issued, administered or enforced by any Governmental Authority thereunder and any other applicable Laws of similar purpose and scope (collectively, “**Anti-Corruption Legislation**”).
- (b) Neither any FBC Entity nor the FBC Shareholder, nor, to its knowledge, any of their directors, officers, employees or other Persons acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the FBC Shareholder’s knowledge, no change, fact, event, circumstance, condition or omission has occurred in respect of the FBC Business that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

4.35 Privacy Laws

- (a) Each FBC Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the FBC Entities in connection with the operation of the FBC Business (the “**Healthcare Data Requirements**”). No FBC Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the FBC Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The FBC Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No FBC Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

4.36 No Predecessors

Except as set out in Section 4.36 of the FBC Disclosure Letter, FBC has not merged with any corporation, or by amalgamation, dissolution, arrangement or otherwise, in such a manner that FBC is or may become liable for any liabilities (contingent or otherwise) of any kind whatsoever of that corporation.

4.37 No Broker

The FBC Entities have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

4.38 Government Grants and Subsidies

FBC has not received any refundable or non-refundable grants and subsidies received by any FBC Entity from any Governmental Authority, including pursuant to any program set up in connection with the COVID-19 pandemic, and such list shall include the amounts in question, the date on which funds were received, the name of the programs in question as well as whether such funds are refundable or non-refundable.

4.39 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE FBC SHAREHOLDER

The FBC Shareholder makes the following representations to the Purchaser on a solidary basis and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

5.1 Authorization

The FBC Shareholder has the capacity to enter into this Agreement and each Transaction Document to which it is a party, to perform all of its agreements and obligations hereunder and thereunder in accordance with their terms and to consummate the Transactions. The FBC Shareholder has the capacity to sell to the Purchaser all of its FBC Shares without any restriction other than restrictions on sales of securities under Applicable Securities Laws. The FBC Shareholder has duly executed and delivered this Agreement and each Transaction Document to which it is a party and, assuming the due authorization, execution and delivery by all parties thereto (other than the FBC Shareholder), this Agreement and the Transaction Documents constitute valid and binding obligations of the FBC Shareholder, enforceable against the FBC Shareholder in accordance with their respective terms, except as such enforceability may be subject to applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and similar Laws affecting the enforcement of creditors' rights and remedies generally and by general principles of equity.

5.2 Title

The FBC Shareholder is the record and beneficial owner of the FBC Shares and has good and marketable title to such FBC Shares, free and clear of all Liens, including pre-emptive rights, rights of first refusal or "put" or "call" rights created by statute, any FBC Entity's constating documents or otherwise. The FBC Shareholder does not, nor does any other Person, own or have any interest in any shares in the capital of any FBC Entity other than the FBC Shareholder's ownership of the FBC Shares. Immediately following the Closing, the Purchaser will be the legal and beneficial owner of, and have good and marketable title to, all of the issued and outstanding FBC Shares, free and clear of all Liens. Except pursuant to this Agreement,

there is no agreement pursuant to which the FBC Shareholder has, directly or indirectly, granted any option, warrant or other right to any Person to acquire any FBC Shares.

5.3 Consents

Except as set out in Section 4.19 and 4.20 of the FBC Disclosure Letter, no consent, waiver, approval, order or authorization of, or registration, declaration or filing with, or notice to any Governmental Authority or any other Person is required by, or with respect to, the valid and lawful authorization, execution, delivery and performance by the FBC Shareholder of this Agreement or the consummation of the Transactions.

5.4 No Brokers

The FBC Shareholder have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

5.5 Conflicts

The execution, delivery and performance by the FBC Shareholder of this Agreement and the Transaction Documents to which it is party and the consummation of the Transactions do not and will not conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any Lien upon the FBC Shares or any of the FBC Shareholder's properties or assets (tangible or intangible) under, (a) any agreement of the FBC Shareholder, (b) any Authorization held by the FBC Shareholder that is necessary to the ownership by the FBC Shareholder of the FBC Shares or to the FBC Business, or (c) any Law applicable to the FBC Shareholder.

5.6 Litigation

No Claim is pending or, to the FBC Shareholder's knowledge, threatened, against the FBC Shareholder with respect to its execution, delivery and performance of this Agreement or any Transaction Document to which such FBC Shareholder is to be a party or the consummation of the Transactions. No Claim is pending or, to the FBC Shareholder's knowledge, threatened against it before any arbitrator or court or other Governmental Authority which (a) if adversely determined, would be reasonably likely to result in payments, penalties or fines payable by any FBC Shareholder, or (b) challenges the validity of this Agreement or any Transaction Document or any action taken or to be taken in connection herewith or therewith, including the FBC Shareholder; sale and transfer of the FBC Shares hereunder.

ARTICLE 6 CLOSING

6.1 Closing

Unless this Agreement is earlier terminated in accordance with its terms, the Transaction will be consummated as soon as practicable after all the conditions established in Article 7 and Article 8 of this Agreement have been satisfied or waived. The closing of the Transaction (the "**Closing**") will be completed at the Effective Time on the fifth (5th) Business Day following the date on which the conditions set out in Article 7 and Article 8 of this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at such time) or such other date prior to the Drop Dead Date as may be agreed to by the Parties (the "**Closing Date**"), at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, or at such other location and time as is mutually agreed to by the Purchaser and the FBC Shareholder. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email

exchange of documents between the respective legal counsel for the Purchaser and the FBC Shareholder, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

6.2 Effective Time

The transfer of the FBC Shares is deemed to take effect at the Effective Time on the Closing Date.

6.3 FBC Closing Documents

At the Closing, FBC and the FBC Shareholder will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 7.1, and such other documents as the Purchaser may reasonably require to effect the Transaction.

6.4 Purchaser Closing Documents

At the Closing, the Purchaser will deliver, or cause to be delivered, to FBC and the FBC Shareholder the documents set forth in Section 8.1, and such other documents as FBC and the FBC Shareholder may reasonably require to effect the Transaction.

6.5 Survival of Representations and Warranties

- (a) The representations and warranties made by each Party and contained in this Agreement (which for clarity, are made as of the date of this Agreement to be brought down only to the Closing Date), or contained in any document or certificate given in order to carry out the transactions contemplated hereby shall survive the Closing until the 12 month anniversary of the Closing Date (the "**Release Date**"). A Party has no obligation or liability for indemnification under this Agreement or otherwise with respect thereto after the Release Date. All of the covenants contained in this Agreement that by their nature are required to be performed after the Closing shall survive the Closing until fully performed or fulfilled.
- (b) Notwithstanding Section 6.5(a), any representation, warranty, covenant or obligation, and any obligation or liability for indemnification or otherwise with respect thereto, that would otherwise terminate on the Release Date will continue to survive if a notice of Claim shall have been given under Section 10.3, on or prior to the Release Date until the related claim for indemnification has been satisfied or otherwise resolved, but such survival shall only be with respect to the matters covered by such notice of Claim.

ARTICLE 7 PURCHASER'S CONDITIONS PRECEDENT

7.1 Purchaser's Conditions

The obligation of the Purchaser to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties contained in Section 4.1 [*Incorporation, Corporate Power and Registration*], Section 4.3 [*Due Authorization and Enforceability of Obligations*], Section 4.10 [*Capitalization of the Purchaser*], Section 4.13 [*Title to Assets*] (collectively, the "**FBC Specified Representations**") and in Article 5 shall be true and correct as of the Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of FBC and the FBC Shareholder

contained in this Agreement (other than the FBC Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of FBC and the FBC Shareholder to be so true and correct (read for purposes of this Section 7.1(a) without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect, and (iii) each of FBC, the FBC Shareholder, and the three individuals set out in the last sentence of Section 10.2(f), shall have each executed and delivered a certificate to that effect;

- (b) each of FBC and the FBC Shareholder shall have fulfilled, performed or complied with in all material respects all covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and each of FBC and the FBC Shareholder shall have executed and delivered a certificate of a senior officer to that effect;
- (c) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;
- (d) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;
- (e) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (f) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to FBC;
- (g) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, (ii) the right of the Purchaser to acquire the FBC Shares, or (iii) the Purchaser from operating the FBC Business after Closing on substantially the same basis as currently operated;
- (h) each of FBC and the FBC Shareholder shall have delivered or caused to be delivered to the Purchaser the following:
 - (i) certified copies of (A) the notice of articles, articles and/or by-laws, as applicable, of such Party, (B) as applicable, the resolutions of the shareholders and/or the board of directors of such Party approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to the Purchaser, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to such Party issued by appropriate government officials of its jurisdiction of incorporation;
 - (iii) executed copies of the Transaction Documents executed by FBC and/or the FBC Shareholder, as applicable;
 - (iv) the certificates referred to in Sections 7.1(a) and 7.1(b);

- (v) certificate(s) representing the FBC Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing the transfer of the FBC Shares to the Purchaser acceptable to the Purchaser, acting reasonably;
 - (vi) a direction with respect to the registration of the Consideration Shares; and
 - (vii) the FBC Books and Records.
- (i) the CSE shall not oppose the issuance of the Consideration Shares or the completion of the Transaction as contemplated herein;
 - (j) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;
 - (k) FBC and the FBC Shareholder shall have delivered a copy of the FBC Financial Statements in a form and substance satisfactory to the Purchaser, acting reasonably;
 - (l) FBC and the FBC Shareholder shall have arranged for the irrevocable transfer and assignment to FBC of any asset or entity which is necessary or incidental to the ongoing operation of the FBC Business and that is held by a party not dealing at arm's length with FBC as at the Execution Date, other than in respect of ongoing brand licensing agreements between the Merged Entity and FBC Shareholder following Closing;
 - (m) employment agreements executed by Greg Boone and Jennifer Maccarone with the Merged Entity, in form and substance agreed to by the parties thereto, acting reasonably;
 - (n) executed resignations effective as at the Closing Date for all of the directors and officers (with the exception of Greg Boone and Jennifer Maccarone) of FBC;
 - (o) executed releases from each of the directors and officers of FBC of Claims they may have against FBC arising out of any cause existing as at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;
 - (p) executed release from the FBC Shareholder, and all subsidiaries of the FBC Shareholder except for the FBC Entities, of any and all amounts owed to it by the FBC Entities, save and except for the amounts owed under the FBC Promissory Note and as part of the FB Payment Plan;
 - (q) the executed Subordination Agreement;
 - (r) the executed Intercreditor Agreement;
 - (s) the executed Stone Pine Amendments;
 - (t) the executed Golden Iris Release;

- (u) the executed Lock-up Agreement from the FBC Shareholder;
- (v) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2;
- (w) all other documentation and evidence reasonably requested by the Purchaser in order to establish the due authorization and completion by FBC and the FBC Shareholder of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of FBC and the FBC Shareholder required to effectively carry out their respective obligations under this Agreement.

7.2 Waiver

The conditions set forth in this Article 7 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to Closing.

7.3 Covenant of FBC and the FBC Shareholder

Each of FBC and the FBC Shareholder covenants to deliver all of the Closing documentation required to be delivered by each such party as set out in Section 7.1 that is within its control.

ARTICLE 8 FBC SHAREHOLDER'S CONDITIONS PRECEDENT

8.1 FBC Shareholder's Conditions

The obligation of FBC Shareholder to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties of the Purchaser contained in Sections 3.1 [*Incorporation, Corporate Power and Registration*], 3.3 [*Due Authorization and Enforceability of Obligations*], 3.9 [*Capitalization of the Purchaser*], 3.35 [*Reporting Issuer*] and 3.36 [*Consideration Shares*] (the "**Purchaser Specified Representations**") shall be true and correct as of the Closing Date other than for de minimis inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of the Purchaser contained in this Agreement (other than the Purchaser Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (read for purposes of this Section 8.1(a) without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect; and (iii) the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;
- (b) the Purchaser shall have fulfilled, performed or complied with in all material respects all other covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

- (c) the CSE has provided any necessary approval in respect of the Transaction and this Agreement and the Purchaser Shares (including the Consideration Shares) shall have been conditionally approved for listing, subject to customary conditions, on the CSE following completion of the Transactions contemplated herein;
- (d) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the FBC and the FBC Shareholder, acting reasonably;
- (e) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the FBC Shareholder, acting reasonably;
- (f) the executed Subordination Agreement;
- (g) the executed Intercreditor Agreement;
- (h) the executed Stone Pine Amendments;
- (i) effective on the Closing Date, change of corporate name of FBC to a name which excludes the use of "Final Bell";
- (j) the entering into of licensing arrangements between the Merged Entity and the FBC Shareholder for certain brands owned by the FBC Shareholder and/or its Affiliates, to be utilized by FBC for a target license fee of at least 10% and higher for certain brands, net of customary taxes and fees owed for licenses of this nature, and on such other terms as acceptable to the Parties thereto;
- (k) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (l) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to the Purchaser;
- (m) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, or (ii) the right of the FBC Shareholder to sell the FBC Shares;
- (n) the Purchaser shall have delivered or caused to be delivered to FBC and the FBC Shareholder the following:
 - (i) certified copies of (A) the articles and by-laws of the Purchaser, (B) the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to FBC and the FBC Shareholder, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government officials of its jurisdiction of incorporation dated within five (5) Business Days of the Closing Date;
 - (iii) executed copies of the Transaction Documents executed by the Purchaser;

- (iv) the certificates referred to in Sections 8.1(a) and 8.1(b); and
- (v) the Consideration Shares;
- (o) the Purchaser Shares shall continue to be listed for trading on the CSE;
- (p) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;
- (q) executed resignations and releases of Greg Boone as director of the FBC Shareholder, and Jennifer Maccarone as Chief Operating Officer of the FBC Shareholder, of any Claims they may have against FBC Shareholder for any matter, in form and substance agreed to by the FBC Shareholder, acting reasonably;
- (r) executed releases from each of the directors and officers of FBC of Claims they may have against FBC Shareholder arising out of any cause existing at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;
- (s) the FBC Shareholder shall be entitled to nominate one (1) individual to the board of directors of the Merged Entity effective as of the Closing Date, subject to compliance with the regulations of the CSE and applicable securities laws, and the receipt of all applicable regulatory approvals on or before the Closing Date;
- (t) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2; and
- (u) all other documentation and evidence reasonably requested by FBC and the FBC Shareholder in order to establish the due authorization and completion by the Purchaser of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of the Purchaser required to effectively carry out their respective obligations under this Agreement.

8.2 Waiver

The conditions set forth in this Article 8 are for the exclusive benefit of FBC and the FBC Shareholder and may be waived by FBC and the FBC Shareholder in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the FBC and the FBC Shareholder to Closing.

8.3 Covenant of the Purchaser

The Purchaser covenants to deliver all of the Closing documentation set out in Section 8.1 that is within its control.

ARTICLE 9 COVENANTS

9.1 FBC Conduct of Business Prior to Closing

During the Closing Period, FBC shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of the Purchaser, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;
- (d) not, without the prior written consent of the Purchaser, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of the Purchaser, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of the Purchaser, repay any shareholders' loans;
- (g) make all commercially reasonable efforts to preserve the goodwill of FBC and its relationships with customers, suppliers, and others having business dealings with FBC;
- (h) not, without the prior written consent of the Purchaser, hire, engage, or retain any new employees or independent contractors to be employed, engaged or retained in connection with the FBC Business that provides for annual remuneration in an amount exceeding \$90,000 for each employee or independent contractor;
- (i) not, without the prior written consent of Purchaser, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;
- (j) continue in full force all of its existing insurance policies;
- (k) comply in all material respects with all Laws applicable to the FBC Business; and
- (l) apply for, and maintain in good standing, all permits and authorizations relevant to the FBC Business.

9.2 Purchaser Conduct of Business Prior to Closing

During the Closing Period, the Purchaser shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of FBC, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;

- (d) not, without the prior written consent of FBC, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of FBC, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of FBC, repay any shareholders' loans;
- (g) make all commercially reasonable efforts to preserve the goodwill of the Purchaser and its relationships with customers, suppliers, and others having business dealings with the Purchaser;
- (h) not, without the prior written consent of FBC, hire, engage, or retain any new employees, directors or independent contractors to be employed, engaged or retained in connection with the Purchaser Entities' business that provides for annual remuneration in an amount exceeding \$90,000 for each employee, director or independent consultant, as applicable, or increase the remuneration of any employees or directors;
- (i) not, without the prior written consent of FBC, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;
- (j) continue in full force all of its existing insurance policies;
- (k) comply in all material respects with all Laws applicable to the Purchaser Entities' business; and
- (l) apply for, and maintain in good standing, all permits and authorizations relevant to the Purchaser Entities' business.

9.3 Actions to Satisfy Closing Conditions

- (a) FBC and the FBC Shareholder shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 7.1.
- (b) The Purchaser shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 8.1.

9.4 Consents, Approvals and Authorizations

- (a) FBC and the FBC Shareholder shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 4.19 or Section 4.20 of the FBC Disclosure Letter. Such consents shall be on such terms as are acceptable to the Purchaser and the FBC Shareholder, acting reasonably.
- (b) The Purchaser shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 3.17 or Section 3.18 of the Purchaser Disclosure Letter. Such consents shall be on such terms as are acceptable to FBC and the FBC Shareholder, acting reasonably.

- (c) Each Party hereby covenants that it shall promptly prepare, file and diligently pursue until received all necessary Authorizations and make such necessary filings as are required to be obtained under applicable Law or the rules, policies and guidelines of the CSE with respect to this Agreement and the Transaction. Each Party shall offer the other Parties a reasonable opportunity to review and comment on any such filing or other such submission.
- (d) FBC and the FBC Shareholder represent and warrant that any information or disclosure relating to FBC that is furnished in writing by FBC for inclusion in any filing or submission made pursuant to this Section 9.4 will comply in all material respects with all applicable laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that any filing or submission made pursuant to this Section 9.4 shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that FBC of the FBC Shareholder shall not be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in any filing or submission made pursuant to this Section 9.4).
- (e) Each Party shall keep the other Parties fully informed regarding the status of such consents, approvals and authorizations, and the other Parties, their representatives and counsel shall have the right to participate in any substantive discussions with any other applicable Governmental Authority in connection with the Transaction and provide input into any applications for approval and related correspondence, which will be incorporated by such Party, acting reasonably. A Party will provide notice to the other Parties (and their counsel) of any proposed substantive discussions with any applicable Governmental Authority in connection with the Transaction. Promptly after any such consent, approval and authorization has been obtained by a Party and any such filing has been made by such Party, such Party shall notify the other Parties of same.
- (f) Without limiting the generality of the foregoing, the Purchaser shall promptly make all filings required by the CSE to obtain applicable Authorizations. If the approval of the CSE is conditional on the making of customary deliveries to the CSE, the Purchaser shall ensure that such filings are made as promptly as practicable and in any event within the time frame contemplated in the conditional approval letter from the CSE. The Purchaser shall offer FBC and the FBC Shareholder a reasonable opportunity to review and comment on any such filing.

9.5 Access for Investigation

- (a) The Purchaser will permit FBC, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the business of the Purchaser and to all the Purchaser Books and Records and to the properties and assets of Purchaser. Purchaser will also provide FBC and the FBC Shareholder with any financial and operating data and other information with respect to Purchaser as FBC or the FBC Shareholder reasonably requests to enable FBC or the FBC Shareholder to confirm the accuracy of the matters represented and warranted by Purchaser in Article 3.
- (b) FBC will permit the Purchaser, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the FBC Business and to all the FBC Books and Records and to the properties and assets of FBC. FBC will also provide the Purchaser with any financial and operating data and other information with respect to FBC or the FBC Business as the Purchaser reasonably requests to enable the Purchaser to confirm the accuracy of the matters represented and warranted by FBC or the FBC Shareholder in Articles 4 and 5.

9.6 Delivery of Books and Records and Cooperation

At Closing, the FBC Shareholder will cause to be delivered to the Purchaser all of the FBC Books and Records, including copies of all of its insurance policies. The Purchaser shall cooperate with and assist FBC Shareholder in the filing of any Tax Returns with respect to Taxes of FBC for any Pre-Closing Tax Period, including allowing the FBC Shareholder reasonable access to all relevant FBC Books and Records following Closing.

9.7 Notification of Untrue Representation or Warranty or Breach

During the Closing Period, each Party will promptly notify the other Parties in writing if any such Party acquires knowledge of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party acquires knowledge of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition, or if the respective Disclosure Letters require updating. During the Closing Period, each Party will promptly notify the other Parties of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event of which it has knowledge that would reasonably be expected to make the satisfaction of the conditions to Closing set forth herein impossible, or of any update to the respective Disclosure Letters. For clarity, no notice given pursuant to this Section 9.6 shall be deemed to cure any breach of, affect or otherwise diminish any representation or warranty made in this Agreement unless the non-breaching Parties specifically agrees thereto in writing.

9.8 Disclosure of Confidential Information

The Parties acknowledge that the Confidentiality Agreement continues to apply and that any information provided by one Party to the other Parties that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

9.9 Exclusive Dealing

Each Party agrees that, during the period from the date this Agreement is entered into to earlier of: (i) the Closing; and (ii) the termination of this Agreement, each Party will not, nor will they permit any Affiliates, associates, agents, consultants, advisors or representatives of any such Party to:

- (a) directly or indirectly, solicit any proposal relating to the acquisition by any third party of all or any portion of the securities of the Party or the Parties' assets (an "**Acquisition Proposal**");
- (b) directly or indirectly, engage in or continue any discussions or negotiations with any other Person regarding any such Acquisition Proposal, or otherwise encourage or facilitate any efforts by any other Person to engage in such an Acquisition Proposal;
- (c) sell, transfer or dispose of any of its material assets or businesses; or
- (d) with respect to the FBC Shareholder, sell, transfer or dispose of the Purchased FBC Shares.

9.10 Public Communications

- (a) The Purchaser and FBC Shareholder shall agree on the text of press releases by which each of the Purchaser and FBC Shareholder will announce (i) the execution of this Agreement and (ii) the completion of the Transaction contemplated herein. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the transactions contemplated herein without the consent of the other

Party (which consent shall not be unreasonably withheld, conditioned or delayed), and neither Party shall make any filing with any Governmental Authority (except as contemplated by this Section 9.9) with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Laws shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.

- (b) Without limiting the generality of the foregoing and for greater certainty, each of the Parties acknowledges and agrees that the Purchaser and the FBC Shareholder shall file, in accordance with Applicable Securities Laws, this Agreement, together with a material change report related thereto, under the Purchaser's profile on SEDAR.

9.11 Tax Matters

- (a) FBC shall be responsible for all Tax Returns for all FBC Entities for any Pre-Closing Tax Period for which Tax Returns have not been filed as of the Closing Date. Each such Tax Return shall be prepared in a manner consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC, and each such Tax Return shall be accompanied with a statement setting forth the amount of Taxes on such Tax Return that are attributable to the Pre-Closing Tax Period for which the FBC is responsible for pursuant to Section 9.11(c). FBC shall provide to the Purchaser a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities. The Purchaser shall notify FBC in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. FBC shall consider in good faith all such comments.
- (b) The Purchaser will cause to be prepared and filed on a timely basis all Tax Returns for all FBC Entities for all Straddle Periods. The Purchaser shall prepare each such Tax Return on a basis consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC. The Purchaser shall provide to FBC a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities, together with a statement setting forth the amount of Taxes on such Tax Returns that are attributable to a Pre-Closing Tax Period for which FBC is responsible for pursuant to Section 9.11(c). FBC shall notify the Purchaser in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. The Purchaser shall consider in good faith all such comments.
- (c) Except as required by Law, the Purchaser and a FBC Entity shall not, without the prior written consent of the FBC Shareholder (not to be unreasonably withheld, conditioned or delayed), refile, amend or otherwise modify any Tax Return filed for any Pre-Closing Tax Period.

ARTICLE 10 INDEMNITY

10.1 Indemnification

- (a) Subject to subsection (c) below, the FBC Shareholder shall indemnify and save harmless the Purchaser and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**Purchaser Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**Purchaser Indemnified Losses**") which may be made or brought against the Purchaser Indemnified Party or which the Purchaser Indemnified Party may suffer or incur as a result of, in respect of or arising out of:
- (i) any non-performance or non-fulfilment of any covenant or agreement on the part of FBC or the FBC Shareholder contained in this Agreement that are required to be performed on or before Closing and not waived or in any document given by the FBC Shareholder in order to carry out the transactions contemplated hereby;
 - (ii) any Misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by FBC or the FBC Shareholder contained in this Agreement or contained in any document or certificate given by the FBC Shareholder in order to carry out the transactions contemplated hereby; and
 - (iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.
- (b) Subject to subsection (c) below, the Purchaser hereby agrees to indemnify and save the FBC Shareholder and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**FB Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**FB Indemnified Losses**") which may be made or brought against the FB Indemnified Party or which the FB Indemnified Party may suffer or incur as a result of, in respect of or arising out of:
- (i) any non-performance or non-fulfilment of any covenant or agreement on the part of the Purchaser in this Agreement or in any document given in order to carry out the transactions contemplated hereby;
 - (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby; and
 - (iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.
- (c) The obligations of indemnification in respect of subsections 10.1(a) and 10.1(b), will be subject to the limitations set out under Section 10.2.
- (d) The amount of the FBC Shareholder's liability for any Claim in respect of the FBC Shareholder's indemnification obligations set forth in this Section 10.1(a) shall be fully and finally satisfied as follows: (i) by return to the Purchaser of such number of Consideration Shares issued to the FBC Shareholder as are equal to any remaining amount owing to the Purchaser by the FBC Shareholder, calculated in accordance with Section 10.1(f) or; (ii) at the option of the FBC Shareholder, in cash.

- (e) Notwithstanding the foregoing Section 10.1(d), if it is determined that: (i) the return of any of the Consideration Shares to satisfy indemnification obligations owed pursuant to this Section 10.1 constitutes an “issuer bid” under National Instrument 62-104 – *Take-Over Bids and Issuer Bids*; or (ii) a relevant prospectus exemption is not available to allow for the sale of the Consideration Shares back to the Merged Entity to address any indemnification obligations owed pursuant to this Section 10.1; then any such any indemnification obligations owed will be settled by the FBC Shareholder in cash.
- (f) If applicable, the number of Consideration Shares to be returned in accordance with Section 10.1(c), shall be determined by dividing (i) the applicable amount of the FBC Shareholder’s liability for such Claim by (ii) the higher of the deemed issue price per Consideration Share set out in Section 2.2(b) (as adjusted for any stock splits, combinations and the like) and the market price of the Consideration Shares at the time of the Claim in respect of the FBC Shareholder’s indemnification obligations, rounded down to the nearest whole share.

10.2 Limitations on Indemnification

- (a) Notwithstanding the foregoing, no obligation to indemnify a Purchaser Indemnified Party for Purchaser Indemnified Losses, or a FB Indemnified Party for FB Indemnified Losses, under this Agreement will arise in respect of subsections 10.1(a) and 10.1(b), as applicable, until the aggregate amount of all of Purchaser Indemnified Losses or FB Indemnified Losses, as the case may be, in respect of which a claim for indemnity has been made exceeds the sum of \$300,000 (the “**Liability Deductible**”) and, in such case, such indemnity shall only apply to the amount in excess of the Liability Deductible.
- (b) The maximum aggregate liability of any Indemnified Party under this Agreement for Indemnified Losses suffered is limited to 20% of the Purchase Price, other than for a claim by the Purchaser pursuant to Section 10.1 hereof in respect of one or more Fundamental Representations in which case the maximum liability for such Indemnified Losses shall be 50% of the Purchase Price, subject to the Liability Deductible.
- (c) Neither the Purchaser nor the FBC Shareholder will have any liability for, or obligation with respect to, any special, indirect, consequential, punitive or aggravated Damages resulting from any Claims, unless: (a) such Damages have been awarded to a third Person by a court of competent jurisdiction; and (b) in the case of any special or consequential Damages, to the extent that such Damages have been determined by a court of competent jurisdiction to be reasonably foreseeable.
- (d) The limitations set forth above in Sections 10.2(a) and (b) shall not apply with respect to any portion of Damages that have been determined by a court of competent jurisdiction to have resulted primarily and directly from the fraud or the willful misconduct of a Party or its officers, directors, employees, agents, affiliates, representatives, successors or assigns.
- (e) If the amount of Indemnified Losses incurred by an Indemnified Party at any time subsequent to the making of a payment pursuant to an Indemnity claim is reduced by any recovery, settlement or otherwise under any insurance coverage or under any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party will promptly repay to the Indemnifying Party the amount of the reduction (less any costs, expenses (including Taxes) or premiums incurred in connection therewith). Upon making full payment of an Indemnity Claim, the Indemnifying Party will, to the extent of the payment, be subrogated to all rights of the Indemnified Party against any third party that is not an affiliate of the Indemnified Party in respect of Indemnified Losses to which the indemnify payment relates. Until the Indemnified Party recovers full payment of its Indemnified Losses, any and all claims of the Indemnifying Party against any such third

party on account of the payment for Indemnity Losses will be postponed and subordinated in right of payment to the Indemnified Party's right against that third party.

- (f) Notwithstanding anything to the contrary in this Agreement, the FBC Shareholder shall not be liable under this Article 10 for any Purchaser Indemnified Losses pursuant to Section 10.1(a)(ii) if the Purchaser Indemnified Party seeking indemnification for such losses had knowledge of or FBC had knowledge of any such Misrepresentation, inaccuracy, incorrectness or breach on or before Closing. For clarity, the term "knowledge" as used in the paragraph as relating to FBC shall mean the knowledge of Greg Boone, Jennifer Maccarone, or Qingru Zhou.

10.3 Indemnification Procedures

- (a) In the case of Claims made by a third party with respect to which indemnification is sought, the Indemnified Party shall give prompt notice, and in any event within 15 days, to the Indemnifying Party of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence.
- (b) The Indemnifying Party shall have the right, at its sole expense, to have carriage of any negotiations with respect to, and to dispute and contest any Claims provided that it so notifies the Indemnified Party within 10 Business Days of receiving such notice and provided further that such dispute is prosecuted or negotiations conducted by the Indemnifying Party reasonably and in good faith.
- (c) The Indemnifying Party and the Indemnified Party shall cooperate with each other in any proceedings with respect to any Claims.
- (d) The rights and benefits provided in this Article 10 are supplemental to any other rights, actions or causes of action which may arise pursuant to any other Section of this Agreement.
- (e) Any Claim pursuant to the provisions of this Article 10 must be commenced within the time periods provided for herein.
- (f) The amount of any loss or Damage which may be claimed by a party pursuant to the provisions of this Article 10 shall be calculated after giving effect to any insurance proceeds received by the Indemnifying Party in relation to the subject matter of the Claim.

ARTICLE 11 TERMINATION

11.1 Termination

This Agreement may be terminated at any time prior to the Closing by:

- (a) mutual written agreement of the Parties;
- (b) the written notice of the Purchaser to FBC and the FBC Shareholder if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(b) shall not be available to the Purchaser if the failure of the Purchaser to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Drop Dead Date;

- (c) the written notice of the Purchaser to FBC and the FBC Shareholder if there has been a violation or breach by FBC or the FBC Shareholder of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 7.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the Purchaser or, in the case of a covenant breach, cured by FBC and the FBC Shareholder to the reasonable satisfaction of the Purchaser within ten (10) Business Days after notice of such breach is given by the Purchaser (except that no cure period will be provided for a breach by FBC or the FBC Shareholder that, by its nature, cannot be cured);
- (d) the written notice of the FBC Shareholder to the Purchaser if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to the FBC Shareholder if the failure of FBC or the FBC Shareholder to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;
- (e) the written notice of the FBC Shareholder to the Purchaser if there has been a violation or breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 8.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the FBC Shareholder or, in the case of a covenant breach, cured by the Purchaser to the reasonable satisfaction of the FBC Shareholder within ten (10) Business Days after notice of such breach is given by the FBC Shareholder (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured); or
- (f) any of the Parties if: (i) there shall be any applicable Law that makes consummation of the Transaction contemplated by this Agreement illegal or otherwise prohibited; or (ii) any Governmental Authority shall have issued an Order restraining or enjoining the Transaction contemplated by this Agreement, and such Order shall have become final and non-appealable.

11.2 Agreement of No Further Force or Effect

In the event of the termination of this Agreement by a Party as provided in Section 11.1, written notice thereof shall forthwith be given by the terminating Party to the other Parties, and this Agreement shall thereupon terminate and will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions of Article 1, Section 9.8, Section 9.10, Article 12, and this Section 11.2 shall survive any termination hereof; and provided further that (a) such termination shall not relieve any Party of any liability for any breach of this Agreement (other than non-willful breaches of representations, warranties and covenants, as to which no Party shall be liable hereunder) and (b) upon such termination, the Parties shall comply with all of the provisions of the Confidentiality Agreement.

11.3 Remedies; Injunctive Relief

The Parties agree that irreparable harm would occur for which money Damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

ARTICLE 12 GENERAL

12.1 Expenses

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisers, consultants and accountants) incurred in connection with this Agreement and the transactions contemplated herein are to be paid by the Party incurring such expenses.

12.2 Assignment

No Party to this Agreement may assign any of its respective rights under this Agreement without the prior consent of each of the other Parties. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void. This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

12.3 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by overnight courier, the notice to the following address or number:

If to the Purchaser:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, BC V3Y 0E2

Attention: Matt Milich, Chief Executive Officer
Email: mmilich@bzam.com

If to FBC (prior to closing) or the FBC Shareholder:

Final Bell Holdings International Ltd.
#1000, 925 West Georgia Street
Vancouver, British Columbia V7C 3L2

Attention: Robert Meyer, Chief Executive Officer
Email: robert@finalbell.com

(or to such other address or number as any Party may specify by notice in writing to another Party).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day. Any notice sent by overnight courier will be deemed conclusively to have been effectively given on the second Business Day after it is deposited with the courier service.

12.4 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed

as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the exhibits and schedules attached hereto contain the entire agreement among the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto.

12.6 Waiver

The failure or delay by a Party in enforcing, or insisting upon strict performance of, any provision of this Agreement does not constitute a waiver of such provision or in any way affect the enforceability of this Agreement (or any of its provisions) or deprive a Party of the right, at any time or from time to time, to enforce or insist upon strict performance of that provision or any other provision of this Agreement. Any waiver by a Party of any provision of this Agreement is effective only if in writing and signed by a duly authorized representative of such Party.

12.7 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

12.8 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

12.9 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

12.10 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.


12.11 Language

The Parties acknowledge that it is their express wish that this agreement and all documents related thereto be drawn up in the English language only. Les parties reconnaissent qu'il est de leur volonté expresse que la présente convention et tous les documents s'y rapportant soient rédigés en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: 
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

By: _____
Name:
Title:

FINAL BELL HOLDINGS INTERNATIONAL LTD.

By: _____
Name:
Title:

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: _____
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

By: _____
DocuSigned by:
Greg Boone
18EDE32FA6CC485...
Name: Greg Boone
Title: GB

FINAL BELL HOLDINGS INTERNATIONAL LTD.

By: _____
DocuSigned by:
Kay Jesse
FE82A36B667C4D2...
Name: Kay Jesse
Title: Executive Director

SCHEDULE A
FB Payment Plan
PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars (\$4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on December 15, 2024 and shall be payable in accordance with the payment schedule at Exhibit "A" hereto.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: _____

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of ●, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2
Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: _____
Name:
Title:

Exhibit "A"

Due Date	Amount
15-Jan-24	\$333,333
15-Feb-24	\$333,333
15-Mar-24	\$333,333
15-Apr-24	\$333,333
15-May-24	\$333,333
15-Jun-24	\$333,333
15-Jul-24	\$333,333
15-Aug-24	\$333,333
15-Sep-24	\$333,333
15-Oct-24	\$333,333
15-Nov-24	\$333,333
15-Dec-24	\$333,333
	\$4,000,000

**SCHEDULE B
FBC PROMISSORY NOTE**

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars (\$4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until at least March 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder.

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). In accordance with the terms of an intercreditor agreement entered into between Stone Pine Capital Ltd. and the Lender, and a subordination agreement entered into between Cortland Credit Lending Corporation and the Lender: (i) the Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness; and (ii) the Security Agreement and the Indebtedness shall rank pari passu with all secured debts owed by the BZAM Ltd. and its subsidiaries, to Stone Pine. For the purposes of this Note, "**Senior Indebtedness**" shall mean all amounts due in connection with indebtedness of the Merged Entity under the amended and restated credit agreement dated September 29, 2021 (as amended) to the Senior Lender and the other lenders party thereto.

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may

exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: _____

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of ●, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations, or otherwise to enforce its payment against the Collateral securing all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2
Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: _____

Name:

Title:

**Exhibit "B" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
ENDORSEMENT**

COURT FILE NO.:

DATE: February 28, 2024

NO. ON LIST: 1 (4:30pm)

TITLE OF PROCEEDING:

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.

BEFORE: JUSTICE OSBORNE

PARTICIPANT INFORMATION

For Plaintiff, Applicant:

Name of Person Appearing	Name of Party	Contact Info
ZWEIG, SEAN SHAKRA, MIKE FROH, ANDREW ERNST, JAMIE	BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. FINAL BELL CORP.	zweigs@bennettjones.com shakram@bennettjones.com froha@bennettjones.com ernstj@bennettjones.com

FOR DEBTORS RESPONDENT:

Name of Person Appearing	Name of Party	Contact Info
CHAITON, HARVEY	STONE PINE CAPITAL	Harvey@chaitons.com
BELLISSIMO, JOSEPH LEVINE, NATALIE	CORTLAND CREDIT LENDING CORPORATION	jbellissimo@cassels.com nlevine@cassels.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
YANG, PHILIP KONYUKHOVA, MARIA ROSENBERG, JEFF HAMIDI, KAMRAN	FTI AS PROPOSED MONITOR	pyang@stikeman.com mkonyukhova@stikeman.com Jeffrey.rosenberg@fticonsulting.com Kamran.hamidi@fticonsulting.com

ENDORSEMENT OF JUSTICE OSBORNE:

1. This is an Application for relief under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 (the "CCAA") by BZAM Ltd. ("BZAM"), BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., 102172093 Saskatchewan Ltd., The Green Organic Dutchman Ltd. ("TGOD"), Medican Organic Inc. , High Road Holding Corp., and Final Bell Corp. (collectively, the "Applicants" or the "Companies").
2. Following the hearing, I granted the initial order with reasons to follow. These are those reasons.
3. In particular, the Applicants seek:
 - a. a declaration that they are companies to which the CCAA applies;
 - b. the appointment of FTI Consulting Canada Inc. ("FTI") as Monitor;
 - c. the approval for TGOD to borrow up to a principal amount of \$2,400,000 by way of a debtor-in-possession ("DIP") credit facility (the "DIP Loan") to finance critical working capital requirements for the Applicants over the next 10 days;
 - d. a stay in effect for an initial period of not more than 10 days;
 - e. the extension of the benefit of the stay to the Non-Applicant Stay Parties (as defined in the materials) and their respective directors and officers;
 - f. relief from certain securities reporting obligations until further order of this Court; and

g. approval of the Administration Charge, the DIP Lender's Charge, the Edmonton Property Charge and the Directors' Charge (each as defined in the motion materials) in the priorities as set out in the motion materials.

4. BZAM is the ultimate parent company to several entities in the cannabis industry in Canada (collectively, the "Company"). It is a reporting issuer listed on the Canadian Securities Exchange, and its shares trade in the United States on the OTCQX.
5. The Company engages in the production, cultivation, processing and distribution of cannabis and cannabis related products.
6. The Applicants are insolvent. One of their cannabis licences is set to expire imminently. Absent protection under the CCAA, as well as access to the proposed DIP financing, the Applicants lack sufficient cash to meet their obligations as they come due, their liabilities exceed the value of their assets, and they will be forced to immediately cease operations.
7. The Applicants seek protection from their creditors while they continue as a going concern to allow time to explore various restructuring options and possibilities for the benefit of stakeholders. Those options will likely include, it is submitted, a Court-supervised sale and investor solicitation process ("SISP").
8. The relief sought by the Applicants today is fully supported by the senior secured creditor, the subordinate creditor, and is recommended by the Proposed Monitor. The Applicants submit that it is also limited to what is reasonably necessary to allow them to maintain the status quo and continue operations during the initial 10 day stay of proceedings.
9. With this context in mind, the issues on this Application are:
 - a. does the Court have jurisdiction to grant the relief requested under the CCAA and should a stay of proceedings be granted?
 - b. should the Court approve the DIP Loan?
 - c. should FTI be appointed as Monitor?
 - d. should the benefit of the stay be extended to the Non-Applicant Stay Parties?
 - e. should relief from the securities reporting obligation be granted? and
 - f. should the Charges be approved, and approved in the proposed priority?

Jurisdiction

10. The Applicants rely on the Affidavit of Matthew Milich sworn February 28, 2024 together with the exhibits thereto, and the Pre-filing Report of the Proposed Monitor dated February 28, 2024. Defined terms in this Endorsement have the meaning given to them in the Application materials unless otherwise indicated.
11. Each of the Applicants is incorporated under Canadian corporate statute. All of the non-BZAM Applicants are wholly-owned, directly or indirectly, by BZAM except for Folium Life and BZAM Cannabis, in respect of which BZAM Holdings is the majority shareholder as to 80% and 80.3%, respectively.
12. Five of the Applicants are licenced with Health Canada and operate cannabis facilities in Ontario, Alberta and British Columbia. 102 Saskatchewan leases a retail store in Saskatchewan.

13. The majority of the Company's business is conducted out of Ontario. Two cannabis facilities of the Applicants, including its largest facility, are located in Ontario and approximately 256 of the 441 employees of the Applicants are employed in Ontario.
14. The Company's senior secured creditor, Cortland Credit Lending Corp. ("Cortland") is also headquartered in Toronto.
15. The majority of BZAM's directors reside in Ontario, and its Chief Financial Officer and Chief Executive Officer divide their time between the Company's offices in Ontario and British Columbia.
16. The Non-Applicant Stay Parties include four directly or indirectly wholly-owned subsidiaries of BZAM: 9430-6347 Québec Inc. ("943 Québec"), a company incorporated under the QBCA; (ii) The Green Organic Beverage Corp. ("Green Organic"), a company based in Delaware; (iii) TGOD Europe B.V. ("TGOD Europe"), a company based in the Netherlands; and (iv) The Green Organic Dutchman Germany GmbH ("TGOD Germany"), a company based in Germany.
17. 943 Québec is a licensed entity with Health Canada operating out of a leased facility in Québec.
18. The evidence satisfies me that the Applicants are unable to meet their obligations as they become due. They have accrued payables in the ordinary course of business that they cannot meet and are unable to pay amounts owed to secured parties.
19. As at January 1, 2024, the Company had total consolidated assets with a book value of approximately \$95,711,080 and liabilities with a book value of approximately \$112,873,839. The Applicants anticipate having on hand only approximately \$1,848,000 in cash at the close of business today, with the result that they face an urgent liquidity crisis.
20. Secured financing has been provided by Cortland pursuant to a credit agreement entered into on March 31, 2020 between Cortland as Agent for the Lenders and TGOD as borrower. It has been amended and restated including as recently as January 8, 2024 (as amended, the "Credit Agreement").
21. Pursuant to the Credit Agreement, Cortland provided TGOD with an interest-bearing revolving credit facility totaling \$34 million. The guarantors under the Credit Agreement are TGOD, BZAM, Medican Organic, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium Life, High Road and BZAM Labs (together, in such capacity, the "Cortland Obligor").
22. As of February 28, 2024, approximately \$31,919,208.84 of principal is owing together with interest of an additional \$362,916.21.
23. In addition, BZAM has entered into six (6) promissory notes (the "Stone Pine Promissory Notes") with Stone Pine Capital Ltd. ("Stone Pine"), an entity controlled by BZAM's largest shareholder and current Chairman. The Stone Pine Promissory Notes were all amended on January 4, 2024, to each be payable upon demand, provided that Stone Pine shall not be permitted to make a demand until the later of either: (i) the maturity date of the Cortland Credit Agreement; and (ii) March 31, 2025.
24. Contemporaneously with the execution of the Stone Pine Promissory Notes, BZAM and Stone Pine entered into general security agreements (the "Stone Pine GSAs") under which Stone Pine was granted security over all present and after-acquired property, assets and undertakings of BZAM. Additionally, BZAM, Stone Pine and Cortland entered into subordination and postponement agreements to subordinate the amounts loaned under the Stone Pine Promissory Notes to the amounts loaned under the Credit Agreement with Cortland.
25. As of February 28, 2024, approximately \$8,515,000 of principal is owing to Stone Pine, and approximately an additional \$509,755 of interest accrued month-to-date for a total amount owing of

20,027,155.07. THE STONE PINE PROMISSORY NOTES each carry an interest rate of 6% or 10% per annum, with interest being calculated monthly and payable on the last day of each month. No interest has ever been paid on the Stone Pine Promissory Notes.

26. BZAM Cannabis entered into a \$5 million loan from for private lenders that is secured against the Edmonton Facility pursuant to a commitment letter dated May 19, 2021 as well as a general security agreement over all of the property of BZAM Cannabis and a corporate guarantee from BZAM Management.
27. In addition to the above, the Applicants have a number of unsecured obligations including a promissory note issued by BZAM to Final Bell Holdings International Inc. dated January 5, 2024 in the amount of \$8 million and employee liabilities including monthly aggregate payroll obligations of approximately \$2,344,764 related to both salaried and hourly employees. The Applicants also owe \$1,103,860 and accrued and unpaid vacation pay and another \$702,000 in unpaid bonuses.
28. The Applicants had accounts payable and accrued liabilities as at January 31, 2024 of approximately \$28,211,004, and CRA liabilities as at February 15, 2024 of approximately \$4,440,000 in excise tax arrears, \$2,650,000 in sales tax arrears, and a modest amount in respect of unremitted payroll deductions. BZAM Management and TGOD have entered into payment plans with the CRA in respect of their excise and/or sales tax arrears.
29. It is clear that the current cash position of the Applicants is not sufficient to meet their obligations as they come due, particularly relating to ongoing and future payroll obligations and the cash required to maintain business operations while preventing the expiry of valuable (and required) cannabis licences.
30. The CCAA applies in respect of a “debtor company or affiliated debtor companies” whose liabilities exceed \$5 million. The term “debtor company” is defined as “any company that: (a) is bankrupt or insolvent [...]”, and the term “company” is defined as “any company, corporation or legal person incorporated by or under an Act of Parliament or of the legislature of a province [...]”.
31. The CCAA also specifies companies are affiliated companies if one of them is the subsidiary of the other or both are subsidiaries of the same company. Each of the Applicants is a “company” within the meaning of the CCAA as each was incorporated under Canadian provincial or federal laws. All of the Applicants other than BZAM are direct or indirect subsidiaries of BZAM. Accordingly, the Applicants are all affiliated companies.
32. Each of the Applicants is a “debtor company” as defined in the CCAA. The insolvency of a debtor company is assessed as of the time of filing the CCAA application. Courts have taken guidance from the definition of “insolvent person” in subsection 2(1) of the *Bankruptcy and Insolvency Act*, which, in relevant part, provides that an “insolvent person” is a person:
 - a. who is for any reason unable to meet his obligations as they generally become due;
 - b. who has ceased paying his current obligations in the ordinary course of business as they generally become due; or
 - c. the aggregate of whose property is not, at a fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due.
33. A company is also insolvent for the purposes of the CCAA “if it is reasonably expected to run out of liquidity within reasonable proximity of time as compared with the time reasonably required to implement a restructuring”.

37. The Applicants collectively have over \$55,000,000 in debt and only approximately \$1,070,000 of cash on hand. Absent the Stay of Proceedings and the approval of the DIP Loan, the Applicants will be unable to meet their obligations as they come due. As such, the Applicants are affiliated debtor companies to which the CCAA applies.

35. I am also satisfied that Ontario is the chief place of business of the Applicants, and as such this Application is properly made to this Court.

36. Section 9(1) of the CCAA provides that an application for a stay under the CCAA may be made to the court that has jurisdiction in the province in which the head office or chief place of business of the company in Canada is situated.

37. In *Nordstrom Canada Retail, Inc.*, this Court found that the company's "chief place of business" was Ontario despite the fact that Nordstrom Canada Retail was incorporated and had significant business operations in British Columbia. In determining whether the court had jurisdiction over the proceedings, this Court considered multiple factors, including the location of the company's assets, employees and sales.

38. The Court found that there was sufficient evidence establishing Ontario as the proper jurisdiction based on the following: 8 of the 13 Nordstrom Canada retail stores are located in Ontario, while approximately 1,450 out of Nordstrom Canada's 2,500 full and part-time employees work in Ontario. Further, during fiscal year 2022, store sales in Ontario totalled \$220 million, compared to \$148 million in British Columbia and \$77 million in Alberta.

39. The same analysis can be applied here. Approximately 58% of the employees of the Applicants are situated in Ontario. While the Applicants have two cannabis facilities in each of Ontario and British Columbia, the largest facility of the Company is in Hamilton, Ontario. The Company maintains corporate offices in both Ontario and British Columbia and a majority of the BZAM directors reside in Ontario. In addition, the principal place of business of the senior secured lender, Cortland, is Ontario.

Stay of Proceedings

40. Section 11.02(1) of the CCAA provides that the Court may order a stay of proceedings on an initial CCAA application for a period of not more than 10 days. Section 11.001 of the CCAA provides that relief granted on an initial CCAA application shall be limited to relief that is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that initial 10-day period.

41. A stay of proceedings is clearly necessary here if any form of restructuring process is to be successful. The relief sought today is limited to what is reasonably necessary.

Non-Applicant Stay Parties

42. I am also satisfied that the stay should apply to the Non-Applicant Stay Parties. The Court has authority to extend the stay to non-parties pursuant to sections 11 and 11.02(1) of the CCAA, which permits the Court to make an initial order on any terms imposed. In determining whether a stay should be extended to non-parties, courts have considered numerous factors, including whether the subsidiaries of applicants had guaranteed secured loans of the applicants, whether the non-applicants were deeply integrated into the business operations of the applicants, and whether the claims against the non-applicants were derivative of the primary liability of the applicants: See *MPX International Corporation*, 2022 ONSC 4348 ("MPX") at para 52, *Lydian International Limited, (Re)*, 2019 ONSC 7473 at para 39; *Sino-Forest Corporation (Re)*, 2012 ONSC 2063 at paras 5, 18, and 31; at paras 28-29; and *Target Canada Co.*, 2015 ONSC 303 ("*Target*") at paras 49-50.

75. All of the Non-Applicant Stay Parties here are fully integrated into the business as wholly-owned subsidiaries (direct or indirect) of BZAM, or in the case of 943 Québec, as a soon to be acquired company. None carry on active business. The three entities other than 943 Québec also have tax attributes which could be beneficial to the objective of maximizing value for stakeholders.

44. I am satisfied that the stay should be extended to these parties to prevent uncoordinated realization and enforcement attempts from being made in different jurisdictions all of which would be counterproductive to the maximization and protection of value for stakeholders of the Applicants.

45. Moreover, the Applicants advise that they intend to seek approval of a SISP in this proceeding which will include the Non-Applicant Stay Parties with the result that the stay should apply to them to give comfort to potential bidders that enforcement actions against those parties will be stayed while a sales process is being conducted.

Regulatory Stay of Licences

46. CCAA courts have granted regulatory stays over licences where, absent such a stay, the applicable regulators were likely to suspend or cancel licences due to the commencement of the CCAA proceeding. Other courts have observed that permitting the immediate termination of the licenses of a debtor company would not avoid social and economic losses but rather would amplify them. See: *Re Just Energy Corp.*, at para 87; *Abbey Resources Corp., Re*, (29 July 2021) *Saskatoon Q.B. No. 733 of 2021 (SKQB)*; *Original Traders Energy Ltd. et al.*, (30 January 2023) *Toronto, Ont Sup Ct [Commercial List] CV-23-00693758-00CL* (Initial Order) at para 19.

47. Canadian courts have also granted stays to prevent the Canada Revenue Agency from seeking to enforce its rights through regulatory actions related to an excise licence for a cannabis company during the period in which it was under protection in an insolvency regime: *Tantalus Labs Ltd., Re*, 2023 BCSC 1450 (“*Tantalus*”) and *Aleafa Health Inc.* SISP Approval Order August 22, 2023 [CV-23-00703350-00CL].

48. In *Tantalus*, the British Columbia Supreme Court granted an order as part of the BIA proposal maintaining the status quo of a cannabis excise licence during the course of the proposal proceeding. It did so, rejecting the submission of the CRA, which had submitted that a ministerial decision to not renew a licence could not be the subject of a stay under the *BIA*. The same principles apply to a CCAA proceeding.

49. The cannabis licences of the Applicants are among their most valuable assets. Just as importantly, they are required to permit the Applicants to continue operating their underlying business. The expiry or cancellation of licences will suspend or terminate completely the operation and delivery of products by the Applicants with the result that the ability of the Applicants to restructure or continue as a going concern business will in all probability be eliminated.

Appointment of FTI as Monitor

50. The Applicants propose to have FTI appointed as the Monitor. FTI is a “trustee” within the meaning of subsection 2(1) of the *BIA*, is established and qualified, and has consented to act as Monitor. The involvement of FTI as the court-appointed Monitor will lend stability and assurance to the Applicants’ stakeholders. FTI is not subject to any of the restrictions set out in s. 11.7(2) of the *CCAA*.

51. I am satisfied that FTI should be appointed as Monitor in these CCAA Proceedings.

The DIP

52. Pursuant to a DIP facility agreement dated February 28, 2024 (the “DIP Agreement”), Cortland as proposed DIP Lender, has agreed to provide TGOD as borrower with a super priority, non-revolving

credit facility up to a maximum principal amount not to exceed the lesser of \$71 million and the Revolving Facility Limit (as defined in the Second ARCA) plus \$7 million, subject to certain conditions. Each of the Applicants is a guarantor under the DIP Agreement.

53. The DIP Loan has a commitment fee of \$98,000 and bears interest at the greater of the Toronto-Dominion Bank's floating annual rate of interest plus 8.05% per annum and 12% per annum (an interest rate that I observe is the same as that set out in the Second ARCA).
54. The DIP Loan is conditional on the granting of the DIP Charge.
55. The amount of the DIP Loan to be funded during the initial stay period of 10 days (up to \$2,400,000) is only that portion necessary to ensure the continued operation of the business of the Applicants in the ordinary course for that period of time such that I am satisfied it is appropriate that it be approved at this time pursuant to section 11.2(5) of the CCAA, as was approved in *Mjardin Group, Inc., (Re)*, 2022 ONSC 3338 at para. 31.
56. While the DIP Agreement contemplates what the Applicants describe as a "creeping-roll up" structure pursuant to which all post-filing receipts by the Applicants will be applied to repay pre-filing obligations owing to Cortland, it is important to note that the DIP Charge does not secure any obligation that existed prior to the granting of the Initial Order. This Court has previously approved DIP facilities that use receipts from operations post-filing to repay pre-filing amounts, pursuant to the jurisdiction found in section 11.2(1). The emphasis is on preserving the pre-filing status quo, so as to uphold the relative pre-stay priority position of each secured creditor: *Comark Inc., (Re)*, 2015 ONSC 2010 at paras. 40-41; and *Performance Sports Group Ltd.*, 2016 ONSC 6800 at para. 22.
57. Moreover, and in accordance with section 11.2(1), notice has been provided to the secured creditors proposed to be primed by the DIP, and as noted above, the proposed DIP Charge does not secure any pre-filing obligations of the Applicants. Cortland, the proposed DIP Lender, is already in first position as the senior secured creditor in respect of all of the property of the Applicants save and except for the Edmonton Facility which is not proposed to be primed by the DIP in any event. Stone Pine Capital is supportive of the proposed DIP Loan.
58. Section 11.2(4) of the CCAA sets out a non-exhaustive list of criteria that the Court must consider in deciding whether to grant a DIP lender's charge. Those criteria include the period during which the Applicants are expected to be subject to CCAA proceedings, how the Applicants' business and financial affairs are to be managed during the proceedings, whether the Applicants' management has the confidence of its major creditors, whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the Applicants, the nature and value of the Applicants' property, whether any creditor would be materially prejudiced as a result of the security or charge, and whether the monitor supports the charge.
59. DIP financing may be approved even if it potentially prejudices some creditors, as long as the prejudice is outweighed by the benefit to all stakeholders.
60. It is important that an applicant meet the criteria in section 11.2(1) as well as those in section 11.2(4). (See *CanWest Publishing Inc., Re*, 2010 ONSC 222 ("*CanWest*") at paras. 42-44).
61. I am satisfied that the Applicants are facing a liquidity crisis and the Cash Flow Statement shows that financing even on an interim basis is required to fund these proceedings.
62. I am also satisfied that the terms of the proposed DIP Loan are appropriate. I recognize that the interest rate is at the very high end of the range within which DIP loans have been approved by this Court. However, I am satisfied that it is appropriate here. First, the rate is exactly the same as the rate applicable to the existing credit facilities of the senior secured creditor, Cortland, who is the proposed DIP Lender,

credit facility up to a maximum principal amount not to exceed the lesser of \$71 million and the fee is relatively modest as against the total funding to be made available. The cost of borrowing necessarily involves a consideration of the commitment fee together with the applicable interest rate. Third, interest rates generally have increased materially over the last year, so one must proceed with caution in considering a previously established range of interest rates. Fourth, the cannabis sector generally has faced and continues to face significant challenges and risks, with the result that the cost of borrowing within the sector generally is expensive.

63. Finally, the Proposed Monitor is supportive of the DIP Loan and corresponding charge, and is further in agreement that those amounts proposed to be advanced during the initial 10 day period are required in order to preserve the status quo and the going concern operations of the Applicants.

Administration Charge

64. The Court has jurisdiction to grant an administration charge under s. 11.52 of the CCAA. It is to consider: the size and complexity of the business being restructured, the proposed role of the beneficiaries of the charge, whether there is an unwarranted duplication of roles, whether the quantum of the proposed charge appears to be fair and reasonable, the position of the secured creditors likely to be affected by the charge, and the position of the Monitor. (See *CanWest*, at para. 54).
65. The administration charge of \$500,000 is appropriate. It is supported by the Proposed Monitor and the senior creditors.

Directors' Charge

66. The Court has jurisdiction to grant a directors' charge under section 11.51 of the CCAA, provided notice is given to the secured creditors who are likely to be affected by it. To ensure the stability of the business during the restructuring period, the Applicants need the ongoing assistance of their directors and officers, who have considerable institutional knowledge and specialized expertise.
67. Here, I recognize that the proposed quantum of the Directors' Charge is very significant at \$5,300,000. However, almost all of that is as a result of the excise tax obligations owing by the Applicants which are very material and which, I observe, will increase going forward.
68. The Monitor supports the Applicants' request for the Directors' Charge. I am satisfied it is appropriate here.
69. The Directors' Charge is approved.

Relief from Securities Obligations

70. The Applicants seek relief to dispense with certain securities filing requirements and in particular, the authority to incur no further expenses in relation to any filings, and that none of the directors or officers, employees or other representatives of the Applicants or the Monitor shall have personal liability with respect thereto.
71. This Court has previously granted such relief and I am satisfied that it is appropriate here. See: *Aleafa Health Inc.*, amended and restated initial order issued August 4, 2023 [CV-23-00703350-00CL] paras 45-46; *MPX International Corporation*, amended and restated initial order issued July 25, 2022 [CV-22-00684542-00CL] at para 46-47; *CannTrust Holdings Inc., Re*, initial order issued March 31, 2021 [Court File No. CV-20-00638930] at paras 46-47; and *Pure Global Cannabis, Inc., Re*, initial order issued March 19, 2020 [CV-20-00638503-00CL] at para. 49.

AUTHORIZATION FOR PRE-FILING PAYMENTS

72. The Applicants seek the authority but not the requirement to make payments for goods or services supplied to the Applicants prior to the date of the Initial Order, but in all cases only with the consent of the Monitor and the DIP Lenders, and only in circumstances where, in the opinion of the Applicants and the Monitor, the supplier or service provider is critical to preserve, protect or enhance the value of the business.
73. While section 11.4 of the CCAA gives the Court authority to declare a person to be a critical supplier and to grant a charge on the debtor's property to secure amounts owing for services provided post-filing, nothing in that section removes the inherent jurisdiction of the court to allow the payment of pre-filing amounts to suppliers whose services are critical to the post-filing operations of the debtor, even where the debtor does not propose to secure the payment of post-filing goods or services with a critical supplier charge: See *Cline Mining Corp., Re*, 2014 ONSC 6998 at para. 38, and *MPX* at para. 70.
74. Such relief may be included in an initial order: see *Target*, at paras. 64-65.
75. I am satisfied that such relief is appropriate here, particularly given that the consent of the Monitor is required for such payments to be made.

Comeback Hearing

76. The comeback hearing shall take place on Friday, March 8, 2024 commencing at 2:00 PM via Zoom.
77. The order I have signed is effective immediately and without the necessity of issuing and entering.

A handwritten signature in black ink that reads "Osborne, J.". The signature is written in a cursive, slightly slanted style.

Osborne, J.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)	WEDNESDAY, THE 28 th
)	
JUSTICE OSBORNE)	DAY OF FEBRUARY, 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 BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP. (collectively the "**Applicants**", and each an "**Applicant**")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day by judicial videoconference via Zoom.

ON READING the affidavit of Matthew Milich sworn February 28, 2024, and the Exhibits thereto (the "**Milich Affidavit**"), and the Pre-Filing Report of FTI Consulting Canada Inc. ("**FTI**") as the proposed monitor dated February 28, 2024, 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 Applicants and the additional parties listed in Schedule "A" hereto (collectively, the "**Non-Applicant Stay Parties**" and together with the Applicants, the "**BZAM Entities**"), counsel for FTI, counsel for Cortland Credit Lending Corporation (the "**DIP Lender**"), and such other counsel that were present, and on reading the consent of FTI to act as the Monitor (as defined below),

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies. Although not Applicants, the Non-Applicant Stay Parties shall enjoy the benefits of the protections and authorizations provided under the terms of this Order.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, licences, 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 Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the BZAM Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Milich Affidavit or, with the consent of the Monitor and the DIP Lender, replace it with another substantially similar central cash management system (the "**Cash Management System**"), and that any present or future bank providing the Cash Management System shall: (i) 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 BZAM Entities of funds transferred, paid, collected or otherwise dealt with in the Cash Management System; (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the BZAM Entities, pursuant

to the terms of the documentation applicable to the Cash Management System; and (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that, subject to the terms of the DIP Agreement (as defined below), the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of this Order, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is required to address regulatory concerns, and (iv) the supplier or service provider is required to continue to provide goods or services to the Applicants after the date of this Order, including pursuant to the terms of this Order; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein or in the DIP Agreement, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of 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 Applicants on or following the date of this Order.

7. **THIS COURT ORDERS** that, subject to the terms of the DIP Agreement, the Applicants 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 Applicants in connection with the sale of goods and services by the Applicants, 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;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, "**Cannabis Taxes**"), but only where such Cannabis Taxes are accrued or collected after the date of this Order; and
- (d) 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 Applicants.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants 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 applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears) in the amounts set out in the applicable lease or, with the consent of the Monitor and the DIP Lender, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. 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.

9. **THIS COURT ORDERS** that, except as specifically permitted herein or required pursuant to the terms of the DIP Agreement, the Applicants are hereby directed, until further Order of this Court: (i) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (ii) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (iii) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Agreement, have the right to:

- (a) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor and the DIP Lender; and
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

NO PROCEEDINGS AGAINST THE BZAM ENTITIES OR THEIR RESPECTIVE PROPERTY

11. **THIS COURT ORDERS** that until and including March 8, 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**", and collectively, "**Proceedings**") shall be commenced or continued against or in respect of any of the BZAM Entities or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the BZAM Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the BZAM Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the BZAM Entities and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

12. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental unit, body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the BZAM Entities or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the BZAM Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower any BZAM Entity to carry on any business which such BZAM Entity is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

13. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the BZAM Entities, except with the written consent of the BZAM Entities and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

14. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with any of the BZAM Entities 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, accounting services, testing and irradiation services, security services, insurance, transportation services, utility or other services to the Business or any of the BZAM Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by any of the BZAM Entities or exercising any other remedy provided under the agreements or arrangements, and that each of the BZAM Entities 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 applicable BZAM Entity in accordance with the normal payment practices of the applicable BZAM Entity or such other practices as may be agreed upon by the supplier or service provider and the applicable BZAM Entity and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

15. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased 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 any of the BZAM Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. **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 any of the BZAM Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the BZAM Entities 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 Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

17. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as a director or officer of any of the Applicants 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 such director's or officer's gross negligence or wilful misconduct.

18. **THIS COURT ORDERS** that the directors and officers of the Applicants 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 \$5,300,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 17 of this Order. The Directors' Charge shall have the priority set out in paragraphs 35 and 37 herein.

19. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary: (i) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (ii) the Applicants' 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 17 of this Order.

APPOINTMENT OF MONITOR

20. **THIS COURT ORDERS** that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the BZAM Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the BZAM Entities 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.

21. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements, including the management and use of any funds advanced by the DIP Lender to the Applicants under the DIP Agreement (as defined below);
- (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;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel on a weekly basis, or as otherwise agreed to by the DIP Lender, of financial and other information as agreed to between the Applicants and the DIP Lender, which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicants in their preparation of the Applicants' 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 weekly, or as otherwise agreed to by the DIP Lender;
- (e) monitor all payments, obligations and transfers as between the BZAM Entities;
- (f) 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 BZAM Entities, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (g) 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
- (h) perform such other duties as are required by this Order or by this Court from time to time.

22. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or

other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Criminal Code*, R.S.C. 1985, c. C-46, as amended, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Cannabis Licence Act, 2018*, S.O. 2018, c. 12, Sched. 2, as amended, the *Cannabis Control Act, 2017*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26, Sched. 2, as amended, the *Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, as amended, the *Cannabis Distribution Act*, S.B.C. 2018, c. 28, as amended, the *Gaming, Liquor and Cannabis Act*, R.S.A. 2000, c. G-1, as amended, *The Cannabis Control (Saskatchewan) Act*, S.S. 2018, c. C-2.111, as amended, the *Cannabis Regulation Act*, C.Q.L.R. c. C-5.3, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the "**Cannabis 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 the Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise. For greater certainty, 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.

23. **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 *Fisheries Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *Alberta Environmental Protection and Enhancement Act*, the *Alberta Water Act*, the *Alberta Occupational Health and Safety Act*, the *British Columbia Environmental Management Act*, the *British Columbia Water Protection Act*, the *British Columbia Workers Compensation Act*, *The Environmental Management and Protection Act, 2010* (Saskatchewan), the *British Columbia Workers Compensation Act*, the *British Columbia*

Fish Protection Act, The Environmental Management and Protection Act, 2010 (Saskatchewan), the *Agricultural Operations Act* (Saskatchewan), *The Dangerous Goods Transportation Act* (Saskatchewan), *The Water Security Agency Act* (Saskatchewan), the *Saskatchewan Occupational Health and Safety Act, 1993*, the *Quebec Environment Quality Act*, the *Act Respecting Occupational Health And Safety* (Quebec) and regulations thereunder (collectively, "**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.

24. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants including, without limitation, the DIP Lender, with information provided by the Applicants 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 Applicants 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 Applicants may agree.

25. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees and representatives acting in such capacities shall incur any liability or obligation as a result of the Monitor's appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

26. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants in these proceedings shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel

for the Applicants in these proceedings on a weekly basis, or pursuant to such other arrangements as may be agreed to between the Applicants and such parties.

27. **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.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' 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 \$500,000, unless permitted by further Order of this Court, 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 35 and 37 hereof.

DIP FINANCING

29. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that the borrowings under such credit facility shall not exceed the principal amount of \$2,400,000, unless permitted by further Order of this Court.

30. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the DIP facility agreement between the Applicants and the DIP Lender dated as of February 28, 2024 (as may be amended from time to time, the "**DIP Agreement**"), filed.

31. **THIS COURT ORDERS** that the Applicants are 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 Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

32. **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 exceed the amount of \$2,400,000 plus interest, fees, costs or other charges under the DIP Agreement, unless permitted by further Order of this Court, or secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 35 and 37 hereof.

33. **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 4 days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Agreement, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Agreement, 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 Applicants and for the appointment of a trustee in bankruptcy of the Applicants; 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 Applicants or the Property.

34. **THIS COURT ORDERS AND DECLARES** that, unless agreed to by the DIP Lender, the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by any of the Applicants under the CCAA, or any proposal filed by any of the Applicants under the

Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Edmonton Property Charge (as defined in the Milich Affidavit), the Directors' Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

With respect to all Property other than the Edmonton Property (as defined in the Milich Affidavit):

First – Administration Charge (to the maximum amount of \$500,000);

Second – DIP Lender's Charge (to the maximum amount of \$2,400,000), plus interest, fees, costs or other charges under the DIP Agreement); and

Third – Directors' Charge (to the maximum amount of \$5,300,000).

With respect to the Edmonton Property:

First – Administration Charge (to the maximum amount of \$500,000);

Second – Edmonton Property Charge;

Third – DIP Lender's Charge (to the maximum amount of \$2,400,000), plus interest, fees, costs or other charges under the DIP Agreement); and

Fourth – Directors' Charge (to the maximum amount of \$5,300,000).

36. **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.

37. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person notwithstanding the order of perfection or attachment; provided that the Charges shall rank behind Encumbrances in favour of any Persons that have not been served with notice of the application for this Order. The Applicants and the beneficiaries of the Charges shall be entitled to seek priority of the Charges ahead of such Encumbrances on a subsequent motion including, without limitation, on the Comeback Date (as defined below), on notice to those Persons likely to be affected thereby.

38. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

39. **THIS COURT ORDERS** that the Charges and the Definitive Documents 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: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) 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 any of the Applicants, 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 Agreement or the Definitive Documents shall create or be deemed to constitute a breach by any of the Applicants of any Agreement to which the applicable Applicant(s) 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 Applicants entering into the DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Agreement 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.

40. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant's interest in such real property lease.

CORPORATE MATTERS

41. **THIS COURT ORDERS** that BZAM Ltd. is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

RELIEF FROM REPORTING AND FILING OBLIGATIONS

42. **THIS COURT ORDERS** that the decision by BZAM Ltd. to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the CSE Policies 1-10 and other rules, regulations and policies of the Canadian Securities Exchange (collectively, the "**Securities Provisions**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of BZAM Ltd. failing to make any Securities Filings required by the Securities Provisions.

43. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of BZAM Ltd. nor the Monitor shall have any personal liability for any failure by BZAM Ltd. to make any Securities Filings required by the Securities Provisions.

"STATUS QUO" OF APPLICANTS' LICENSES

44. **THIS COURT ORDERS** that (a) the status quo in respect of the Applicants' Health Canada and cannabis excise licenses (collectively, the "**Licenses**") shall be preserved and maintained during the pendency of the Stay Period, including the Applicants' ability to sell cannabis inventory in the ordinary course under the Licenses; and (b) to the extent any License may expire during the Stay Period, the term of such License shall be deemed to be extended by a period equal to the Stay Period.

SERVICE AND NOTICE

45. **THIS COURT ORDERS** that the Monitor shall: (i) without delay, publish in the *Globe and Mail (National Edition)*, a notice containing the information prescribed under the CCAA; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants 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 Subsection 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the names and addresses of individuals who are creditors publicly available.

46. **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/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended (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: <http://cfcanda.fticonsulting.com/bzam>.

47. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Applicants, the Monitor, and their respective counsel 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 facsimile or other electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service, distribution or notice shall be deemed to be received: (i) if sent by courier, on the next business day following the date of forwarding thereof; (ii) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered; and (iii) if sent by ordinary mail, on the third business day after mailing.

48. **THIS COURT ORDERS** that the Applicants, the Monitor and each of their respective counsel are at liberty to serve or distribute this Order, any 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 (including by e-mail) to the Applicants' creditors or other interested parties and their advisors, as applicable. For greater certainty, any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

GENERAL

49. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on March 8, 2024 (the "**Comeback Date**"), and any such interested party shall give not less than two (2) business days' notice to the Service List and any other party or parties likely to be affected by the Order sought in advance of the Comeback Date; 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 35 and 37 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

50. **THIS COURT ORDERS** that, notwithstanding paragraph 49 of this Order, each of the Applicants, the Monitor or the DIP Lender may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties hereunder or in the interpretation of this Order.

51. **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 any of the Applicants, the Business or the Property.

52. **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 Applicants, 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

53. **THIS COURT ORDERS** that each of the Applicants 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.

54. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this Order without the need for entry or filing.

SCHEDULE "A"
NON - APPLICANT STAY PARTIES

1. The Green Organic Beverage Corp.
2. TGOD Europe B.V.
3. 9430-6347 Québec Inc.
4. The Green Organic Dutchman Germany GmbH

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

Court File No.:

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM
CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093
SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD.,
MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL
CORP.**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INITIAL ORDER

BENNETT JONES LLP

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Jamie Ernst (LSO# 88724A)
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Lawyers for the Applicants

**Exhibit "C" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ENDORSEMENT

COURT FILE NO.: CV-24-00715773-00CL DATE: March 8, 2024

NO. ON LIST: 2

TITLE OF PROCEEDING: In the Matter of the *Companies' Creditors Arrangement Act*
and
In the Matter of a Plan of Compromise or Arrangement of BZAM Ltd.

BEFORE: JUSTICE OSBORNE

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Sean Zweig Mike Shakra Andrew Froh Jamie Ernst	BZAM Ltd. <i>et al</i> , Applicants	ernstj@bennettjones.com zweigs@bennettjones.com froha@bennettjones.com shakram@bennettjones.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Joseph Bellissimo Natalie Levine	Cortland Credit Lending Corp.	jbello@bellissimo.com nlevine@cassels.com
Harvey Chaiton	Stone Pine Capital Ltd.	harvey@chaitons.com
Alex Macfarlane R. Bevan Brooksbank Nick Hollard	Ontario Cannabis Retail Corp.	amacfarlane@blg.com rbbrooksbank@blg.com nhollard@blg.com
Tevia Jeffries	Pure Sunfarms Corp.	tjeffries@farris.com

Claude Lapointe	Landlord of 9430-6347 Quebec Inc.	lapointeclaudio@gmail.com
Kevin Dias Kelly Smith Wayland	Lawyers of His Majesty the King, in the Right of Canada, as Represented by the Minister of National Revenue	Kevin.dias@justice.gc.ca Kelly.smithwayland@justice.gc.ca
Jennifer J. Quick	Representative from CannaPiece Corp., a creditor	JQuick@cannapiece.ca
Andrew Winton	Final Bell Holdings International	awinton@lolg.ca

Other:

Name of Person Appearing	Name of Party	Contact Info
Maria Konyukhova Philip Yang	Monitor	mkonyukhova@stikeman.com pyang@stikeman.com
Jeffrey Rosenberg Kamran Hamidi	FTI Consulting Canada Inc., Monitor	Jeffrey.rosenberg@fticonsulting.com Kamran.hamidi@fticonsulting.com

ENDORSEMENT OF JUSTICE OSBORNE:

1. The Applicants seek at this comeback hearing an amended and restated Initial Order (the “ARIO”) that:
 - a. extends the stay of proceedings to and including May 25, 2024;
 - b. increases the maximum principal amount that the Applicants can borrow under the DIP Loan to \$41 million; and
 - c. increases the quantum of each of the Administration Charge, the DIP Lender’s Charge and the Directors’ Charge to a maximum amount of \$1 million, \$41 million plus interest fees and expenses, and \$12,900,000 respectively.
2. The Applicants also seek a SISP Approval Order that:
 - a. authorizes and approves the Stalking Horse Purchase Agreement;
 - b. grants a Court-ordered charge (the “Bid Protections Charge”) in favour of the Stalking Horse Purchaser;
 - c. approves the SISP including the Stalking Horse Bid; and
 - d. authorizes and directs the Applicants and the Monitor to undertake the SISP.

3. Defined terms in this Endorsement have the meaning given to them in my earlier Endorsement made in this proceeding, the motion materials, and/or the First Report of the Monitor dated March 6, 2024, unless otherwise stated.
4. The Applicants rely on the Affidavit of Matthew Milich sworn March 1, 2024 together with Exhibits thereto, together with the First Report.
5. For the reasons that follow, I am satisfied that the relief should be granted.
6. I observe at the outset that the relief sought today is unopposed by any party. It is strongly supported by Cortland as senior secured creditor and DIP Lender, as well as by Stone Pine, a secured creditor and the proposed Stalking Horse Bidder. It is recommended by the Monitor. The Service List has been served with the motion materials and the First Report.
7. With respect to the proposed stay extension, I am satisfied that the Applicants have acted in good faith and with due diligence since the granting of the Initial Order and continue to do so. It is just, convenient and necessary as well as in the best interests of the Applicants and their stakeholders that the proposed extension until May 25, 2024 be granted as such will allow the Monitor, with the assistance of the Applicants, to complete the SISP all with a view to preserving and maximizing value for the stakeholders.
8. I observe that the cash flow forecast projects that the Applicants should have sufficient liquidity to fund their obligations and costs of these proceedings through the end of the extended stay period.
9. I am also satisfied that the increases to the maximum quantum permitted in each of the charges, and the priority of each of those charges, should be approved. In the Initial Order, the Administration Charge, the DIP Lenders' Charge and the Directors' Charge were each limited to only what was reasonably necessary during the initial 10 day period.
10. The basis for the proposed increased quantum of each charge is set out in the motion materials and in the First Report.
11. The increased quantum of the Directors' Charge is particularly large. I am satisfied, however, that it is appropriate in that it reflects potential exposure for excise tax obligations. Those obligations are significant given the nature of the business of the Applicants (in the cannabis sector) but also as a result of the timing of the filing for creditor protection on February 28. The result of that date was that there were excise tax obligations for both January, due but not yet paid, and February, accrued but not yet due. I am satisfied that the quantum, while large, is appropriate.
12. I also recognize that the priority of the charges is somewhat atypical in that both the Directors' Charge and the Bid Protections Charge (described below) are subordinate to the DIP Lender's Charge in favour of Cortland. Such was the condition of DIP financing to enable the continuation of the business as a going concern and, as noted above, the relative priority of the charges has the support of all of these parties.
13. The Applicants seek approval for the proposed SISP including the Stalking Horse Bid. The proposed Stalking Horse Bidder (1000816625 Ontario Inc.) is a company related to the largest shareholder of BZAM, Bassam Alghanim, the current Chairman and the individual that ultimately controls Stone Pine.
14. The mechanics of the proposed SISP are fully set out in the motion materials and the First Report. The timelines and key dates are relatively tight. I am satisfied, however, that they are appropriate, achievable, and are accretive to maximizing value for all stakeholders. The Monitor, with the assistance of the Applicants, is already well along in preparatory work.

15. I am satisfied that the factors identified by the Court to be considered in a determination of whether to approve a sales process as contemplated by ss. 11 and 36(3) of the CCAA are met here: *Nortel Networks Corporation (Re)*, 2009 CanLII at paras. 47 – 48.
16. Given that, as noted above, the Stalking Horse Purchaser is a related party contemplated in section 36(5) of the CCAA, I have also considered the factors referred to in that subsection am satisfied that they have been met here.
17. I am further satisfied as to the fairness, transparency and integrity of the proposed process; the commercial efficacy of the proposed process in light of the specific circumstances of this case; and whether the sales process will optimize the chances, in the particular circumstances of securing the best possible price for the assets.
18. The Stalking Horse Purchase Agreement will serve as the basis for the Stalking Horse Bid as part of the SISP. It is contemplated to be structured as a reverse vesting transaction. While such structures remain the exception and not the norm, I am satisfied given the critical importance of maintaining the cannabis licences and regulatory permits that are so central to asset value in this case, that such a structure is appropriate here.
19. I also recognize that the Stalking Horse Purchase Agreement is the product of significant efforts and negotiations among the Stalking Horse Purchaser, the Company, the Monitor and the senior creditors of the Company, Stone Pine and Cortland.
20. If the Stalking Horse Bid is not the Successful Bid, the Stalking Horse Purchaser will be entitled to the payment of Bid Protections up to the maximum amount of \$850,000 comprised of a break fee of \$750,000 and an expense reimbursement of \$100,000. These amounts are not insignificant, but I am satisfied are appropriate here and I observe that the maximum amount of the Bid Protections in the aggregate is approximately 2% of the purchase price and therefore within the range of such fees previously approved by this Court (see, for example, *CCM Master Qualified Fund v. blutip Power Technologies*, 2012 ONSC 1750 at paras. 12 -14). The amount is also recommended and fully supported by the Monitor.
21. I also note that the Stalking Horse Bid is not a traditional credit bid in the circumstances of this case, but rather contemplates a bid that includes the Stone Pine indebtedness, but also either the assumption or payout of the Cortland Debt, at the option of Cortland. In particular, the subscription price includes the assumption of the Stone Pine Debt, and the Cash Consideration as fully described in the affidavit of Mr. Milich.
22. I observe again that the Stalking Horse Agreement is not being approved today as a purchase agreement, but rather only as a stalking horse bid. I am satisfied that it will facilitate potential transactions but also provide a floor or a minimum by establishing a baseline price and deal structure. It provides for the preservation and continuity of the core business of the Applicants as a going concern, including but not limited to the continued employment of employees as well as supplier and customer relationships.
23. For all of these reasons, the motion is granted and the relief sought is approved.
24. I observe one additional point in conclusion. Counsel for Final Bell Holdings International Ltd. appeared today in Court and made brief submissions to the effect that while Final Bell was specifically not opposing any of the relief sought (particularly including approval of the SISP and the timelines therein), it wished to advise the Court that it was in the process of investigating whether it would be bringing a motion to seek certain relief which could have an impact on the sales process approved today.

25. Final Bell was a company acquired by the Applicants very shortly prior to filing for creditor protection in this proceeding. The acquisition purchase price was satisfied by the issuance of equity and unsecured debt.
26. Final Bell apparently takes the position that financial disclosure provided to it in the course of due diligence was inconsistent with the financial state of the company as disclosed in this Application. Final Bell may seek rescission of its transaction. That issue is for another day. However, it is obviously imperative for potential bidders in the SISP to have clarity and certainty as to the assets and business on which they are bidding, with the result that, if Final Bell pursues a claim, and specifically pursues a claim seeking rescission, that may well have to be determined before bids are finalized.
27. I have implored the parties to continue the discussions I understand they are having, and I have specifically directed the Court-appointed Monitor to coordinate those discussions with a view to ensuring that all matters proceed on an expedited but fair basis and that the sales process is not undermined by outstanding issues.
28. Orders to go in the form signed by me today which orders are effective immediately and without the necessity of issuing and entering.

A handwritten signature in black ink that reads "Osborne, J." The signature is written in a cursive, slightly slanted style.

OSBORNE, J.

Date: March 8, 2024

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) FRIDAY, THE 8th
)
JUSTICE OSBORNE) DAY OF MARCH, 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 BZAM LTD., BZAM HOLDINGS INC.,
BZAM MANAGEMENT INC., BZAM CANNABIS CORP.,
FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN
LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN
ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL
BELL CORP. (collectively the "**Applicants**", and each an
"**Applicant**")

AMENDED AND RESTATED INITIAL ORDER
(Amending Initial Order Dated February 28, 2024)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Amended and Restated Initial Order was heard this day by judicial videoconference via Zoom.

ON READING the affidavits of Matthew Milich sworn February 28, 2024, and the Exhibits thereto (the "**Milich Affidavit**") and March 1, 2024 and the Exhibits thereto (the "**Second Milich Affidavit**"), the Pre-Filing Report of FTI Consulting Canada Inc. ("**FTI**") as the proposed monitor dated February 28, 2024, and the First Report of FTI as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") dated March 6, 2024, 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 Applicants and the additional parties listed in Schedule "A" hereto (collectively, the "**Non-Applicant Stay Parties**" and together with the Applicants, the "**BZAM Entities**"), counsel for the Monitor, counsel for

Cortland Credit Lending Corporation (the "**DIP Lender**"), counsel for 1000816625 Ontario Inc. and such other counsel that were present, no one else appearing although duly served as appears from the affidavits of service of Jamie Ernst, filed, and on reading the consent of FTI to act as the Monitor,

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that, for the avoidance of doubt, references in this Order to the "date of this Order", the "date hereof" or similar phrases refer to the date the Initial Order of this Court was granted in these proceedings, being February 28, 2024 (the "**Initial Order**").

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies. Although not Applicants, the Non-Applicant Stay Parties shall enjoy the benefits of the protections and authorizations provided under the terms of this Order.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that each of the Applicants 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

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, licences, 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 Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons

(collectively, "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the BZAM Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Milich Affidavit or, with the consent of the Monitor and the DIP Lender, replace it with another substantially similar central cash management system (the "**Cash Management System**"), and that any present or future bank providing the Cash Management System shall: (i) 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 BZAM Entities of funds transferred, paid, collected or otherwise dealt with in the Cash Management System; (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the BZAM Entities, pursuant to the terms of the documentation applicable to the Cash Management System; and (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan (if any) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that, subject to the terms of the DIP Agreement (as defined below), the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of this Order, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is

- required to address regulatory concerns, and (iv) the supplier or service provider is required to continue to provide goods or services to the Applicants after the date of this Order, including pursuant to the terms of this Order; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein or in the DIP Agreement, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of 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 Applicants on or following the date of this Order.

9. **THIS COURT ORDERS** that, subject to the terms of the DIP Agreement, the Applicants 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 Applicants in connection with the sale of goods and services by the Applicants, 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;

- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, "**Cannabis Taxes**"), but only where such Cannabis Taxes are accrued or collected after the date of this Order; and
- (d) 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 Applicants.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants 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 applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears) in the amounts set out in the applicable lease or, with the consent of the Monitor and the DIP Lender, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. 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.

11. **THIS COURT ORDERS** that, except as specifically permitted herein or required pursuant to the terms of the DIP Agreement, the Applicants are hereby directed, until further Order of this Court: (i) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (ii) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (iii) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Agreement, 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 \$250,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor and the DIP Lender;
- (c) in accordance with paragraphs 13 and 14 of this Order, vacate, abandon or quit any leased premises and/or disclaim or resiliate any real property lease and any ancillary agreements relating to the leased premises in accordance with Section 32 of the CCAA;
- (d) disclaim such other arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the applicable Applicant deems appropriate, in accordance with Section 32 of the CCAA;
- (e) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (f) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

13. **THIS COURT ORDERS** that the applicable Applicant shall provide each relevant landlord with notice of such Applicant's intention to remove any fixtures from any leased premises at least seven (7) 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 such 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 applicable Applicant, or by further Order of this Court upon application by the applicable Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If any Applicant disclaims or resiliates a 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 Subsection 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to such Applicant's claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then: (i) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the applicable Applicant and the Monitor 24 hours' prior written notice; and (ii) at the effective time of the disclaimer or resiliation, 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 applicable 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 BZAM ENTITIES OR THEIR RESPECTIVE PROPERTY

15. **THIS COURT ORDERS** that until and including May 25, 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**", and collectively, "**Proceedings**") shall be commenced or continued against or in respect of any of the BZAM Entities or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the BZAM Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the BZAM Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the BZAM Entities and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental unit, body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the BZAM Entities or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the BZAM Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower any BZAM Entity to carry on any business which such BZAM Entity is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the BZAM Entities, except with the written consent of the BZAM Entities and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with any of the BZAM Entities 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, accounting services, testing and irradiation services, security services, insurance, transportation services, utility or other services to the Business or any of the BZAM Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by any of the BZAM Entities or exercising any other remedy provided under the agreements or arrangements, and that each of the BZAM Entities 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 applicable BZAM Entity in accordance with the normal payment practices of the applicable BZAM Entity or such other practices as may be agreed upon by the supplier or service provider and the applicable BZAM Entity and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased 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 any of the BZAM Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. **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 any of the BZAM Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the BZAM Entities 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 Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as a director or officer of any of the Applicants 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 such director's or officer's gross negligence or wilful misconduct.

22. **THIS COURT ORDERS** that the directors and officers of the Applicants 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 \$12,900,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 39 and 41 herein.

23. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary: (i) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (ii) the Applicants' 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 21 of this Order.

APPOINTMENT OF MONITOR

24. **THIS COURT ORDERS** that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the BZAM Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the BZAM Entities 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.

25. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements, including the management and use of any funds advanced by the DIP Lender to the Applicants under the DIP Agreement (as defined below);
- (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;

- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel on a weekly basis, or as otherwise agreed to by the DIP Lender, of financial and other information as agreed to between the Applicants and the DIP Lender, which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicants in their preparation of the Applicants' 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 weekly, or as otherwise agreed to by the DIP Lender;
- (e) advise the Applicants in their development of the Plan (if any) and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) monitor all payments, obligations and transfers as between the BZAM Entities;
- (h) 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 BZAM Entities, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (i) 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
- (j) perform such other duties as are required by this Order or by this Court from time to time.

26. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under

the *Cannabis Act*, S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Criminal Code*, R.S.C. 1985, c. C-46, as amended, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Cannabis Licence Act, 2018*, S.O. 2018, c. 12, Sched. 2, as amended, the *Cannabis Control Act, 2017*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26, Sched. 2, as amended, the *Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, as amended, the *Cannabis Distribution Act*, S.B.C. 2018, c. 28, as amended, the *Gaming, Liquor and Cannabis Act*, R.S.A. 2000, c. G-1, as amended, *The Cannabis Control (Saskatchewan) Act*, S.S. 2018, c. C-2.111, as amended, the *Cannabis Regulation Act*, C.Q.L.R. c. C-5.3, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the "**Cannabis 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 the Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise. For greater certainty, 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.

27. **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 *Fisheries Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *Alberta Environmental Protection and Enhancement Act*, the *Alberta Water Act*, the *Alberta Occupational Health and Safety Act*, the *British Columbia Environmental Management Act*, the *British Columbia Water Protection Act*, the *British Columbia Workers Compensation Act*, *The Environmental Management and Protection Act, 2010* (Saskatchewan), the *British Columbia Workers Compensation Act*, the *British Columbia Fish Protection Act*, *The Environmental Management and Protection Act, 2010* (Saskatchewan), the *Agricultural*

Operations Act (Saskatchewan), *The Dangerous Goods Transportation Act* (Saskatchewan), *The Water Security Agency Act* (Saskatchewan), the Saskatchewan *Occupational Health and Safety Act, 1993*, the Quebec *Environment Quality Act*, the *Act Respecting Occupational Health And Safety* (Quebec) and regulations thereunder (collectively, "**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.

28. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants including, without limitation, the DIP Lender, with information provided by the Applicants 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 Applicants 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 Applicants may agree.

29. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees and representatives acting in such capacities shall incur any liability or obligation as a result of the Monitor's appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants in these proceedings shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel

for the Applicants in these proceedings on a weekly basis, or pursuant to such other arrangements as may be agreed to between the Applicants and such parties.

31. **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.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' 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 \$1,000,000, unless permitted by further Order of this Court, 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 39 and 41 hereof.

DIP FINANCING

33. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that the borrowings under such credit facility shall not exceed the principal amount of \$41,000,000, unless permitted by further Order of this Court.

34. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the DIP facility agreement between the Applicants and the DIP Lender dated as of February 28, 2024 (as may be amended from time to time, the "**DIP Agreement**"), filed.

35. **THIS COURT ORDERS** that the Applicants are 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 Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement and the Definitive Documents as and

when the same become due and are to be performed, notwithstanding any other provision of this Order.

36. **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 exceed the amount of \$41,000,000, plus interest, fees, costs and other charges under the DIP Agreement, unless permitted by further Order of this Court, or secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 39 and 41 hereof.

37. **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 4 days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Agreement, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Agreement, 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 Applicants and for the appointment of a trustee in bankruptcy of the Applicants; 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 Applicants or the Property.

38. **THIS COURT ORDERS AND DECLARES** that, unless agreed to by the DIP Lender, the DIP Lender shall be treated as unaffected in the Plan (if any) filed by any of the Applicants

under the CCAA, or any proposal filed by any of the Applicants under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. **THIS COURT ORDERS** that the priorities of the Administration Charge, , the Bid Protections Charge (as defined in the Second Milich Affidavit), , the Directors' Charge and the DIP Lender's Charge (collectively, the "**Charges**") and the Edmonton Property Charge (as defined in the Milich Affidavit) and Cortland's Pre-Filing Debt (as defined below), as among them, shall be as follows:

With respect to all Property other than the Edmonton Property:

First – Administration Charge (to the maximum amount of \$1,000,000);

Second – DIP Lender's Charge (to the maximum amount of \$41,000,000, plus interest, fees, costs and other charges under the DIP Agreement);

Third – DIP Lender's existing security for all amounts due under the Amended and Restated Credit Agreement dated January 8, 2024 ("**Cortland's Pre-Filing Debt**");

Fourth – Directors' Charge (to the maximum amount of \$12,900,000); and

Fifth – Bid Protections Charge.

With respect to the Edmonton Property:

First – Administration Charge (to the maximum amount of \$1,000,000);

Second – Edmonton Property Charge;

Third – DIP Lender's Charge (to the maximum amount of \$41,000,000, plus interest, fees, costs and other charges under the DIP Agreement);

Fourth – Cortland's Pre-Filing Debt;

Fifth – Directors' Charge (to the maximum amount of \$12,900,000); and

Sixth – Bid Protections Charge.

40. **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.

41. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person notwithstanding the order of perfection or attachment, except for the Directors' Charge and the Bid Protections Charge, which shall rank subordinate to Cortland's Pre-Filing Debt and the Edmonton Property Charge.

42. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

43. **THIS COURT ORDERS** that the Charges and the Definitive Documents 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: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) 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 any of the Applicants, 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 Agreement or the Definitive Documents shall create or be deemed to constitute a breach by any of the Applicants of any Agreement to which the applicable Applicant(s) 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 Applicants entering into the DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Agreement 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.

44. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant's interest in such real property lease.

CORPORATE MATTERS

45. **THIS COURT ORDERS** that BZAM Ltd. is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

RELIEF FROM REPORTING AND FILING OBLIGATIONS

46. **THIS COURT ORDERS** that the decision by BZAM Ltd. to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the Securities Act (Ontario), RSO 1990, c S.5 and

comparable statutes enacted by other provinces of Canada, the CSE Policies 1-10 and other rules, regulations and policies of the Canadian Securities Exchange (collectively, the "**Securities Provisions**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of BZAM Ltd. failing to make any Securities Filings required by the Securities Provisions.

47. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of BZAM Ltd. nor the Monitor and its directors, officers, employees and representatives shall have any personal liability for any failure by BZAM Ltd. to make any Securities Filings required by the Securities Provisions during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have against the directors, officers, employees and other representatives of the Applicant of a nature described in section 11.1 (2) of the CCAA as a consequence of such failure by BZAM Ltd. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the "**Regulators**") in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

"STATUS QUO" OF APPLICANTS' LICENSES

48. **THIS COURT ORDERS** that (a) the status quo in respect of the Applicants' Health Canada and cannabis excise licenses (collectively, the "**Licenses**") shall be preserved and maintained during the pendency of the Stay Period, including the Applicants' ability to sell cannabis inventory in the ordinary course under the Licenses; and (b) to the extent any License may expire during the Stay Period, the term of such License shall be deemed to be extended by a period equal to the Stay Period.

SERVICE AND NOTICE

49. **THIS COURT ORDERS** that the Monitor shall: (i) without delay, publish in the *Globe and Mail (National Edition)*, a notice containing the information prescribed under the CCAA; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants 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 Subsection 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the names and addresses of individuals who are creditors publicly available.

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/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended (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: <http://cfcanada.fticonsulting.com/bzam>.

51. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Applicants, the Monitor, and their respective counsel 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 facsimile or other electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service, distribution or notice shall be deemed to be received: (i) if sent by courier, on the next business day following the date of forwarding thereof; (ii) if

delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered; and (iii) if sent by ordinary mail, on the third business day after mailing.

52. **THIS COURT ORDERS** that the Applicants, the Monitor and each of their respective counsel are at liberty to serve or distribute this Order, any 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 (including by e-mail) to the Applicants' creditors or other interested parties and their advisors, as applicable. For greater certainty, any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

GENERAL

53. **THIS COURT ORDERS** that each of the Applicants, the Monitor or the DIP Lender may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder or in the interpretation of this Order.

54. **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 any of the Applicants, the Business or the Property.

55. **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 Applicants, 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

56. **THIS COURT ORDERS** that each of the Applicants 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.

57. **THIS COURT ORDERS** that any interested party (including each of the Applicants 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.

58. **THIS COURT ORDERS** that the Initial Order of this Court dated February 28, 2024 is hereby amended and restated pursuant to this Order, and this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this Order without the need for entry or filing.

SCHEDULE "A"
NON - APPLICANT STAY PARTIES

1. The Green Organic Beverage Corp.
2. TGOD Europe B.V.
3. 9430-6347 Québec Inc.
4. The Green Organic Dutchman Germany GmbH

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 BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Court File No.: CV-24-00715773-00CL

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

Proceeding commenced at Toronto

**AMENDED AND RESTATED INITIAL
ORDER**

BENNETT JONES LLP

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Lawyers for the Applicants

THE HONOURABLE) FRIDAY, THE 8th
)
JUSTICE OSBORNE) DAY OF MARCH, 2024

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP. (collectively the "**Applicants**", and each an "**Applicant**")

SISP APPROVAL ORDER

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an order, inter alia, approving the Sale and Investment Solicitation Process in the form attached hereto as Schedule "A" (the "**SISP**") and certain related relief, was heard this day by videoconference via Zoom.

ON READING the affidavit of Matthew Milich sworn March 1, 2024 and the Exhibits thereto (the "**Milich Affidavit**"), the Pre-Filing Report of FTI Consulting Canada Inc. ("**FTI**"), in its capacity as the proposed monitor of the Applicants dated February 28, 2024, and the First Report of FTI as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") dated March 6, 2024, and on being advised that the secured creditors who are likely to be affected by the charge created herein were given notice, and on hearing the submissions of counsel for the Applicants, the Monitor, Cortland Credit Lending Corporation and Stone Pine Capital Ltd. ("**Stone Pine**"), and the other parties listed on the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of Jamie Ernst sworn March 1, 2024.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order of this Court dated March 8, 2024 (the "**ARIO**"), the SISP or the Stalking Horse Purchase Agreement (as defined below).

SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP is hereby approved and the BZAM Entities and the Monitor are hereby authorized and directed to implement the SISP pursuant to the terms thereof. The BZAM Entities and the Monitor are hereby authorized and directed to perform their respective obligations thereunder and to do all things reasonably necessary to perform their respective obligations thereunder, subject to prior approval of the Court being obtained before completion of any transaction(s) under the SISP.
4. **THIS COURT ORDERS** that the BZAM Entities, the Monitor, and their respective affiliates, partners, directors, officers, employees, legal advisors, representatives, agents and controlling persons 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 of losses, claims, damages or liabilities that arise or result from the gross negligence or wilful misconduct of any such person (with respect to such person alone), in performing their obligations under the SISP, as determined by this Court in a final order that is not subject to appeal or other review.
5. **THIS COURT ORDERS** that in overseeing and conducting the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the ARIO and any other Order of this Court in the within proceeding.

STALKING HORSE PURCHASE AGREEMENT

6. **THIS COURT ORDERS** that BZAM Ltd. is hereby authorized and empowered to enter into the Share Subscription Agreement dated March 1, 2024 (the "**Stalking Horse Purchase Agreement**") between BZAM Ltd as vendor (the "**Vendor**"), and 1000816625 Ontario Inc. (the "**Stalking Horse Purchaser**"), attached as Exhibit "**C**" to the Milich Affidavit, *nunc pro tunc*, with such minor amendments as may be acceptable to the Vendor and the Stalking Horse Purchaser, with the approval of the Monitor; provided that, nothing herein approves the sale and the vesting of any Property to the Stalking Horse Purchaser (or any of its designees) pursuant to the Stalking Horse Purchase Agreement and that the approval of any sale and vesting of any such Property shall be considered by this Court on a subsequent motion made to this Court if the transaction set out in the Stalking Horse Purchase Agreement is the Successful Bid.

7. **THIS COURT ORDERS** that, as soon as reasonably practicable following the Vendor and the Stalking Horse Purchaser agreeing to any amendment to the Stalking Horse Purchase Agreement permitted pursuant to the terms of this Order, the Applicants shall: (a) file a copy thereof with this Court; (b) serve a copy thereof on the Service List; and (c) provide a copy thereof to each SISP Participant (as hereinafter defined) excluding from the public record any confidential information that the Vendor and the Stalking Horse Purchaser, with the consent of the Monitor, agree should be redacted.

BID PROTECTIONS

8. **THIS COURT ORDERS** that the Bid Protections are hereby approved and, subject to the entry of the Stalking Horse Purchase Agreement, the Vendors are hereby authorized and directed to pay the Bid Protections to the Stalking Horse Purchaser (or to such other person as it may direct) in the manner and circumstances described in the Stalking Horse Purchase Agreement.

9. **THIS COURT ORDERS** that the Stalking Horse Purchaser shall be entitled to the benefit of and is hereby granted a charge (the "**Bid Protections Charge**") on the Property, which charge shall not exceed \$850,000 as security for payment of the Bid Protections in the manner and circumstances described in the Stalking Horse Purchase Agreement.

10. **THIS COURT ORDERS** that the filing, registration or perfection of the Bid Protections Charge shall not be required, and that the Bid Protections Charge shall be valid and enforceable for all purposes, including against any right, title or interest filed, registered, recorded or perfected subsequent to the Bid Protections Charge, notwithstanding any such failure to file, register, record or perfect.

11. **THIS COURT ORDERS** that the Bid Protections Charge shall constitute a charge on the Property and shall rank in the priority provided for in the ARIIO.

12. **THIS COURT ORDERS** that except for the Charges or as may be approved by this Court on notice to parties in interest, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Bid Protections Charge, unless the BZAM Entities also obtain the prior written consent of the Monitor and the Stalking Horse Purchaser, or further Order of this Court.

13. **THIS COURT ORDERS** that the Bid Protections Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Stalking Horse Purchaser shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) or receivership order(s) issued pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**") or otherwise, or any bankruptcy order(s) or receivership order(s) made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) 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 any of the BZAM Entities, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Bid Protections Charge nor the execution, delivery, perfection, registration or performance of the Stalking Horse Purchase Agreement shall create, cause or be deemed to constitute a breach by any of the BZAM Entities of any Agreement to which they are a party;

- (b) the Stalking Horse Purchaser shall not have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Bid Protections Charge or the execution, delivery or performance of the Stalking Horse Purchase Agreement; and
- (c) the payments made by the Vendor pursuant to this Order, the Stalking Horse Purchase Agreement and the granting of the Bid Protections Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

14. **THIS COURT ORDERS** that the Bid Protections Charge created by this Order over leases of real property in Canada shall only be a charge on the Applicants' interest in such real property lease.

15. **THIS COURT ORDERS AND DECLARES** that the Stalking Horse Purchaser, with respect to the Bid Protections Charge only, shall be treated as unaffected in any Plan, or any proposal filed by the Applicants under the BIA.

PIPEDA

16. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 and any similar legislation in any other applicable jurisdictions, the Monitor, the BZAM Entities and their respective advisors are hereby authorized and permitted to disclose and transfer to prospective SISP participants that are party to a non-disclosure agreement (each a "**SISP Participant**") and their respective advisors personal information of identifiable individuals, but only to the extent required to negotiate or attempt to complete a transaction pursuant to the SISP (a "**Transaction**"). Each SISP Participant 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 for the purpose of effecting a Transaction, and, if it does not complete a Transaction, shall return all such information to the Monitor or the BZAM Entities, or, in the alternative, destroy all such information and provide confirmation of its destruction if requested by the Monitor or the BZAM Entities. Any bidder with a Successful Bid

shall maintain and protect the privacy of such information and, upon closing of the Transaction(s) contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or the Property acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the BZAM Entities, and shall return all other personal information to the Monitor or the BZAM Entities, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Monitor or the BZAM Entities.

GENERAL

17. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

18. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal and regulatory or administrative bodies, having jurisdiction in Canada or in any other foreign jurisdiction, to give effect to this Order and to assist the BZAM Entities, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the BZAM Entities and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the BZAM Entities and the Monitor and their respective agents in carrying out the terms of this Order.

19. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Toronto Time) on the date of this Order without the need for entry or filing.

SCHEDULE "A"

SALE AND INVESTMENT SOLICITATION PROCESS

[ATTACHED]

BZAM LTD.

SALE AND INVESTMENT SOLICITATION PROCESS

1. On February 28, 2024, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an order (the "**Initial Order**"), among other things, granting BZAM Ltd., BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., 102172093 Saskatchewan Ltd., The Green Organic Dutchman Ltd., Medican Organic Inc., High Roads Holdings Corp., and Final Bell Corp. (collectively, the "**Applicants**") relief pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"), and appointed FTI Consulting Canada Inc., as the monitor of the Applicants (the "**Monitor**"). The benefits and protections of the Initial Order were extended to The Green Organic Beverage Corp., TGOD Europe B.V., 9430-6347 Québec Inc., and The Green Organic Dutchman Germany GmbH (collectively, the "**Non-Applicant Stay Parties**" and together with the Applicants, the "**BZAM Entities**").
2. On March 8, 2024, the Court granted (a) an order amending and restating the Initial Order (the "**ARIO**"), and (b) an order (the "**SISP Approval Order**") that, among other things: (i) authorized the Applicants to implement a sale and investment solicitation process ("**SISP**") in respect of the BZAM Entities, including substantially all of the property, assets and undertakings of BZAM Entities (collectively, the "**Business**"), in accordance with the terms hereof; (ii) authorized and empowered BZAM Ltd. to enter into the Share Subscription Agreement dated March 1, 2024 (the "**Stalking Horse Bid**") with 1000816625 Ontario Inc. (the "**Stalking Horse Bidder**"); (iii) approved the Bid Protections; and (iv) granted the Bid Protections Charge. Capitalized terms that are not otherwise defined herein have the meanings ascribed to them in the ARIO, the SISP Approval Order or the Affidavit of Matthew Milich sworn March 1, 2024, as applicable. Copies of the ARIO and the SISP Approval Order can be found at <http://cfcanada.fticonsulting.com/bzam> (the "**Monitor's Website**").
3. This SISP sets out the manner in which: (a) non-binding letters of intent ("**LOIs**") and binding bids for a broad array of executable transaction alternatives (each a "**Transaction**") that are superior to the sale transaction contemplated by the Stalking Horse Bid will be solicited from interested parties; (b) any such LOIs and bids received will be addressed by the Applicants and the Monitor; (c) any Successful Bid (as defined below) will be selected; and (d) Court approval of any Successful Bid will be sought. Such Transaction alternatives may include, among other things, a sale of the Business or an investment in the Applicants, each of which shall be subject to all terms set forth herein.
4. The SISP shall be conducted by the Applicants and the Monitor.
5. Parties who wish to have their bids considered must participate in the SISP.
6. The Monitor, with the assistance of the Applicants, will:
 - (a) disseminate a teaser and a bid process letter (which letter shall, among other things, direct recipients to the Monitor's Website for a copy of this SISP) to potentially

interested parties identified by the Applicants and the Monitor or any other interested party who contacts the Applicants or the Monitor;

- (b) publish a notice of the SISP in one or more trade industry and/or insolvency-related publications as may be considered appropriate by the Monitor;
- (c) solicit interest from interested parties with a view to such parties entering into non-disclosure agreements in form and substance satisfactory to the Applicants and the Monitor ("**NDA**");
- (d) provide interested parties who have executed an NDA with: (i) a confidential information memorandum in respect of the Business, and (ii) access to an electronic data room containing diligence information in respect of the Business and such other diligence opportunities as the Monitor and the Applicants consider advisable;
- (e) request that such interested parties submit an LOI by the LOI Deadline (as defined below); and
- (f) to the extent the SISP proceeds to Phase 2 (as defined below), request that Qualified Bidders (as defined below) submit a binding offer that meets at least the requirements set forth in Section 12 below, as determined by the Applicants and the Monitor (a "**Qualified Bid**"), by the Qualified Bid Deadline (as defined below).

7. The SISP shall be conducted subject to the terms hereof and the following key milestones:

- (a) the Court issues the SISP Approval Order approving the: (i) SISP and (ii) the Stalking Horse Bid in the SISP – **March 8, 2024**;
- (b) the Monitor to commence solicitation process - as soon as possible following issuance of the SISP Approval Order;
- (c) Deadline to submit an LOI - **5:00 p.m. (Toronto time) on April 8, 2024** (the "**LOI Deadline**");
- (d) Deadline for Applicants and the Monitor, to determine if any LOIs constitute a Qualified LOI (as defined below) and to proceed to Phase 2 of the SISP - **by no later than April 11, 2024**;
- (e) Deadline for Qualified Bidders to submit a Qualified Bid -**2:00 p.m. (Toronto time) on April 29, 2024** (the "**Qualified Bid Deadline**");
- (f) The Applicants and Monitor to commence an Auction (as defined below), if any - **by no later than May 3, 2024**;
- (g) Approval Order (as defined below) hearing - **by no later than May 21, 2024**, subject to Court availability; and

- (h) closing of the Successful Bid - as soon thereafter as possible and, in any event, **by no later than June 21, 2024** (the "**Outside Date**").
8. Any party that executed an NDA will be prohibited from communicating with any other party who executed an NDA regarding the BZAM Entities during the term of the SISP, without the consent of the Monitor, in consultation with the Applicants.
 9. Any interested party who wishes to submit an LOI in the SISP must submit an LOI that complies with the following criteria (it being understood that the Applicants and the Monitor, with the consent of the DIP Lender, may waive strict compliance with any or more of the requirements specified below):
 - (a) it sets forth the identity of the interested party, including its contact information, full disclosure of its direct and indirect principals and equity holders, and information as to the interested party's financial wherewithal to complete a transaction pursuant to the SISP;
 - (b) it sets forth the principal terms of the proposed Transaction, including: (i) the nature of the proposed Transaction (e.g. sale, investment, etc.); (ii) the purchase price or other consideration offered in connection with the Transaction, including material assumed liabilities; (iii) a description of any conditions or approvals required and any additional due diligence required for the interested party to make a final binding bid; (iv) all conditions to closing that the interested party may wish to impose on the closing of the Transaction; (v) proposed treatment of the BZAM Entities' employees; (vi) proposed treatment of the BZAM Entities' secured indebtedness; (vii) any other terms or conditions that the interested party believes are material to the Transaction; and (viii) any other information as may be reasonably requested by the Applicants and the Monitor; and
 - (c) it is received by the Applicants and the Monitor by the LOI Deadline at the email addresses specified on Schedule "B" hereto.
 10. Following the LOI Deadline, the Applicants and the Monitor and, subject to Section 21, the DIP Lender and the Stalking Horse Bidder, will assess the LOIs. If no Qualified LOIs are received by the LOI Deadline, then the Applicants and the Monitor and, subject to Section 21 with the consent of the DIP Lender and the Stalking Horse Bidder, may elect to terminate the SISP and send notice of same to the service list established in the CCAA Proceedings and any interested party who submitted an LOI, and proceed to seek Court approval to implement the transaction contemplated by the Stalking Horse Bid. If the Applicants and the Monitor determine, subject to Section 21, with the consent of the DIP Lender and following consultation with the Stalking Horse Bidder, that the Transaction outlined in an LOI represents a viable potential alternative Transaction that could provide greater value to the BZAM Entities and their stakeholders than the Stalking Horse Bid, including having regard to: (i) the consideration offered; (ii) the interested party's financial capability to complete a Transaction; (iii) the interested party's ability to make a binding offer by the Qualified Bid Deadline; (iv) treatment of the secured indebtedness of the BZAM Entities; and (v) such other factors that the Applicants and the Monitor, consider

relevant, then such LOI shall be deemed a "**Qualified LOI**" and the interested party submitting such Qualified LOI shall be deemed a "**Qualified Bidder**".

11. If one or more LOIs is determined to be a Qualified LOI, then the Applicants and the Monitor shall proceed to a second phase of the SISP ("**Phase 2**"). Only Qualified Bidders shall be permitted to participate in Phase 2. The Applicants and the Monitor will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), and the Bid Process Letter will be (i) sent to all Qualified Bidders, and (ii) posted on the Monitor's Website. Phase 2 of the SISP shall include, among other things, the opportunity for Qualified Bidders to: (i) conduct additional diligence, including participation in management presentations; and (ii) to prepare and submit a Qualified Bid on or before the Qualified Bid Deadline.
12. In order to constitute a Qualified Bid, a bid must comply with the following:
 - (a) it must be superior to the Stalking Horse Bid and provide for aggregate consideration, payable in cash in full on closing in an amount equal to or greater than (i) all outstanding obligations owing to Cortland Credit Lending Corporation pursuant to the Second Amended and Restated Credit Agreement dated January 8, 2024; (ii) all outstanding obligations owing to Cortland Credit Lending Corporation under the DIP Agreement; (iii) all outstanding obligations under the DIP Agreement, (iv) any obligations in priority to amounts owing under the DIP Agreement, including any Charges, (v) the amount of \$250,000 to fund any professional fees incurred in connection with the wind-up of the CCAA Proceedings and any further proceedings or wind-up costs; (vi) the amount of \$850,000 to satisfy the Bid Protections (the "**Consideration Value**"), and provides a detailed sources schedule that identifies, with specificity, the composition of the Consideration Value and any assumptions that could reduce the net consideration payable including details of any material liabilities that are being assumed or being excluded;
 - (b) it contemplates closing of the proposed transaction by not later than the Outside Date;
 - (c) it contains:
 - (i) duly executed binding Transaction document(s);
 - (ii) the legal name and identity (including jurisdiction of existence) and contact information of the Qualified Bidder, full disclosure of its direct and indirect principals, and the name(s) of its controlling equityholder(s);
 - (iii) a redline to the Stalking Horse Bid;
 - (iv) evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) and, if necessary to complete the transaction, the bidder's equityholder(s);

- (v) disclosure of any connections or agreements with the BZAM Entities or any of their affiliates, any other bidder participating in the SISP or any officer, manager, director, member or equity security holder of the BZAM Entities or any of their affiliates; and
 - (vi) such other information as may be reasonably requested by the Applicants and the Monitor in the Bid Process Letter;
- (d) it includes a letter stating that the bid is submitted in good faith, is binding and is irrevocable until closing of the Successful Bid; provided, that if such bid is not selected as the Successful Bid or as the next-highest or otherwise best Qualified Bid as compared to the Successful Bid (such bid, the "**Back-Up Bid**") it shall only remain irrevocable until selection of the Successful Bid;
- (e) it provides that the bid will serve as a Back-Up Bid if it is not selected as the Successful Bid and if selected as the Back-Up Bid it will remain irrevocable until the earlier of (i) closing of the Successful Bid or (ii) closing of the Back-Up Bid;
- (f) it provides written evidence of the Qualified Bidder's ability to fully fund and consummate the Transaction and satisfy its obligations under the Transaction documents, including binding equity/debt commitment letters and/or guarantees covering the full Consideration Value;
- (g) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;
- (h) it is not conditional upon:
- (i) approval from the Qualified Bidder's board of directors (or comparable governing body) or equityholder(s);
 - (ii) the outcome of any due diligence by the Qualified Bidder; or
 - (iii) the Qualified Bidder obtaining financing;
- (i) it includes an acknowledgment and representation that the Qualified Bidder (i) has had an opportunity to conduct any and all required due diligence prior to making its bid and has relied solely upon its own independent review, investigation and inspection in making its bid, (ii) is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, whether express or implied (by operation of law or otherwise), made by any person or party, including the BZAM Entities, the Monitor and their respective employees, officers, directors, agents, advisors and other representatives, regarding the proposed Transaction, this SISP, or any information (or the completeness of any information) provided in connection therewith, except as expressly stated in the proposed Transaction documents, (iii) is making its bid on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the BZAM Entities, the Monitor or any of their respective

employees, officers, directors, agents, advisors and other representatives, except to the extent set forth in the proposed Transaction documents, (iv) is bound by this SISP and the SISP Approval Order, and (v) is subject to the exclusive jurisdiction of the Court with respect to any disputes or other controversies arising under or in connection with the SISP or its bid;

- (j) it specifies any regulatory (including Health Canada) or other third-party approvals the Qualified Bidder anticipates would be required to complete the Transaction (including the anticipated timing necessary to obtain such approvals);
 - (k) it includes full details of the Qualified Bidder's intended treatment of the BZAM Entities' employees under the proposed bid;
 - (l) it is accompanied by a cash deposit (the "**Deposit**") by wire transfer of immediately available funds equal to 10% of the Consideration Value, which Deposit shall be held by the Monitor in a trust account in accordance with the terms hereof;
 - (m) it includes a statement that the Qualified Bidder will bear its own costs and expenses (including ally legal and advisor fees) in connection with the proposed Transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis; and
 - (n) it is received by the Applicants and the Monitor by the Qualified Bid Deadline at the email addresses specified on Schedule "B" hereto.
13. The Qualified Bid Deadline may be extended by: (a) the Applicants and the Monitor and, subject to Section 21, with the consent of the DIP Lender and the Stalking Horse Bidder; or (b) further order of the Court. In such circumstances, the milestones contained in subsections 7(f) - 7(h) may be extended by Applicants for the same amount of time.
14. The Applicants and the Monitor, may waive strict compliance with any one or more of the requirements specified in Section 12 above and deem a non-compliant bid to be a Qualified Bid, provided that the Applicants shall not waive compliance with the requirements specified in Subsections **Error! Reference source not found.**, (b), (c), (h), (l) or (m) without the prior written consent of the Stalking Horse Bidder and the DIP Lender, each acting reasonably.
15. If one or more Qualified Bids (other than the Stalking Horse Bid) has been received by the Applicants and the Monitor on or before the Qualified Bid Deadline, the Applicants and the Monitor, in consultation with the DIP Lender, may:
- (a) negotiate with one or more of the Qualified Bidders who submitted a Qualified Bid, including requesting that such Qualified Bidder improve or otherwise modify the terms of its Qualified Bid (and any such improved or modified Qualified Bid submitted by a Qualified Bidder shall be deemed to be a Qualified Bid hereunder for all purposes);

- (b) considering the factors set out in Section 12 of the SISP and, among other things, (i) the amount of consideration being offered and, if applicable, the proposed form, composition and allocation of same, (ii) the value of any assumption of liabilities or release of liabilities not otherwise accounted for in (i) above, (iii) the likelihood of the Qualified Bidder's ability to close a Transaction by not later than the Outside Date (including factors such as: the Transaction structure and execution risk; conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments; and required governmental or other approvals), (iv) the likelihood of the Court's approval of the Successful Bid, (v) the benefit to the BZAM Entities and their stakeholders, including employees and (vi) any other factors the directors or officers of the Applicants may, consistent with their fiduciary duties, reasonably deem relevant (collectively, the "**Consideration Factors**"); and (y) designate any Qualified Bid received (including the Stalking Horse Bid) to be the highest or otherwise best bid in the SISP (as may be designated pursuant to this Section 15 (b) or designated at the Auction, the "**Successful Bid**" and the Qualified Bidder making such bid, the "**Successful Bidder**");
 - (c) having regard to the Consideration Factors, designate any Qualified Bid received as the Back-Up Bid (provided that the Stalking Horse Bid shall not serve as the Back-Up Bid unless agreed to in writing by the Stalking Horse Bidder); or
 - (d) proceed with an auction process to determine the Successful Bid and any Back-Up Bid (the "**Auction**"), which Auction shall be administered in accordance with Schedule "A" hereto.
16. If no Qualified Bid (other than the Stalking Horse Bid) has been received by the Applicants and the Monitor by the Qualified Bid Deadline, then the Stalking Horse Bid shall be deemed the Successful Bid and shall be consummated in accordance with and subject to the terms of the Stalking Horse Bid, including obtaining Court approval thereof.
17. Following selection of the Successful Bid, the Applicants, with the assistance of their advisors and the Monitor, shall seek to finalize any remaining necessary definitive agreement(s) with respect to the Successful Bid in accordance with the milestones set out in Section 7. Once the necessary definitive agreement(s) with respect to a Successful Bid have been finalized, as determined by the Applicants and the Monitor, the Applicants shall apply to the Court for an order or orders approving such Successful Bid and/or the mechanics to authorize the BZAM Entities to complete the transactions contemplated thereby, as applicable, and authorizing the applicable BZAM Entities to: (a) enter into any and all necessary agreements and related documentation with respect to the Successful Bid; (b) undertake such other actions as may be necessary to give effect to such Successful Bid; and (c) implement the Transaction contemplated in such Successful Bid (each, an "**Approval Order**"). If the Successful Bid is not consummated in accordance with its terms, the Applicants shall be authorized, but not required, to elect that the Back-Up Bid (if any) is the Successful Bid.

18. The highest Qualified Bid may not necessarily be accepted by the Applicants. The Applicants, with the written consent of the Monitor and the DIP Lender, reserve the right not to accept any Qualified Bid or to otherwise terminate the SISP. The Applicants, with the written consent of the Monitor and the DIP Lender, reserve the right to deal with one or more Qualified Bidders to the exclusion of others, to accept a Qualified Bid for different parts of the BZAM Entities' business and assets or to accept multiple Qualified Bids and enter into definitive agreements in respect of all such bids, provide that the aggregate of such Qualified Bids satisfies the requirements of Section 11(a) and (b).
19. If a Successful Bid is selected and an Approval Order authorizing the consummation of the Transaction contemplated thereunder is granted by the Court, any Deposit paid in connection with such Successful Bid will be non-refundable and shall, upon closing of the Transaction contemplated by such Successful Bid, be applied to the cash consideration to be paid in connection with such Successful Bid or be dealt with as otherwise set out in the definitive agreement(s) entered into in connection with such Successful Bid. Any Deposit delivered with a Qualified Bid that is not selected as a Successful Bid will be returned to the applicable Qualified Bidder by the Monitor as soon as reasonably practicable (but not later than ten (10) business days) after the date upon which the Successful Bid is approved pursuant to an Approval Order or such earlier date as may be determined by the Applicants, with the consent of the Monitor; provided, the Deposit in respect of any Back-Up Bid shall not be returned to the applicable Qualified Bidder until the closing of the Successful Bid.
20. The Applicants and the Monitor shall be permitted, in their discretion, to provide updates and information in respect of the SISP to any creditor (including any advisor thereto) (each a "**Creditor**") on a confidential basis upon: (a) the irrevocable confirmation in writing from such Creditor that the applicable Creditor will not submit any bid in the SISP; and (b) such Creditor executing a confidentiality agreement or undertaking with the Applicants in form and substance satisfactory to the Applicants and the Monitor.
21. The DIP Lender shall only be entitled to the consultation rights specified herein in its favour and confidential updates and information from the BZAM Entities and the Monitor in respect of the SISP, including copies of any LOIs or bids submitted in Phase 2, upon the DIP Lender irrevocably confirming in writing to the Applicants and the Monitor that it will not submit any bid in the SISP. The Stalking Horse Bidder shall only be entitled to the consultation rights specified herein in its favour and confidential updates and information from the BZAM Entities and the Monitor in respect of the SISP, including copies of any LOIs or Qualified Bid, upon the Stalking Horse Bidder irrevocably confirming in writing to the Applicants and the Monitor that it will not submit any bid in the SISP except for the Stalking Horse Bid, except for any revised Stalking Horse Bid that may be submitted in the Auction.
22. Any amendments to this SISP may only be made by the Applicants with the written consent of the Monitor and the DIP Lender, or by further order of the Court, provided that the Applicants shall not amend the requirements specified in Subsections 12(a) or (b) without the prior written consent of the Stalking Horse Bidder, acting reasonably, or approval of the Court.

23. The DIP Lender and any other secured lender of the BZAM Entities shall have the right (subject to compliance with the terms of this SISP) to credit bid their secured debt against the assets secured thereby up to the full face value of such secured lender's claims, including principal, interest and any other obligations owing to such secured lender; provided that any such secured lender shall be required to: (i) pay in full in cash any obligations of the BZAM Entities in priority to its secured debt (including as contemplated by Subsection 12(a) ; and (ii) pay appropriate consideration for any assets of the BZAM Entities which are contemplated to be acquired and that are not subject to such secured lender's security.
24. The Monitor will oversee the conduct of the SISP and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out herein and in the SISP Approval Order, and is entitled to receive all information in relation to the SISP.
25. For the avoidance of doubt, the Stalking Horse Bidder shall be deemed a Qualified Bidder for all purposes hereunder and the Stalking Horse Bid deemed a Qualified Bid.

SCHEDULE "A": AUCTION PROCEDURES

1. **Auction**. Instructions to participate in the Auction, which will take place either: (i) via video conferencing, or (ii) at a location to be designated in Toronto, Ontario, that will be provided by the Monitor to Qualified Parties (as defined below) not less than 48 hours prior to the Auction. Such instructions will identify and include a copy of the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Applicants and the Monitor, to be the initial bid at the Auction (the "**Initial Bid**").

2. **Participation**. Only Qualified Bidders that delivered a Qualified Bid, including, for greater certainty, the Stalking Horse Bidder (collectively the "**Qualified Parties**" and each a "**Qualified Party**"), shall be eligible to participate in the Auction. No later than 2:00 p.m. (Toronto time) on the day prior to the Auction, each Qualified Party must inform the Applicants and the Monitor in writing whether it intends to participate in the Auction. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Initial Bid shall be designated as the Successful Bid.

3. **Auction Procedures**. The Auction shall be governed by the following procedures:
 - (a) **Attendance**. Only the Applicants, the Monitor, the Qualified Parties, the DIP Lender and any other secured creditor of the Applicants to the extent agreed to by the Monitor, and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any Overbids (as defined below) at the Auction;

 - (b) **No Collusion**. Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (a) it has not engaged in any collusion with respect to the Auction and the SISP; and (b) its bid is a good-faith bona fide offer, it is irrevocable and it intends to consummate the proposed transaction if selected as the Successful Bid;

 - (c) **Minimum Overbid and Back-Up Bid**. The Auction shall begin with the Initial Bid, and any bid made at the Auction by a Qualified Party subsequent to the Initial Bid (each, an "**Overbid**"), must proceed in minimum additional cash increments (or, if consented to by the Applicants and the Monitor, such other form of consideration being offered by a Qualified Party) of \$100,000, and all such Overbids shall be irrevocable until closing of the Successful Bid; provided, that if such Overbid is not selected as the Successful Bid or as the Back-Up Bid (if any) it shall only remain irrevocable until selection of the Successful Bid. An Overbid must comply with the bid requirements contained in the SISP for a Qualified Bid (including the requirements for payment of (i) all outstanding obligations owing to Cortland Credit Lending Corporation pursuant to the Second Amended and Restated Credit Agreement dated January 8, 2024; and (ii) all outstanding obligations owing to Cortland Credit Lending Corporation under the DIP Agreement), provided that the deadline to submit a Qualified Bid shall not apply;

- (d) **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference or meeting room (as applicable), on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent Qualified Bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Applicants and the Monitor, in their discretion, may establish separate video conference rooms or meeting breakout rooms to permit interim discussions among the Applicants, the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video-conference or meeting room (as applicable), on an open basis;
- (e) **Bidding Conclusion.** The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit an Overbid with full knowledge and confirmation of the then-existing highest or otherwise best bid and no Qualified Party submits an Overbid; and
- (f) **No Post-Auction Bids.** No bids will be considered for any purpose after the Successful Bid has been designated and the Auction has concluded.

Selection of Successful Bid and Back-Up Bid

- 4. **Selection.** During the Auction, the Applicants and the Monitor, will: (a) review each subsequent Overbid, considering the Consideration Factors; and (b) identify the highest or otherwise best bid received at the Auction and designate such bid as the Successful Bid and such Qualified Party as the Successful Bidder. The Applicants and the Monitor may also elect to designate a bid received at the Auction as the Back-Up Bid (provided that the Stalking Horse Bid shall not serve as the Back-Up Bid unless agreed to in writing by the Stalking Horse Bidder).
- 5. **Acknowledgement.** The Successful Bidder shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Applicants in their sole discretion, following consultation with the Monitor, subject to the milestones set forth in Section 7 of the SISP.

SCHEDULE "B"
E-MAIL ADDRESSES FOR DELIVERY OF BIDS

To counsel for the Applicants:

Bennett Jones LLP
1 First Canadian Place
100 King Street West Suite, 3400
Toronto, ON M5H 2S7

Attention:

Sean Zweig: zweigs@bennettjones.com
Mike Shakra shakram@bennettjones.com

To the Monitor and counsel to the Monitor:

FTI Consulting Canada Inc
79 Wellington St W
Suite 2010, Toronto
ON M5K 1G8

Attention:

Jeffrey Rosenberg: jeffrey.rosenberg@fticonsulting.com
Kamran Hamidi: Kamran.Hamidi@fticonsulting.com

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street, Toronto
ON M5L 1B9

Attention:

Maria Konyukhova: mkonyukhova@stikeman.com
[Philip Yang: pyang@stikeman.com](mailto:pyang@stikeman.com)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

Court File No.: CV-24-00715773-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.

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

Proceeding commenced at Toronto

SISP APPROVAL ORDER

BENNETT JONES LLP

3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)

Tel: (416) 777-6254

Email: zweigs@bennettjones.com

Mike Shakra (LSO# 64604K)

Tel: (416) 777-6236

Email: shakram@bennettjones.com

Andrew Froh (LSBC# 517286)

Tel: (604) 891-5166

Email: froha@bennettjones.com

Jamie Ernst (LSO# 88724A)

Tel: (416) 777-7867

Email: ernstj@bennettjones.com

Lawyers for the Applicants

**Exhibit "D" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



October 31, 2023

STRICTLY PRIVATE AND CONFIDENTIAL

The Board of Directors of FINAL BELL HOLDINGS INTERNATIONAL LTD.
#1000, 925 West Georgia Street
Vancouver, BC V6C 3L2

Dear Board Members:

On behalf of BZAM Ltd. (“**BZAM**” or “**we**”), we would like to express our interest in pursuing a transaction whereby BZAM or one of its affiliates would acquire all of the issued and outstanding common shares (the “**FBC Shares**”) of your wholly owned subsidiary, Final Bell Canada Inc. (“**FBC**”), including, if any, FBC Shares issuable upon the exercise of any existing exchangeable or convertible securities (the “**Proposed Transaction**”). This non-binding letter sets out the background to and the terms and conditions of our proposal (the “**Proposal**”), which we believe represents an opportunity for FBC shareholders to realize a meaningful equity ownership interest in the combined company, and to continue to participate in the future growth of the combined company.

BZAM was incorporated on November 16, 2016 under the *Canada Business Corporations Act*. BZAM’s wholly-owned subsidiaries, BZAM Cannabis and The Green Organic Dutchman Ltd., are licensed producers under the *Cannabis Act*.

BZAM owns and operates a 166,000 sq. ft. state-of-the-art EU-GMP certified cannabis cultivation and manufacturing facility in Ancaster, Ontario, capable of producing 17,500 kg per year of cannabis, and a leased 60,000 sq. ft. processing, manufacturing, and warehousing facility, in Pitt Meadows, B.C.

We believe that FBC’s business is highly complementary with BZAM’s business and has a strong alignment with our strategic priorities, providing an opportunity to combine FBC’s brand/product portfolio and capabilities with BZAM’s brand/product portfolio and capabilities.

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The principal terms and conditions of our Proposal are set out below.

1. Purchase Price and Consideration

Based on our review of FBC's disclosure of confidential information provided thus far, BZAM is prepared to offer FBC shareholders an aggregate amount of BZAM common shares (the "**BZAM Shares**") totaling ninety million (90,000,000) BZAM Shares (the "**Purchase Price**"), issued at the closing of the Proposed Transaction (the "**Closing**"), subject to the certain conditions precedent outlined below.

Additionally, at Closing:

- FBC will retain Four Million Canadian Dollars (CAD\$4,000,000) of existing accounts payable to its present parent/affiliate supplier, to be paid in accordance with a reasonable payment plan agreed to in the Definitive Agreement; and
- BZAM will assume Four Million Canadian Dollars (CAD\$4,000,000) in debt owing by FBC to its present parent/affiliate, bearing interest at zero percent (0%), with a maturity date of March 31, 2025, and secured on the same basis and *pari passu* with the secured debt held by Stone Pine Capital Ltd.
- No other intercompany balances owing by FBC to its present parent/affiliate will be retained.
- There may be a working capital adjustment post closing, in accordance with the provisions agreed to in the Definitive Agreement.

The issuance and release of any BZAM Shares issued for the Purchase Price or debt conversion (if applicable) under the Definitive Agreement will be subject to all applicable securities laws, including those of the CSE. In addition, each FBC shareholder agrees to enter into a lock up agreement at Closing with BZAM in respect of the BZAM Shares issued for the Purchase Price, whereby such BZAM Shares will be subject to a lock up to be released in three equal tranches, at: (i) four months plus a day following Closing; (ii) eight months following Closing; and (iii) twelve months following Closing.

2. Transaction Structure and Definitive Agreements

We anticipate that the Proposed Transaction will be implemented through a share exchange under the *Canada Business Corporations Act*; however, the final form of the Proposed Transaction will be agreed to by FBC and BZAM based on advice from each company's

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respective legal and financial advisors. The Proposed Transaction and its terms and conditions will be set out in the Definitive Agreement and related disclosure letters, documents and ancillary agreements (collectively, the “**Transaction Documents**”) that are customary for a transaction of this nature. Should it be determined by either party that for tax, corporate law, securities law or other reasons, it is more practicable to proceed by way of another form of transaction, the parties will reconsider whether to effect the Proposed Transaction through an alternative form of transaction.

The Definitive Agreement will contain customary terms and conditions for transactions of this nature including (i) representations and warranties of each of FBC and BZAM; (ii) covenants setting out the obligations of the parties between signing the Definitive Agreement and Closing; (iii) indemnities; (iv) customary deal protection provisions; and (v) conditions to Closing including obtaining any required regulatory and stock exchange approvals, and all applicable board of directors, shareholder and third party approvals, no material adverse change and other customary conditions.

3. Due Diligence and Process

We have already devoted time and resources to the Proposed Transaction and have reviewed FBC’s confidential information provided to date. However, as is customary for a transaction of this nature, we will need to conduct further financial, operational, legal, regulatory, accounting, tax, intellectual property, information technology and environmental due diligence. Together with our legal counsel, we have a full due diligence team assembled and ready to move forward immediately and we are committed to completing our remaining due diligence review expeditiously. Given our familiarity with FBC and our significant industry knowledge and expertise, we are confident that such due diligence could be concluded by November 15, 2023, assuming timely provision of all requested information to BZAM and our counsel as required. While our team conducts due diligence, we would work with you and your advisors to negotiate the Transaction Documents. We will also cooperate with you on your due diligence of BZAM and its business, operations and financial performance and promptly furnish you and your advisors with any materials reasonably requested.

4. Integration Plan

The success of the Proposed Transaction will be contingent on managing the integration of FBC in a way that minimizes disruption to the management and employees.

Accordingly, FBC’s CEO, Greg Boone and certain other FBC executives will be appointed to executive roles of the combined entity immediately following Closing. In addition, subject to

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the prospective candidate obtaining the requisite security clearance from Health Canada, it is anticipated that the shareholders of FBC will be able to appoint a board member to the board of directors of BZAM prior to December 31, 2023.

5. BZAM Approvals

This Proposal has been discussed with the board of directors of BZAM who are highly supportive; however, the final terms of the Proposed Transaction remain subject to the approval by our board of directors which will be sought prior to entering into the Transaction Documents.

Based on the terms of the Proposed Transaction, the completion of the Proposed Transaction would not be subject to BZAM shareholder approval.

6. Material Conditions

The Proposed Transaction will be subject to customary conditions applicable to transactions of this nature. The willingness of BZAM to proceed with the Proposed Transaction and enter into the Definitive Agreement is also subject to the following:

- a) Satisfactory completion of BZAM's and FBHI's due diligence (as described above);
- b) Each of the board of directors of BZAM and FBHI obtaining comfort, to its satisfaction, that the other party is in compliance with all federal, provincial, local and non-Canadian laws and regulations applicable to it and its business;
- c) Negotiation and finalization of the Transaction Documents;
- d) The board of directors of FBHI shall have approved the Proposed Transaction;
- e) FBHI shall have received applicable consents/waivers from its senior lender and FBC will have been released from security in favour of such lender;
- f) The board of directors of BZAM shall have approved the Proposed Transaction;
- g) No court of competent jurisdiction or governmental authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Proposed Transaction; and
- h) There shall not exist any prohibition at law against the parties proceeding with or completing the Proposed Transaction.

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7. Covenants

During the period from the signing of this letter through to the execution of the Definitive Agreement or the Termination Date (as defined below), each of BZAM and FBC will:

- a) Conduct its business in the ordinary course in a manner consistent with past practice;
- b) Maintain its properties and other assets in good standing or working condition, as applicable;
- c) Use its best efforts to maintain the business and employees, customers, assets and operations as an ongoing concern in accordance with past practice;
- d) Not enter into any transaction other than in the ordinary course of its business and consistent with past practice on terms which are arm's length;
- e) Not issue, grant, sell, or deliver, or agree to issue, grant, sell, or deliver any equity interest (including shares, rights, options, warrants, calls, conversion privileges or commitments) or any right to acquire an equity interest in such party, in each case, other than pursuant to ordinary course exercise of existing options, warrants and other convertible securities in accordance with their respective terms;
- f) Not declare or set aside any dividend or other distribution or payment (whether in cash, shares or property) other than which have been declared prior to the date hereof;
- g) Not directly or indirectly sell, pledge, dispose of or encumber any of its subsidiaries, properties or assets other than as currently encumbered; and
- h) Give the other party prompt written notice of any material change in or affecting its business, affairs, operations, assets, liabilities or capital.

8. Exclusivity

In consideration of the time and resources that BZAM has devoted, and would continue to devote to evaluating and pursuing the Proposed Transaction, we would expect to enter into a short period of exclusivity following execution of this letter in order to conduct our due diligence review and negotiate the Definitive Agreement. From the date of acceptance of this letter until the earlier of the execution of the Definitive Agreement and November 22, 2023

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(the “**Exclusivity Period**”), FBC agrees to proceed diligently and in good faith toward the Proposed Transaction. In addition, FBC agrees that during the Exclusivity Period it will:

- a) Provide to BZAM and its advisors and other representatives reasonable access to FBC personnel, experts, advisors, facilities and books and records, documents, and agreements relating to its business, operations, assets, prospectus, taxes, financial conditions and affairs, to facilitate BZAM's due diligence as described in this letter, and to not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading in any material respect;
- b) not, directly or indirectly, solicit, initiate, encourage or facilitate (including by way of providing any non-public information) any transactions, initiatives or relationships (an “**Alternative Transaction**”) that could reasonably be expected to prevent, impede or delay the successful implementation of the Proposed Transaction (including, without limitation, any offer or proposal from any person or group of persons other than BZAM and its affiliates to acquire all or any significant part of the business and properties, shares, share equivalents or other convertible or exchangeable securities of FBC, whether by business combination, amalgamation, arrangement, purchase of shares, purchase of assets, take-over bid or otherwise, or provide any non-public information to any third party in connection with such an offer or proposal);
- c) terminate any and all existing discussions or negotiations with any person or group of persons other than BZAM and its affiliates regarding any transaction proposal of the nature described in paragraph b) above; and
- d) inform BZAM within 24 hours if FBC receives any communication relating in any way to an Alternative Transaction and advise BZAM of the substance and detailed terms of any such communication.

9. Expenses; Termination

Each of FBC and BZAM will bear its own fees and expenses in connection with the preparation for, and consummation of, the Proposed Transaction.

This letter shall terminate with the parties having no obligations to each other, other than pursuant to the confidentiality provisions contained in paragraph 10 below, on the date which the earliest of the following events occurs (the “**Termination Date**”):

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- a) If the parties have not entered into the Definitive Agreement by 5:00pm EST by November 22, 2023, or such other time or date as may be agreed to in writing by the parties;
- b) Any applicable regulatory or governmental authority having notified in writing either party that it will not permit the Proposed Transaction to proceed, in whole or in part; or
- c) The parties having executed and delivered to each other the Definitive Agreement.

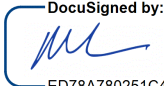
10. Confidentiality and Public Disclosure

This letter is being submitted on the understanding that it, its terms and its existence and substance will be kept confidential. For greater certainty, this letter and the Proposal that it contemplates constitute confidential information and should not be used or disclosed except as mutually agreed by the parties or as required by any regulatory or governmental authority.

This Proposal shall be open for acceptance prior to 5:00pm EST on November 1, 2023.

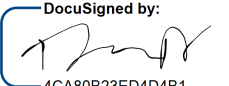
Yours very truly,

BZAM LTD.

Per: 
ED78A780251C4ED
Matt Milich
Chief Executive Officer

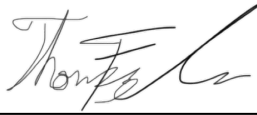
ACCEPTED AND AGREED this 1st day of November, 2023

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Per: 
4CA80B23ED4D4B1...
Robert Meyer
Chief Executive Officer

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**Exhibit "E" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Matthew Milich <mmilich@bzam.com>
Sent: Friday, October 6, 2023 7:05 PM
To: Greg Boone
Cc: Keith Merker
Subject: Re: Re-connection

Sounds good, looking forward to it.

From: Greg Boone <gboone@finalbell.com>
Date: Friday, October 6, 2023 at 3:53 PM
To: Matt Milich <mmilich@bzam.com>
Cc: Keith Merker <keithmerker@gmail.com>
Subject: Re: Re-connection

Thanks for the re-introduction, Keith. Matthew - great to be connecting with you.

I'll have Mallory send through a calendar invite for Wednesday @ 12:00pm EST on Wednesday.

Looking forward to chatting.

Have a happy Thanksgiving weekend.

Greg

On Fri, Oct 6, 2023 at 6:46 PM Matthew Milich <mmilich@bzam.com> wrote:

Hi Greg,

Nice to reconnect. Let's chat next week if you have some time. I'm open at 12 noon EST / 9am PST on Wednesday or Thursday. If neither works, feel free to suggest alternatives.

Wishing you a happy Thanksgiving weekend!

Best,

Matt

Matt Milich
CEO

778-686-6940 | BZAM.COM | MMILICH@BZAM.COM
1570-200 Burrard Street, Vancouver, BC V6C 3L6



PLEASE READ FOR VERY IMPORTANT INFO This email and any attachments are for the sole use of the intended recipients and contain confidential information. Any distribution, printing or other use by anyone else is prohibited. If you received this email in error or are not an intended recipient, please contact the sender and permanently delete this email and attachments.

From: Keith Merker <keithmerker@gmail.com>
Date: Friday, October 6, 2023 at 2:28 PM
To: "gboone@finalbell.com" <gboone@finalbell.com>, Matt Milich <mmilich@bzam.com>
Subject: Re-connection

Greg, Matt,

I think the two of you have met in the past. I'm reconnecting you both on this email in the hopes you can set up a chat.

Cheers,

Keith

--

Greg Boone | Final Bell

(905) 741-6848
1100 Bennett Road North
Bowmanville, ON, L1C 3K5 Canada
finalbell.ca

**Exhibit "F" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Matthew Milich <mmilich@bzam.com>
Sent: Sunday, October 22, 2023 7:02 PM
To: Tom Fornarelli
Cc: Greg Boone
Subject: Draft LOI
Attachments: Draft LOI-Final Bell x BZAM.pdf

Hi Tom,

Great seeing you yesterday.

Please find the attached draft LOI for review and further discussion.

Look forward to talking through any questions or comments and revising as needed.

Best regards,

Matt



October 26, 2023

STRICTLY PRIVATE AND CONFIDENTIAL

The Board of Directors of FINAL BELL Corp.
1100 Bennett Road North
Bowmanville, ON L1C 3K5

Dear Board Members:

On behalf of BZAM Ltd. ("**BZAM**" or "**we**"), we would like to express our interest in pursuing a transaction whereby BZAM or one of its affiliates would acquire all of the issued and outstanding common shares (the "**FBC Shares**") of FINAL BELL Corp. ("**FBC**"), including, if any, FBC Shares issuable upon the exercise of any existing exchangeable or convertible securities (the "**Proposed Transaction**"). This letter sets out the background to and the terms and conditions of our proposal (the "**Proposal**"), which we believe represents an opportunity for FBC shareholders to realize a meaningful equity ownership interest in the combined company, and to continue to participate in the future growth of the combined company.

BZAM was incorporated on November 16, 2016 under the *Canada Business Corporations Act*. BZAM's wholly-owned subsidiaries, BZAM Cannabis and The Green Organic Dutchman Ltd., are licensed producers under the *Cannabis Act*.

BZAM owns and operates a 166,000 sq. ft. state-of-the-art EU-GMP certified cannabis cultivation and manufacturing facility in Ancaster, Ontario, capable of producing 17,500 kg per year of cannabis, and a leased 60,000 sq. ft. processing, manufacturing, and warehousing facility, in Pitt Meadows, B.C.

We believe that FBC's business is highly complementary with BZAM's business and has a strong alignment with our strategic priorities, providing an opportunity to combine FBC's brand/product portfolio and capabilities with BZAM's brand/product portfolio and capabilities.

The principal terms and conditions of our Proposal are set out below.

1. Purchase Price and Consideration

Based on our review of FBC’s disclosure of confidential information provided thus far, BZAM is prepared to offer FBC shareholders an aggregate amount of BZAM common shares (the “**BZAM Shares**”) totaling up to ninety million (90,000,000) BZAM Shares (the “**Purchase Price**”) subject to the certain conditions precedent outlined below.

At closing of the Proposed Transaction (the “**Closing**”), BZAM will issue seventy five million (75,000,000) BZAM Shares (the “**Upfront Consideration**”).

The balance of the Purchase Price (the “**Contingent Consideration**”) will be contingent consideration to be paid within forty five (45) days following December 31, 2024, subject to achieving the following milestones:

- An additional two million five hundred thousand (2,500,000) BZAM shares for every [XX million] in net revenue attributable to the FBC brand/product portfolio in calendar year 2024 that exceeds [YY million], up to a maximum of seven million five hundred thousand BZAM shares.
- An additional two million five hundred thousand (2,500,000) BZAM shares for every [XX million] in gross profit margin contribution attributable to the FBC brand/product portfolio in calendar year 2024 that exceeds [YY million], up to a maximum of seven million five hundred thousand BZAM shares.

Additionally, in parallel with the negotiation of the Transaction Documents, BZAM and FBC agree to discuss and negotiate a potential assumption of some portion of debt owing by FBC to its parent and/or affiliates.

The issuance and release of any BZAM Shares issued for the Purchase Price under the Definitive Agreement will be subject to all applicable securities laws, including those of the CSE. In addition, each FBC shareholder agrees to enter into a lock up agreement at Closing with BZAM in respect of the BZAM Shares issued pursuant to the Upfront Consideration, whereby such BZAM Shares will be subject to a lock up to be released in three equal tranches, at: (i) four months plus a day following Closing; (ii) eight months following Closing; and (iii) twelve months following Closing.

2. Transaction Structure and Definitive Agreements

We anticipate that the Proposed Transaction will be implemented through a share exchange under the *Canada Business Corporations Act*; however, the final form of the Proposed Transaction will be agreed to by FBC and BZAM based on advice from each company's respective legal and financial advisors. The Proposed Transaction and its terms and conditions will be set out in the Definitive Agreement and related disclosure letters, documents and ancillary agreements (collectively, the "**Transaction Documents**") that are customary for a transaction of this nature. Should it be determined by either party that for tax, corporate law, securities law or other reasons, it is more practicable to proceed by way of another form of transaction, the parties will reconsider whether to effect the Proposed Transaction through an alternative form of transaction.

The Definitive Agreement will contain customary terms and conditions for transactions of this nature including (i) representations and warranties of each of FBC and BZAM; (ii) covenants setting out the obligations of the parties between signing the Definitive Agreement and Closing; (iii) customary deal protection provisions; and (iv) conditions to Closing including obtaining regulatory approvals, no material adverse change and other customary conditions.

3. Due Diligence and Process

We have already devoted time and resources to the Proposed Transaction and have reviewed FBC's confidential information provided to date. However, as is customary for a transaction of this nature, we will need to conduct further financial, operational, legal, regulatory, accounting, tax, intellectual property, information technology and environmental due diligence. Together with our legal counsel, we have a full due diligence team assembled and ready to move forward immediately and we are committed to completing our remaining due diligence review expeditiously. Given our familiarity with FBC and our significant industry knowledge and expertise, we are confident that such due diligence could be concluded by November 15, 2023, assuming timely provision of all requested information to BZAM and our counsel as required. While our team conducts due diligence, we would work with you and your advisors to negotiate the Transaction Documents.

4. Integration Plan

The success of the Proposed Transaction will be contingent on managing the integration of FBC in a way that minimizes disruption to the management and employees.

Accordingly, FBC's CEO, Greg Boone; FBC's _____, _____; and FBC's _____, _____, [add additional as needed] will be appointed to executive roles of the combined entity immediately following Closing. In addition, subject to the prospective candidate obtaining the requisite security clearance from Health Canada, it is anticipated that the shareholders of FBC will be able to appoint a board member to the board of directors of BZAM prior to December 31, 2023.

5. BZAM Approvals

This Proposal has been discussed with the board of directors of BZAM who are highly supportive; however, the final terms of the Proposed Transaction remain subject to the approval by our board of directors which will be sought prior to entering into the Transaction Documents.

Based on the terms of the Proposed Transaction, the completion of the Proposed Transaction would not be subject to BZAM shareholder approval.

6. Material Conditions

The Proposed Transaction will be subject to customary conditions applicable to transactions of this nature. The willingness of BZAM to proceed with the Proposed Transaction and enter into the Definitive Agreement is also subject to the following:

- a) Satisfactory completion of BZAM's due diligence (as described above);
- b) The board of directors of BZAM obtaining comfort, to its satisfaction, that FBC is in compliance with all federal, provincial, local and non-Canadian laws and regulations applicable to it and its business;
- c) Negotiation and finalization of the Transaction Documents;
- d) The board of directors of FBC shall have unanimously resolved to approve the Proposed Transaction and to recommend that FBC securityholders vote in favour of the Proposed Transaction;
- e) The board of directors of BZAM shall have unanimously approved the Proposed Transaction;

- f) No court of competent jurisdiction or governmental authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Proposed Transaction; and
- g) There shall not exist any prohibition at law against the parties proceeding with or completing the Proposed Transaction.

7. Covenants

During the period from the signing of this letter through to the execution of the Definitive Agreement or the Termination Date (as defined below), FBC will:

- a) Conduct its business in the ordinary course in a manner consistent with past practice;
- b) Maintain its properties and other assets in good standing or working condition, as applicable;
- c) Use its best efforts to maintain the business and employees, customers, assets and operations as an ongoing concern in accordance with past practice;
- d) Not enter into any transaction other than in the ordinary course of its business and consistent with past practice on terms which are arm's length;
- e) Not issue, grant, sell, or deliver, or agree to issue, grant, sell, or deliver any equity interest (including shares, rights, options, warrants, calls, conversion privileges or commitments) or any right to acquire an equity interest in such party, in each case, other than pursuant to ordinary course exercise of existing options, warrants and other convertible securities in accordance with their respective terms;
- f) Not declare or set aside any dividend or other distribution or payment (whether in cash, shares or property) other than which have been declared prior to the date hereof;
- g) Not directly or indirectly sell, pledge, dispose of or encumber any of its subsidiaries, properties or assets; and
- h) Give BZAM prompt written notice of any material change in or affecting its business, affairs, operations, assets, liabilities or capital.

8. Exclusivity

In consideration of the time and resources that BZAM has devoted, and would continue to devote to evaluating and pursuing the Proposed Transaction, we would expect to enter into a short period of exclusivity following execution of this letter in order to conduct our due diligence review and negotiate the Definitive Agreement. From the date of acceptance of this letter until the earlier of the execution of the Definitive Agreement and November 22, 2023 (the “**Exclusivity Period**”), FBC agrees to proceed diligently and in good faith toward the Proposed Transaction. In addition, FBC agrees that during the Exclusivity Period it will:

- a) Provide to BZAM and its advisors and other representatives reasonable access to FBC personnel, experts, advisors, facilities and books and records, documents, and agreements relating to its business, operations, assets, prospectus, taxes, financial conditions and affairs, to facilitate BZAM's due diligence as described in this letter, and to not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading in any material respect;
- b) not, directly or indirectly, solicit, initiate, encourage or facilitate (including by way of providing any non-public information) any transactions, initiatives or relationships (an “**Alternative Transaction**”) that could reasonably be expected to prevent, impede or delay the successful implementation of the Proposed Transaction (including, without limitation, any offer or proposal from any person or group of persons other than BZAM and its affiliates to acquire all or any significant part of the business and properties, shares, share equivalents or other convertible or exchangeable securities of FBC, whether by business combination, amalgamation, arrangement, purchase of shares, purchase of assets, take-over bid or otherwise, or provide any non-public information to any third party in connection with such an offer or proposal);
- c) terminate any and all existing discussions or negotiations with any person or group of persons other than BZAM and its affiliates regarding any transaction proposal of the nature described in paragraph b) above; and
- d) inform BZAM within 24 hours if FBC receives any communication relating in any way to an Alternative Transaction and advise BZAM of the substance and detailed terms of any such communication.

9. Expenses; Termination

Each of FBC and BZAM will bear its own fees and expenses in connection with the preparation for, and consummation of, the Proposed Transaction.

This letter shall terminate with the parties having no obligations to each other, other than pursuant to the confidentiality provisions contained in paragraph 10 below, on the date which the earliest of the following events occurs (the “**Termination Date**”):

- a) Written notice by either party to the other party;
- b) If the parties have not entered into the Definitive Agreement by 5:00pm EST by November 22, 2023, or such other time or date as may be agreed to in writing by the parties;
- c) Any applicable regulatory or governmental authority having notified in writing either party that it will not permit the Proposed Transaction to proceed, in whole or in part; or
- d) The parties having executed and delivered to each other the Definitive Agreement.

10. Confidentiality and Public Disclosure

This letter is being submitted on the understanding that it, its terms and its existence and substance will be kept confidential. For greater certainty, this letter and the Proposal that it contemplates constitute confidential information and should not be used or disclosed except as mutually agreed by the parties or as required by any regulatory or governmental authority.

This Proposal shall be open for acceptance prior to 5:00pm EST on October 27, 2023.



Yours very truly,

BZAM LTD.

Per:

Matt Milich
Chief Executive Officer

ACCEPTED AND AGREED this _____ day of October,
2023.

FINAL BELL CORP.

Per:

Greg Boone
Chief Executive Officer

**Exhibit "G" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Matthew Milich <mmilich@bzam.com>
Sent: Friday, October 27, 2023 2:50 PM
To: Tom Fornarelli; Robert Meyer
Subject: LOI
Attachments: LOI-Final Bell x BZAM.pdf

Hi Tom, Robert,

Please find the attached LOI for your consideration.

If you have any comments or questions, please do not hesitate to contact me.

Best regards,

Matt

Matt Milich
CEO

778-686-6940 | BZAM.COM | MMILICH@BZAM.COM
1570-200 Burrard Street, Vancouver, BC V6C 3L6

BZAM.

PLEASE READ FOR VERY IMPORTANT INFO This email and any attachments are for the sole use of the intended recipients and contain confidential information. Any distribution, printing or other use by anyone else is prohibited. If you received this email in error or are not an intended recipient, please contact the sender and permanently delete this email and attachments.



October 27, 2023

STRICTLY PRIVATE AND CONFIDENTIAL

The Board of Directors of FINAL BELL Corp.
1100 Bennett Road North
Bowmanville, ON L1C 3K5

Dear Board Members:

On behalf of BZAM Ltd. (“**BZAM**” or “**we**”), we would like to express our interest in pursuing a transaction whereby BZAM or one of its affiliates would acquire all of the issued and outstanding common shares (the “**FBC Shares**”) of FINAL BELL Corp. (“**FBC**”), including, if any, FBC Shares issuable upon the exercise of any existing exchangeable or convertible securities (the “**Proposed Transaction**”). This letter sets out the background to and the terms and conditions of our proposal (the “**Proposal**”), which we believe represents an opportunity for FBC shareholders to realize a meaningful equity ownership interest in the combined company, and to continue to participate in the future growth of the combined company.

BZAM was incorporated on November 16, 2016 under the *Canada Business Corporations Act*. BZAM’s wholly-owned subsidiaries, BZAM Cannabis and The Green Organic Dutchman Ltd., are licensed producers under the *Cannabis Act*.

BZAM owns and operates a 166,000 sq. ft. state-of-the-art EU-GMP certified cannabis cultivation and manufacturing facility in Ancaster, Ontario, capable of producing 17,500 kg per year of cannabis, and a leased 60,000 sq. ft. processing, manufacturing, and warehousing facility, in Pitt Meadows, B.C.

We believe that FBC’s business is highly complementary with BZAM’s business and has a strong alignment with our strategic priorities, providing an opportunity to combine FBC’s brand/product portfolio and capabilities with BZAM’s brand/product portfolio and capabilities.

The principal terms and conditions of our Proposal are set out below.

1. Purchase Price and Consideration

Based on our review of FBC's disclosure of confidential information provided thus far, BZAM is prepared to offer FBC shareholders an aggregate amount of BZAM common shares (the "**BZAM Shares**") totaling ninety million (90,000,000) BZAM Shares (the "**Purchase Price**"), issued at the closing of the Proposed Transaction (the "**Closing**"), subject to the certain conditions precedent outlined below.

Additionally, at Closing:

- FBC will retain Four Million Canadian Dollars (CAD\$4,000,000) of existing accounts payable to its present parent/affiliate supplier on reasonable payment terms; and
- BZAM will assume Four Million Canadian Dollars (CAD\$4,000,000) in debt owing by FBC to its present parent/affiliate, bearing interest at zero percent (0%), with a maturity date of March 31, 2025, and secured on the same basis and pro-rata with the secured debt held by Stone Pine Capital Ltd. The Definitive Agreement shall provide that the parent/affiliate shall have the option to convert this debt to BZAM Shares at the maximum discount allowable at the time of conversion under applicable securities laws, including those of the CSE.
- No other intercompany balances owing by FBC to its present parent/affiliate will be retained.

The issuance and release of any BZAM Shares issued for the Purchase Price or debt conversion (if applicable) under the Definitive Agreement will be subject to all applicable securities laws, including those of the CSE. In addition, each FBC shareholder agrees to enter into a lock up agreement at Closing with BZAM in respect of the BZAM Shares issued for the Purchase Price, whereby such BZAM Shares will be subject to a lock up to be released in three equal tranches, at: (i) four months plus a day following Closing; (ii) eight months following Closing; and (iii) twelve months following Closing.

2. Transaction Structure and Definitive Agreements

We anticipate that the Proposed Transaction will be implemented through a share exchange under the *Canada Business Corporations Act*; however, the final form of the Proposed Transaction will be agreed to by FBC and BZAM based on advice from each company's respective legal and financial advisors. The Proposed Transaction and its terms and conditions

will be set out in the Definitive Agreement and related disclosure letters, documents and ancillary agreements (collectively, the “**Transaction Documents**”) that are customary for a transaction of this nature. Should it be determined by either party that for tax, corporate law, securities law or other reasons, it is more practicable to proceed by way of another form of transaction, the parties will reconsider whether to effect the Proposed Transaction through an alternative form of transaction.

The Definitive Agreement will contain customary terms and conditions for transactions of this nature including (i) representations and warranties of each of FBC and BZAM; (ii) covenants setting out the obligations of the parties between signing the Definitive Agreement and Closing; (iii) customary deal protection provisions; and (iv) conditions to Closing including obtaining regulatory approvals, no material adverse change and other customary conditions.

3. Due Diligence and Process

We have already devoted time and resources to the Proposed Transaction and have reviewed FBC’s confidential information provided to date. However, as is customary for a transaction of this nature, we will need to conduct further financial, operational, legal, regulatory, accounting, tax, intellectual property, information technology and environmental due diligence. Together with our legal counsel, we have a full due diligence team assembled and ready to move forward immediately and we are committed to completing our remaining due diligence review expeditiously. Given our familiarity with FBC and our significant industry knowledge and expertise, we are confident that such due diligence could be concluded by November 15, 2023, assuming timely provision of all requested information to BZAM and our counsel as required. While our team conducts due diligence, we would work with you and your advisors to negotiate the Transaction Documents.

4. Integration Plan

The success of the Proposed Transaction will be contingent on managing the integration of FBC in a way that minimizes disruption to the management and employees.

Accordingly, FBC’s CEO, Greg Boone and certain other FBC executives will be appointed to executive roles of the combined entity immediately following Closing. In addition, subject to the prospective candidate obtaining the requisite security clearance from Health Canada, it is anticipated that the shareholders of FBC will be able to appoint a board member to the board of directors of BZAM prior to December 31, 2023.

5. BZAM Approvals

This Proposal has been discussed with the board of directors of BZAM who are highly supportive; however, the final terms of the Proposed Transaction remain subject to the approval by our board of directors which will be sought prior to entering into the Transaction Documents.

Based on the terms of the Proposed Transaction, the completion of the Proposed Transaction would not be subject to BZAM shareholder approval.

6. Material Conditions

The Proposed Transaction will be subject to customary conditions applicable to transactions of this nature. The willingness of BZAM to proceed with the Proposed Transaction and enter into the Definitive Agreement is also subject to the following:

- a) Satisfactory completion of BZAM's due diligence (as described above);
- b) The board of directors of BZAM obtaining comfort, to its satisfaction, that FBC is in compliance with all federal, provincial, local and non-Canadian laws and regulations applicable to it and its business;
- c) Negotiation and finalization of the Transaction Documents;
- d) The board of directors of FBC shall have unanimously resolved to approve the Proposed Transaction and to recommend that FBC securityholders vote in favour of the Proposed Transaction;
- e) The board of directors of BZAM shall have unanimously approved the Proposed Transaction;
- f) No court of competent jurisdiction or governmental authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Proposed Transaction; and
- g) There shall not exist any prohibition at law against the parties proceeding with or completing the Proposed Transaction.

7. Covenants

During the period from the signing of this letter through to the execution of the Definitive Agreement or the Termination Date (as defined below), FBC will:

- a) Conduct its business in the ordinary course in a manner consistent with past practice;
- b) Maintain its properties and other assets in good standing or working condition, as applicable;
- c) Use its best efforts to maintain the business and employees, customers, assets and operations as an ongoing concern in accordance with past practice;
- d) Not enter into any transaction other than in the ordinary course of its business and consistent with past practice on terms which are arm's length;
- e) Not issue, grant, sell, or deliver, or agree to issue, grant, sell, or deliver any equity interest (including shares, rights, options, warrants, calls, conversion privileges or commitments) or any right to acquire an equity interest in such party, in each case, other than pursuant to ordinary course exercise of existing options, warrants and other convertible securities in accordance with their respective terms;
- f) Not declare or set aside any dividend or other distribution or payment (whether in cash, shares or property) other than which have been declared prior to the date hereof;
- g) Not directly or indirectly sell, pledge, dispose of or encumber any of its subsidiaries, properties or assets; and
- h) Give BZAM prompt written notice of any material change in or affecting its business, affairs, operations, assets, liabilities or capital.

8. Exclusivity

In consideration of the time and resources that BZAM has devoted, and would continue to devote to evaluating and pursuing the Proposed Transaction, we would expect to enter into a short period of exclusivity following execution of this letter in order to conduct our due diligence review and negotiate the Definitive Agreement. From the date of acceptance of this letter until the earlier of the execution of the Definitive Agreement and November 22, 2023

(the “**Exclusivity Period**”), FBC agrees to proceed diligently and in good faith toward the Proposed Transaction. In addition, FBC agrees that during the Exclusivity Period it will:

- a) Provide to BZAM and its advisors and other representatives reasonable access to FBC personnel, experts, advisors, facilities and books and records, documents, and agreements relating to its business, operations, assets, prospectus, taxes, financial conditions and affairs, to facilitate BZAM's due diligence as described in this letter, and to not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading in any material respect;
- b) not, directly or indirectly, solicit, initiate, encourage or facilitate (including by way of providing any non-public information) any transactions, initiatives or relationships (an “**Alternative Transaction**”) that could reasonably be expected to prevent, impede or delay the successful implementation of the Proposed Transaction (including, without limitation, any offer or proposal from any person or group of persons other than BZAM and its affiliates to acquire all or any significant part of the business and properties, shares, share equivalents or other convertible or exchangeable securities of FBC, whether by business combination, amalgamation, arrangement, purchase of shares, purchase of assets, take-over bid or otherwise, or provide any non-public information to any third party in connection with such an offer or proposal);
- c) terminate any and all existing discussions or negotiations with any person or group of persons other than BZAM and its affiliates regarding any transaction proposal of the nature described in paragraph b) above; and
- d) inform BZAM within 24 hours if FBC receives any communication relating in any way to an Alternative Transaction and advise BZAM of the substance and detailed terms of any such communication.

9. Expenses; Termination

Each of FBC and BZAM will bear its own fees and expenses in connection with the preparation for, and consummation of, the Proposed Transaction.

This letter shall terminate with the parties having no obligations to each other, other than pursuant to the confidentiality provisions contained in paragraph 10 below, on the date which the earliest of the following events occurs (the “**Termination Date**”):

- a) Written notice by either party to the other party;

- b) If the parties have not entered into the Definitive Agreement by 5:00pm EST by November 22, 2023, or such other time or date as may be agreed to in writing by the parties;
- c) Any applicable regulatory or governmental authority having notified in writing either party that it will not permit the Proposed Transaction to proceed, in whole or in part; or
- d) The parties having executed and delivered to each other the Definitive Agreement.

10. Confidentiality and Public Disclosure

This letter is being submitted on the understanding that it, its terms and its existence and substance will be kept confidential. For greater certainty, this letter and the Proposal that it contemplates constitute confidential information and should not be used or disclosed except as mutually agreed by the parties or as required by any regulatory or governmental authority.

This Proposal shall be open for acceptance prior to 5:00pm EST on October 30, 2023.

Yours very truly,

BZAM LTD.

Per:



Matt Milich
Chief Executive Officer

ACCEPTED AND AGREED this ____ day of October, 2023

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Per:

Kay Jessel
Director

**Exhibit "H" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Robert Meyer <robert@angsanainvest.com>
Sent: Monday, October 30, 2023 7:57 PM
To: Matthew Milich
Cc: Tom Fornarelli; Keith Adams; Mihai Ionescu; Kay Jessel; Jeremy Green
Subject: Re: FBC x BZAM

You don't often get email from robert@angsanainvest.com. [Learn why this is important](#)

Thanks Matt.

I am sure we sort this out, just trying to make sure I don't run up against approvals.

I look forward to receiving your comments when you're ready.

Best
Robert

Robert Meyer

On 30 Oct 2023, at 19:24, Matthew Milich <mmilich@bzam.com> wrote:

Hi Robert,

Thanks for your mail.

We will review the markup promptly. In the meantime, please find our initial comments in [blue](#) below.

Best regards,

Matt

From: Robert Meyer <robert@angsanainvest.com>
Date: Monday, October 30, 2023 at 1:56 PM
To: Matt Milich <mmilich@bzam.com>
Cc: Tom Fornarelli <tom@finalbell.com>, Keith Adams <kadams@finalbell.com>, Mihai Ionescu <mionescu@sangramoller.com>, Kay Jessel <kay@kayjessel.com>, Jeremy Green <jeremy@finalbell.com>
Subject: FBC x BZAM

You don't often get email from robert@angsanainvest.com. [Learn why this is important](#)

Dear Matt

Please find our comments attached.

A couple of clarifications:

1. The numbers we discussed in person were based on the balance sheet of 1 Oct 23. We need to provide for a net working capital adjustment for any movement in working capital from 10/1/23 up to the closing date.

Having checked with our finance and operations team, we do not expect a huge shipment volume from 14R to FBC in November, so the adjustment is unlikely to be more than US100k - and will come with a corresponding increase in AP or inventory.

Even if this is likely to be US\$100k or less, it doesn't seem necessary to address in the LOI, seems like something we should look at as we work on the Definitive Agreement.

2. Our senior lenders have verbally indicated that they need the 4m AP to 14R to be tied to the trade receivables we sell to BZAM. I have proposed an 80% application ratio, which means that 80% of the outstanding receivables at closing will have to be applied to the repayment of the 14R payables upon receipt. I trust this is ok.

This seems to run counter to what we discussed. While we conceded to increase the amount from \$3M to \$4M, my understanding is that in every scenario we all agreed to avoid adversely impacting the working capital requirements of the business. This would have an impact in normal circumstances, and more so given the working capital requirements we discussed in relation to the Jeeter launch. Also, at this point, we have not had access to FBC's financials, so it is tough to propose anything back to you in the alternative. It would seem to make sense to work through this over the next couple weeks and come up with something reasonable.

3. We have also attached a standard NDA for the purposes of exchanging further information.

I copy Mihai, our legal counsel. Please keep him looped in on any emails etc as well.

Best wishes
Robert

Robert Meyer

**Exhibit "I" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Robert Meyer <robert@angsanainvest.com>
Sent: Monday, October 30, 2023 4:56 PM
To: Matthew Milich
Cc: Tom Fornarelli; Keith Adams; Mihai Ionescu; Kay Jessel; Jeremy Green
Subject: FBC x BZAM
Attachments: Letter of Intent - Final Bell x BZAM (Comments)(00438038_xD4DEC).docx; Mutual NDA (BZAM) (00438042_xD4DEC).docx

You don't often get email from robert@angsanainvest.com. [Learn why this is important](#)

Dear Matt

Please find our comments attached.

A couple of clarifications:

1. The numbers we discussed in person were based on the balance sheet of 1 Oct 23. We need to provide for a net working capital adjustment for any movement in working capital from 10/1/23 up to the closing date. Having checked with our finance and operations team, we do not expect a huge shipment volume from 14R to FBC in November, so the adjustment is unlikely to be more than US100k - and will come with a corresponding increase in AP or inventory.
2. Our senior lenders have verbally indicated that they need the 4m AP to 14R to be tied to the trade receivables we sell to BZAM. I have proposed an 80% application ratio, which means that 80% of the outstanding receivables at closing will have to be applied to the repayment of the 14R payables upon receipt. I trust this is ok.
3. We have also attached a standard NDA for the purposes of exchanging further information.

I copy Mihai, our legal counsel. Please keep him looped in on any emails etc as well.

Best wishes
Robert

Robert Meyer

**Exhibit "J" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



October 27, 2023

STRICTLY PRIVATE AND CONFIDENTIAL

The Board of Directors of FINAL BELL HOLDINGS INTERNATIONAL LTD.
#1000, 925 West Georgia Street
Vancouver, BC V6C 3L2

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Deleted: 1100 Bennett Road North
Bowmanville, ON L1C 3K5

Dear Board Members:

On behalf of BZAM Ltd. (“**BZAM**” or “**we**”), we would like to express our interest in pursuing a transaction whereby BZAM or one of its affiliates would acquire all of the issued and outstanding common shares (the “**FBC Shares**”) of your wholly owned subsidiary, Final Bell Canada Inc. (“**FBC**”), including, if any, FBC Shares issuable upon the exercise of any existing exchangeable or convertible securities (the “**Proposed Transaction**”). This letter sets out the background to and the terms and conditions of our proposal (the “**Proposal**”), which we believe represents an opportunity for FBC shareholders to realize a meaningful equity ownership interest in the combined company, and to continue to participate in the future growth of the combined company.

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BZAM was incorporated on November 16, 2016 under the *Canada Business Corporations Act*. BZAM’s wholly-owned subsidiaries, BZAM Cannabis and The Green Organic Dutchman Ltd., are licensed producers under the *Cannabis Act*.

BZAM owns and operates a 166,000 sq. ft. state-of-the-art EU-GMP certified cannabis cultivation and manufacturing facility in Ancaster, Ontario, capable of producing 17,500 kg per year of cannabis, and a leased 60,000 sq. ft. processing, manufacturing, and warehousing facility, in Pitt Meadows, B.C.

We believe that FBC’s business is highly complementary with BZAM’s business and has a strong alignment with our strategic priorities, providing an opportunity to combine FBC’s brand/product portfolio and capabilities with BZAM’s brand/product portfolio and capabilities.

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The principal terms and conditions of our Proposal are set out below.

1. Purchase Price and Consideration

Based on our review of FBC's disclosure of confidential information provided thus far, BZAM is prepared to offer FBC shareholders an aggregate amount of BZAM common shares (the "BZAM Shares") totaling ninety million (90,000,000) BZAM Shares (the "Purchase Price"), issued at the closing of the Proposed Transaction (the "Closing"), subject to the certain conditions precedent outlined below.

Additionally, at Closing:

- FBC will retain Four Million Canadian Dollars (CAD\$4,000,000) of existing accounts payable to its present parent/affiliate supplier on reasonable payment terms, with [80%] of accounts receivable applied towards the repayment of such payables to the parent/affiliate as they are paid to FBC following Closing; and
- BZAM will assume Four Million Canadian Dollars (CAD\$4,000,000) in debt owing by FBC to its present parent/affiliate, bearing interest at zero percent (0%), with a maturity date of March 31, 2025, and secured on the same basis and pari passu with the secured debt held by Stone Pine Capital Ltd. The Definitive Agreement shall provide that the parent/affiliate shall have the option to convert this debt to BZAM Shares at the maximum discount allowable at the time of conversion under applicable securities laws, including those of the CSE.
- No other intercompany balances owing by FBC to its present parent/affiliate will be retained.
- There will be a working capital adjustment on closing, disregarding the debts referred to above, based on the difference of the working capital position as of Sep. 30, 2023 and the working capital position on closing, provided there shall be no working capital adjustment that reduces the Purchase Price.

The issuance and release of any BZAM Shares issued for the Purchase Price or debt conversion (if applicable) under the Definitive Agreement will be subject to all applicable securities laws, including those of the CSE. INTD: We assume s.2.16 of NI 45-106 will apply to the shares issued by BZAM in consideration, so that no hold period is required. Given that FBHI will

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become a control person with restrictions on sale of shares and the lack of relative liquidity in the stock, we suggest no lock-up on shares issued.]

2. Transaction Structure and Definitive Agreements

We anticipate that the Proposed Transaction will be implemented through a share exchange under the *Canada Business Corporations Act*; however, the final form of the Proposed Transaction will be agreed to by FBC and BZAM based on advice from each company's respective legal and financial advisors. The Proposed Transaction and its terms and conditions will be set out in the Definitive Agreement and related disclosure letters, documents and ancillary agreements (collectively, the "**Transaction Documents**") that are customary for a transaction of this nature. Should it be determined by either party that for tax, corporate law, securities law or other reasons, it is more practicable to proceed by way of another form of transaction, the parties will reconsider whether to effect the Proposed Transaction through an alternative form of transaction.

The Definitive Agreement will contain customary terms and conditions for transactions of this nature including (i) representations and warranties of each of FBC and BZAM; (ii) covenants setting out the obligations of the parties between signing the Definitive Agreement and Closing; (iii) indemnities; (iv) customary deal protection provisions; and (v) conditions to Closing including obtaining any required regulatory and stock exchange approvals, and all applicable board of directors, shareholder and third party approvals, no material adverse change and other customary conditions.

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3. Due Diligence and Process

We have already devoted time and resources to the Proposed Transaction and have reviewed FBC's confidential information provided to date. However, as is customary for a transaction of this nature, we will need to conduct further financial, operational, legal, regulatory, accounting, tax, intellectual property, information technology and environmental due diligence. Together with our legal counsel, we have a full due diligence team assembled and ready to move forward immediately and we are committed to completing our remaining due diligence review expeditiously. Given our familiarity with FBC and our significant industry knowledge and expertise, we are confident that such due diligence could be concluded by November 15, 2023, assuming timely provision of all requested information to BZAM and our counsel as required. While our team conducts due diligence, we would work with you and your advisors to negotiate the Transaction Documents. We will also cooperate with you on

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you due diligence of BZAM and its business, operations and financial performance and promptly furnish you and your advisors with any materials reasonably requested.

4. Integration Plan

The success of the Proposed Transaction will be contingent on managing the integration of FBC in a way that minimizes disruption to the management and employees.

Accordingly, FBC's CEO, Greg Boone and certain other FBC executives will be appointed to executive roles of the combined entity immediately following Closing. In addition, subject to the prospective candidate obtaining the requisite security clearance from Health Canada, it is anticipated that the shareholders of FBC will be able to appoint a board member to the board of directors of BZAM prior to December 31, 2023.

5. BZAM Approvals

This Proposal has been discussed with the board of directors of BZAM who are highly supportive; however, the final terms of the Proposed Transaction remain subject to the approval by our board of directors which will be sought prior to entering into the Transaction Documents.

Based on the terms of the Proposed Transaction, the completion of the Proposed Transaction would not be subject to BZAM shareholder approval. **INTD: FBC is wholly owned by FBHI. FBHI will obtain an app. 33% position in BZAM under these terms. Please confirm analysis that this will not be a Fundamental Acquisition under CSE policies.**

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6. Material Conditions

The Proposed Transaction will be subject to customary conditions applicable to transactions of this nature. The willingness of BZAM to proceed with the Proposed Transaction and enter into the Definitive Agreement is also subject to the following:

- a) Satisfactory completion of BZAM's and FBHI's due diligence (as described above);
- b) ~~Each of~~ the board of directors of BZAM and FBHI obtaining comfort, to its satisfaction, that ~~the other party~~ is in compliance with all federal, provincial, local and non-Canadian laws and regulations applicable to it and its business;
- c) Negotiation and finalization of the Transaction Documents;

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- d) The board of directors of ~~FBHI shall have approved~~ the Proposed Transaction;
- e) ~~FBHI shall have received applicable consents/waivers from its senior lender and FBC will have been released from security in favour of such lender;~~
- f) The board of directors of BZAM shall have unanimously approved the Proposed Transaction;
- g) No court of competent jurisdiction or governmental authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Proposed Transaction; and
- h) There shall not exist any prohibition at law against the parties proceeding with or completing the Proposed Transaction.

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Deleted: and to recommend that FBC securityholders vote in favour of the Proposed Transaction...

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7. Covenants

During the period from the signing of this letter through to the execution of the Definitive Agreement or the Termination Date (as defined below), each of BZAM and FBC will:

- a) Conduct its business in the ordinary course in a manner consistent with past practice;
- b) Maintain its properties and other assets in good standing or working condition, as applicable;
- c) Use its best efforts to maintain the business and employees, customers, assets and operations as an ongoing concern in accordance with past practice;
- d) Not enter into any transaction other than in the ordinary course of its business and consistent with past practice on terms which are arm's length;
- e) Not issue, grant, sell, or deliver, or agree to issue, grant, sell, or deliver any equity interest (including shares, rights, options, warrants, calls, conversion privileges or commitments) or any right to acquire an equity interest in such party, in each case, other than pursuant to ordinary course exercise of existing options, warrants and other convertible securities in accordance with their respective terms;

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- f) Not declare or set aside any dividend or other distribution or payment (whether in cash, shares or property) other than which have been declared prior to the date hereof;
- g) Not directly or indirectly sell, pledge, dispose of or encumber any of its subsidiaries, properties or assets other than as currently encumbered; and
- h) Give the other party prompt written notice of any material change in or affecting its business, affairs, operations, assets, liabilities or capital.

Deleted: BZAM

8. Exclusivity

In consideration of the time and resources that BZAM has devoted, and would continue to devote to evaluating and pursuing the Proposed Transaction, we would expect to enter into a short period of exclusivity following execution of this letter in order to conduct our due diligence review and negotiate the Definitive Agreement. From the date of acceptance of this letter until the earlier of the execution of the Definitive Agreement and November 22, 2023 (the “**Exclusivity Period**”), FBC agrees to proceed diligently and in good faith toward the Proposed Transaction. In addition, FBC agrees that during the Exclusivity Period it will:

- a) Provide to BZAM and its advisors and other representatives reasonable access to FBC personnel, experts, advisors, facilities and books and records, documents, and agreements relating to its business, operations, assets, prospectus, taxes, financial conditions and affairs, to facilitate BZAM's due diligence as described in this letter, and to not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading in any material respect;
- b) not, directly or indirectly, solicit, initiate, encourage or facilitate (including by way of providing any non-public information) any transactions, initiatives or relationships (an “**Alternative Transaction**”) that could reasonably be expected to prevent, impede or delay the successful implementation of the Proposed Transaction (including, without limitation, any offer or proposal from any person or group of persons other than BZAM and its affiliates to acquire all or any significant part of the business and properties, shares, share equivalents or other convertible or exchangeable securities of FBC, whether by business combination, amalgamation, arrangement, purchase of shares, purchase of assets, take-over bid or otherwise, or provide any non-public information to any third party in connection with such an offer or proposal);

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- c) terminate any and all existing discussions or negotiations with any person or group of persons other than BZAM and its affiliates regarding any transaction proposal of the nature described in paragraph b) above; and
- d) inform BZAM within 24 hours if FBC receives any communication relating in any way to an Alternative Transaction and advise BZAM of the substance and detailed terms of any such communication.

9. Expenses; Termination

Each of FBC and BZAM will bear its own fees and expenses in connection with the preparation for, and consummation of, the Proposed Transaction.

This letter shall terminate with the parties having no obligations to each other, other than pursuant to the confidentiality provisions contained in paragraph 10 below, on the date which the earliest of the following events occurs (the “**Termination Date**”):

- a) ~~If the parties have not entered into the Definitive Agreement by 5:00pm EST by November 22, 2023, or such other time or date as may be agreed to in writing by the parties;~~
- b) Any applicable regulatory or governmental authority having notified in writing either party that it will not permit the Proposed Transaction to proceed, in whole or in part; or
- c) The parties having executed and delivered to each other the Definitive Agreement.

Deleted: <#>Written notice by either party to the other party; ¶

10. Confidentiality and Public Disclosure

This letter is being submitted on the understanding that it, its terms and its existence and substance will be kept confidential. For greater certainty, this letter and the Proposal that it contemplates constitute confidential information and should not be used or disclosed except as mutually agreed by the parties or as required by any regulatory or governmental authority.

This Proposal shall be open for acceptance prior to 5:00pm EST on October 30, 2023.

Yours very truly,

BZAM LTD.

{00438038.1}



Per:

Matt Milich
Chief Executive Officer

ACCEPTED AND AGREED this ____ day of October, 2023

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Per:

Kay Jessel
Director

{00438038.1}

**Exhibit "K" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

MUTUAL NON-DISCLOSURE AGREEMENT

This **MUTUAL NON-DISCLOSURE AGREEMENT** (this "**Agreement**") is made and entered into effective October 31, 2023 (the "**Effective Date**"), by and between **FINAL BELL HOLDINGS INTERNATIONAL LTD.** ("**FBHI**"), a corporation under the laws of British Columbia having a business address at #1000, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, and **BZAM LTD.**, ("**BZAM**") a corporation existing under the laws of Canada with an address at #1570, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 (together with FBHI, the "**Parties**", and each, a "**Party**"). Any Party receiving Confidential Information (as defined below) from another Party shall be referred to herein as the "**Recipient**", and the Party disclosing such Confidential Information shall be referred to herein as the "**Disclosing Party**".

WHEREAS the Recipient desires to receive certain information from the Disclosing Party that is non-public, confidential, or proprietary in nature in connection with each Party's evaluation, review and completion of a potential transaction involving the sale to BZAM by FBHI of its wholly owned subsidiary, Final Bell Canada Inc. (the "**Purpose**").

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, the Parties agree as follows:

1. Confidential Information. Except as set forth in Section 2 below, "**Confidential Information**" means all non-public, confidential, or proprietary information disclosed prior to, on or before the Effective Date, by the Disclosing Party or its affiliates to the Recipient or its affiliates, or to any of such Recipient's or its affiliates' employees, officers, directors, partners, shareholders, agents, attorneys, accountants, financing sources or advisors (collectively, "**Representatives**"), whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated, or otherwise identified as "confidential," including, without limitation, information concerning the Disclosing Party's and its affiliates':

(a) and their respective suppliers', and other third parties', past, present, and future business affairs including, without limitation, assets, finances, customer information, licenses, material contracts, scientific and technical information, supplier information, products, services, organizational structure and internal practices, forecasts, sales and other financial results, records and budgets, and business, marketing, sales, acquisition and other commercial plans and strategies;

(b) unpatented inventions, ideas, methods, and discoveries, trade secrets, know-how, unpublished patent applications, and other confidential intellectual property;

(c) third-party confidential information included with, or incorporated in, any information provided by the Disclosing Party to the Recipient or its Representatives;

(d) other information that would reasonably be considered non-public, confidential, or proprietary given the nature of the information and the Disclosing Party's businesses; and

(e) notes, analyses, compilations, reports, forecasts, studies, samples, data, statistics, summaries, interpretations, and other materials (the "**Notes**") prepared by or for the Recipient or its Representatives that contain, are based on, or otherwise reflect or are derived, in whole or in part, from any of the foregoing.

2. Exclusions from Confidential Information. Except as required by applicable federal, provincial, state, or local law or regulation, the term "**Confidential Information**" as used in this Agreement shall not include information that: (a) at the time of disclosure is, or thereafter becomes, generally available to and known by the public other than as a result of, directly or indirectly, any breach of this Agreement or act or omission by the Recipient or any of its Representatives; (b) the Recipient can reasonably demonstrate at the time of disclosure is, or thereafter becomes, available to the Recipient on a non-confidential basis from a third-party other than the Disclosing Party or its Representatives, provided that such third party was not, to the knowledge of the Recipient or its Representatives, prohibited from disclosing such Confidential Information to the Recipient by any legal,

fiduciary or contractual obligation; (c) was known by or in the possession of the Recipient, as established by reasonable documentary evidence, prior to being disclosed by or on behalf of the Disclosing Party pursuant to this Agreement; or (d) was or is independently developed by the Recipient without reference to or use of any of the Disclosing Party's Confidential Information.

3. Recipient Obligations. The Recipient shall:

(a) protect and safeguard the confidentiality of all such Confidential Information with at least the same degree of care as the Recipient would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care;

(b) not use the Disclosing Party's Confidential Information, or permit it to be accessed or used, for any purpose other than the Purpose or otherwise in any manner to the Disclosing Party's detriment;

(c) not disclose any such Confidential Information to any person or entity, except to the Recipient's Representatives who: (i) need to know the Confidential Information to assist the Recipient, or act on its behalf, in relation to the Purpose; (ii) are either (A) informed in writing by the Recipient of the confidential nature of the Confidential Information; or (B) in a position, office or employment which includes an express or professional obligation to preserve confidentiality on behalf of the Recipient; and (iii) are subject to confidentiality duties or obligations to the Recipient that are no less restrictive than the terms and conditions of this Agreement;

(d) immediately notify the Disclosing Party of any unauthorized disclosure of Confidential Information or other breaches of this Agreement by the Recipient or its Representatives of which the Recipient has knowledge;

(e) cooperate with the Disclosing Party in any effort undertaken by the Disclosing Party to enforce its rights related to any such unauthorized disclosure; and

(f) be responsible for any breach of this Agreement caused by any of its Representatives.

4. Additional Confidentiality Obligations. Except as required by applicable federal, provincial, state, or local law or regulation, including the rules and policies of any applicable stock exchange, the Recipient shall not, and shall not permit its Representatives to, disclose to any person: (a) that the Confidential Information has been made available to the Recipient or its Representatives, or that it has inspected any portion of the Confidential Information; (b) that discussions or negotiations may be or are underway between the Parties regarding the Confidential Information or the Purpose, including the status thereof; or (c) any terms, conditions, or other arrangements that are being discussed or negotiated in relation to the Confidential Information or the Purpose. However, if one Party discloses any Confidential Information in breach of this Agreement, the other Party shall not be bound by the provision of this Agreement to the extent reasonably necessary to respond to such disclosure.

5. Required Disclosure. Any Disclosure by the Recipient or its Representatives of any of the Disclosing Party's Confidential Information pursuant to applicable federal, provincial, state or local law or regulation, including the rules and policies of any applicable stock exchange, or a valid order issued by a court or governmental agency of competent jurisdiction (a "**Legal Order**") shall be subject to the terms of this Section. Prior to making any such disclosure, the Recipient shall, to the extent not prohibited under applicable laws, make commercially reasonable efforts to provide the Disclosing Party with: (a) prompt written notice of such requirement so that the Disclosing Party may seek a protective order or other remedy; and (b) reasonable assistance, at the sole expense of the Disclosing Party, in opposing such disclosure or seeking a protective order or other limitations on disclosure. If, after providing such notice and assistance as required herein, the Recipient remains subject to a Legal Order to disclose any Confidential Information, the Recipient shall disclose, and, if applicable, shall require its Representatives or other persons to whom such Legal Order is directed to disclose, no more than that portion of the Confidential Information which, on the advice of the Recipient's legal counsel, such Legal Order requires and shall use commercially reasonable efforts to obtain assurances from the applicable court or agency that such Confidential Information will be afforded confidential treatment.

6. Return or Destruction of Confidential Information. Upon the expiration or termination of this Agreement, or at the Disclosing Party's request at any time during the term of this Agreement, the Recipient and its Representatives shall either promptly return to the Disclosing Party all copies, whether in written, electronic or other form or media, of the Disclosing Party's Confidential Information, or destroy all such copies and certify in writing to the Disclosing Party that such Confidential Information has been destroyed. Notwithstanding the foregoing, the Recipient may retain copies of Confidential Information that are stored on the Recipient's IT backup and disaster recovery systems until the ordinary course deletion thereof. Notwithstanding any earlier termination of this Agreement, the Recipient shall continue to be bound by the terms and conditions of this Agreement with respect to such retained Confidential Information for so long as it is so retained notwithstanding any earlier expiration or termination of this Agreement.

7. Term and Termination. The term of this Agreement and the Parties' respective rights and obligations hereunder shall commence on the Effective Date and shall expire one (1) year after the Effective Date.

8. No Disclosing Party Representations or Warranties. Neither the Disclosing Party nor any of its Representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of the Confidential Information disclosed to the Recipient hereunder. Neither the Disclosing Party nor any of its Representatives shall be liable to the Recipient or any of its Representatives relating to or resulting from the Recipient's use of any of the Confidential Information or any errors therein or omissions therefrom.

9. No Transfer of Rights, Title, or Interest. The Disclosing Party hereby retains its entire right, title, and interest, including all intellectual property rights, in and to all Confidential Information. Any disclosure of such Confidential Information hereunder shall not be construed as an assignment, grant, option, license, or other transfer of any such right, title, or interest whatsoever to the Recipient or any of its Representatives.

10. No Other Obligation. The Parties agree that: (a) this Agreement does not require or compel the Disclosing Party to disclose any Confidential Information to the Recipient; (b) neither Party shall be under any legal obligation of any kind whatsoever, or otherwise be obligated to enter into any business or contractual relationship, investment, or transaction, by virtue of this Agreement, except for the matters specifically agreed to herein; and (c) either Party may at any time, at its sole discretion with or without cause, terminate discussions and negotiations with the other Party, in connection with the Purpose or otherwise.

11. Remedies. The Recipient acknowledges that money damages might not be a sufficient remedy for any breach or threatened breach of this Agreement by the Recipient or its Representatives. Therefore, in addition to all other remedies available at law (which the Disclosing Party does not waive by the exercise of any rights hereunder), the Disclosing Party may be entitled to seek specific performance and injunctive and other equitable relief as a remedy for any such breach or threatened breach, and the Recipient hereby waives any requirement for the securing or posting of any bond or the showing of actual monetary damages in connection with such claim.

12. Non-Public Information. The Recipient acknowledges and understands that the Confidential Information may contain material non-public information about the Disclosing Party and, pursuant to applicable securities laws, any person in receipt of such information may be prohibited from purchasing or selling securities of the Disclosing Party under such applicable securities laws.

13. Governing Law. This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada applicable therein. The Parties irrevocably attorn to the exclusive jurisdiction of the courts of British Columbia situate in Vancouver, British Columbia with respect to any dispute, claim or other matter arising under this Agreement. Service of process, summons, notice, or other document by mail to such Party's address set forth herein shall be effective service of process for any suit, action, or other proceeding brought in any such court.

14. Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email of a PDF document (with confirmation of

transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Party at the addresses set forth on the first page of this Agreement (or to such other address that may be designated by a Party from time to time in accordance with this Section).

15. Entire Agreement. This Agreement constitutes the sole and entire agreement between the Parties with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each Party hereto.

16. Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

18. Assignment. No Party may assign any of its rights hereunder without the prior written consent of the other Party. Any purported assignment in violation of this Section shall be null and void. No assignment shall relieve the assigning Party of any of its obligations hereunder. This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

19. Waivers. No waiver by either Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by either Party shall 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 Agreement shall operate or be construed as a waiver thereof; nor shall 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.

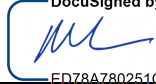
IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

BZAM LTD.

DocuSigned by:

By _____
Name: Robert Meyer
Title: Chief Executive Officer

DocuSigned by:

By _____
Name: Matthew Milich
Title: Chief Executive Officer

**Exhibit "L" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Matthew Milich <mmilich@bzam.com>
Sent: Wednesday, November 1, 2023 3:27 PM
To: Robert Meyer; Keith Adams; Ariel Wessling; Jimmy Nguyen; Kiarash Hessami; Tom Fornarelli; Jason Deland
Cc: Mihai Ionescu; Robert L. Galletti; Sean Bovingdon; Rosanna Mastropietro
Subject: Re: Deal Team
Attachments: Preliminary Due Diligence Request List 2023.docx

Hi Robert,

Thanks for getting moving on this so promptly, much appreciated.

Would like to introduce you to our CFO, Sean Bovingdon, as well as our Corporate Secretary, Rosanna Mastropietro, both copied here. In addition, please find attached a preliminary DD list.

We'll aim to have a data room open for you all to drop files into tomorrow, and we can start populating it with our documents as well.

Look forward to working with everyone to get this done.

Best,

Matt

From: Robert Meyer <robert@angsanainvest.com>
Date: Wednesday, November 1, 2023 at 9:54 AM
To: Matt Milich <mmilich@bzam.com>, Keith Adams <kadams@finalbell.com>, Ariel Wessling <awessling@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>, Kiarash Hessami <khessami@finalbell.com>, Tom Fornarelli <tom@finalbell.com>, Jason Deland <jason@finalbell.com>
Cc: Mihai Ionescu <mionescu@sangramoller.com>, "Robert L. Galletti" <rgalletti@sangramoller.com>
Subject: Deal Team

Hi Matt

My board has given me the green light to commence due diligence deal documentation.

To kick things off I would like to introduce you to our deal team:

1. Keith is our CFO, and leads our senior finance team comprising Ariel, Jimmy and Kiarash. Between them they will both provide you with the info you require, and spearhead our DD on BZAM.

- Please intro us to your finance team and provide us with access to your data room as soon as possible.
- Our team is on the final yard line of our FY23 audit and start collating the info you require starting next week. Please send us your DD list soonest.

2. Mihai is our external legal counsel. Given that BZAM is the acquirer, I would suggest that your legal counsel hold the pen on the SPA and related deal documentation.

- Please connect your legal team to Mihai, Keith, Ariel and myself.

I will tentatively book a board meeting for final review/ approval for Friday 17 November.

Let's get this done.

Best
Robert

Robert Meyer

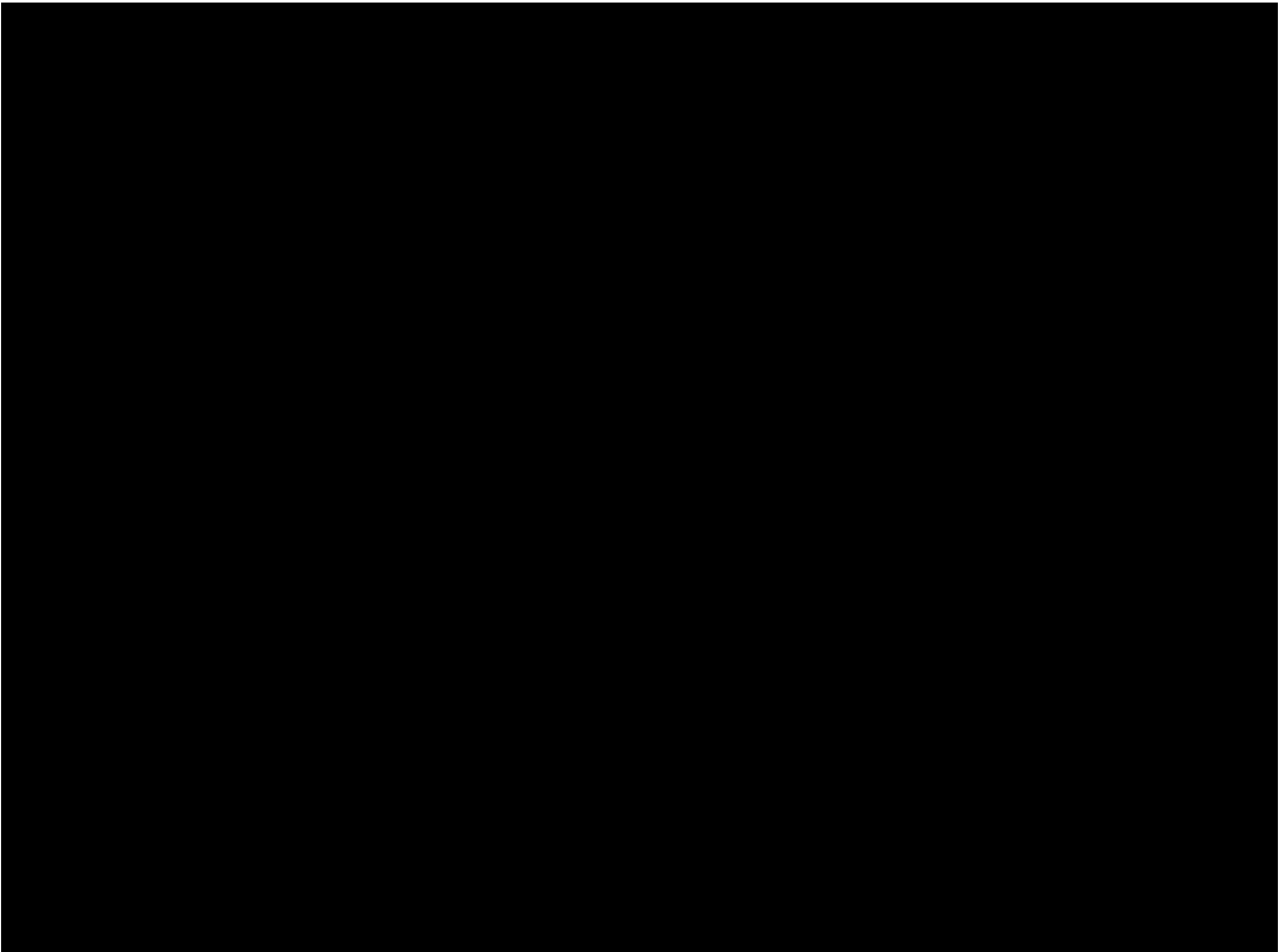
**Exhibit "M" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

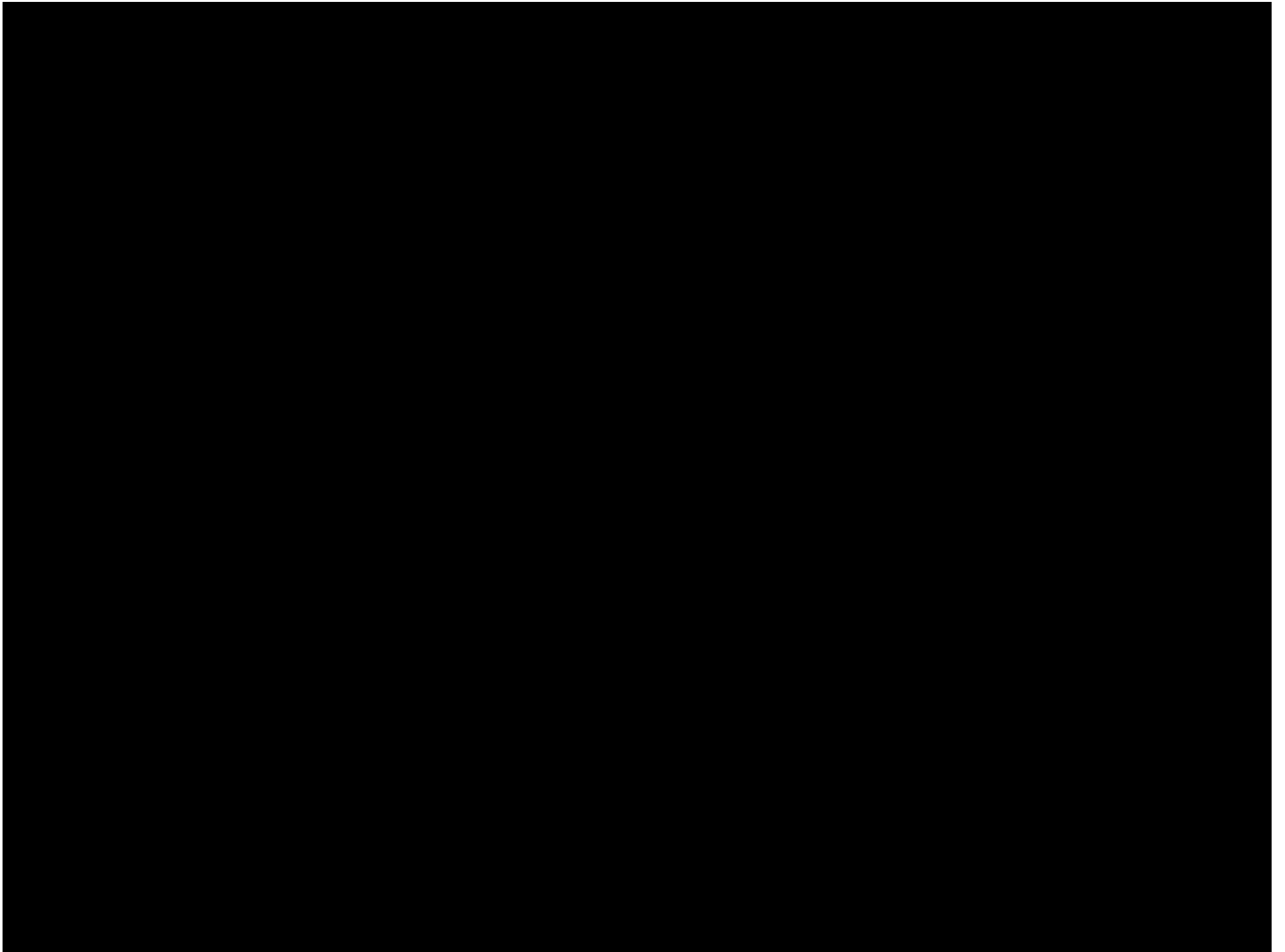
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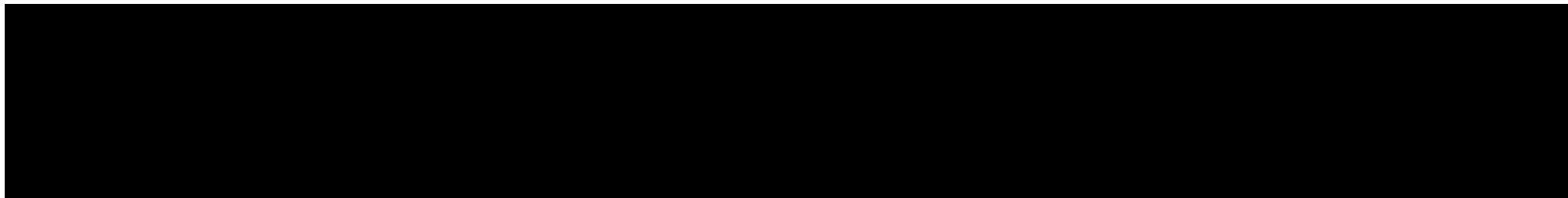
TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



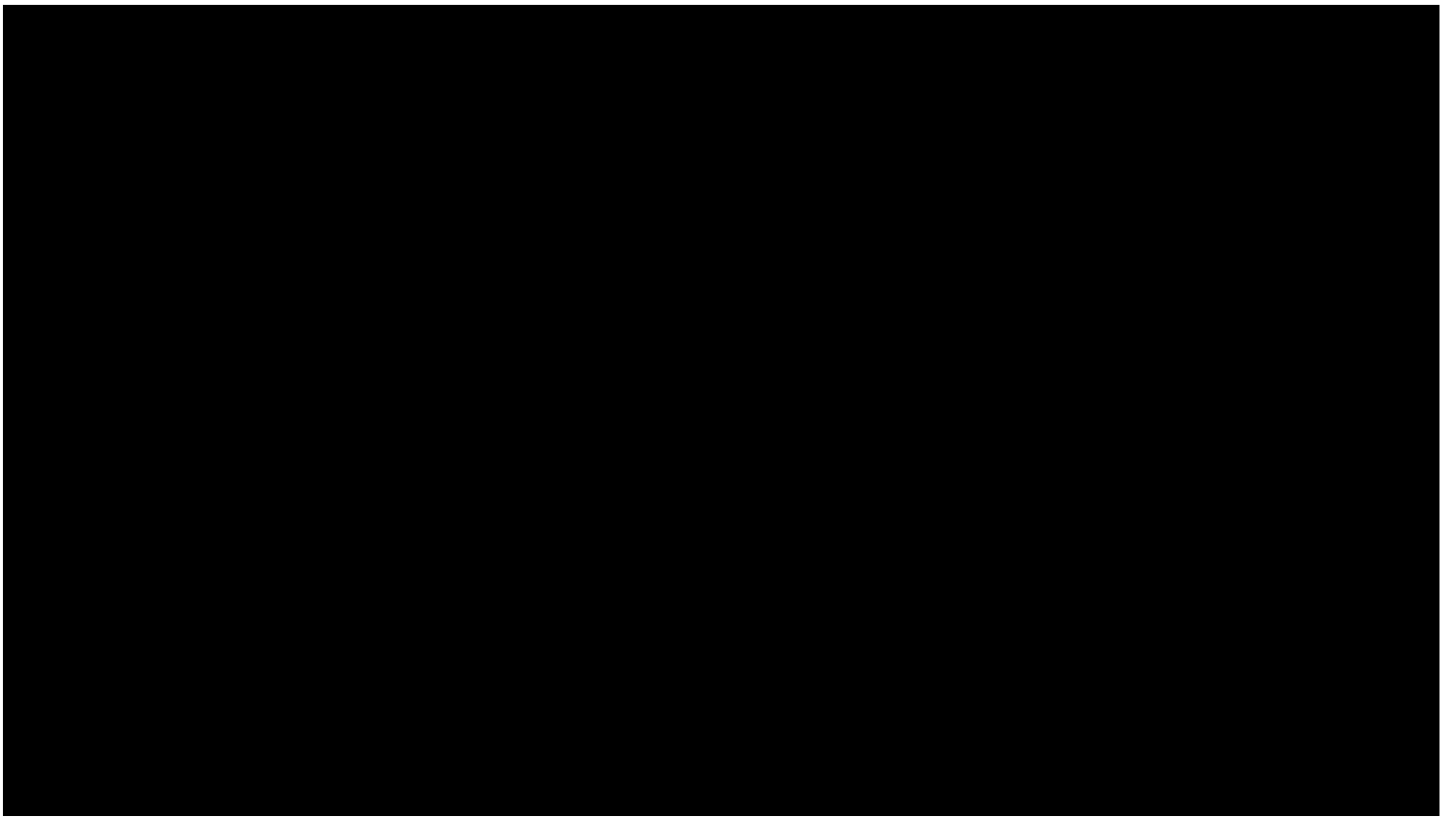


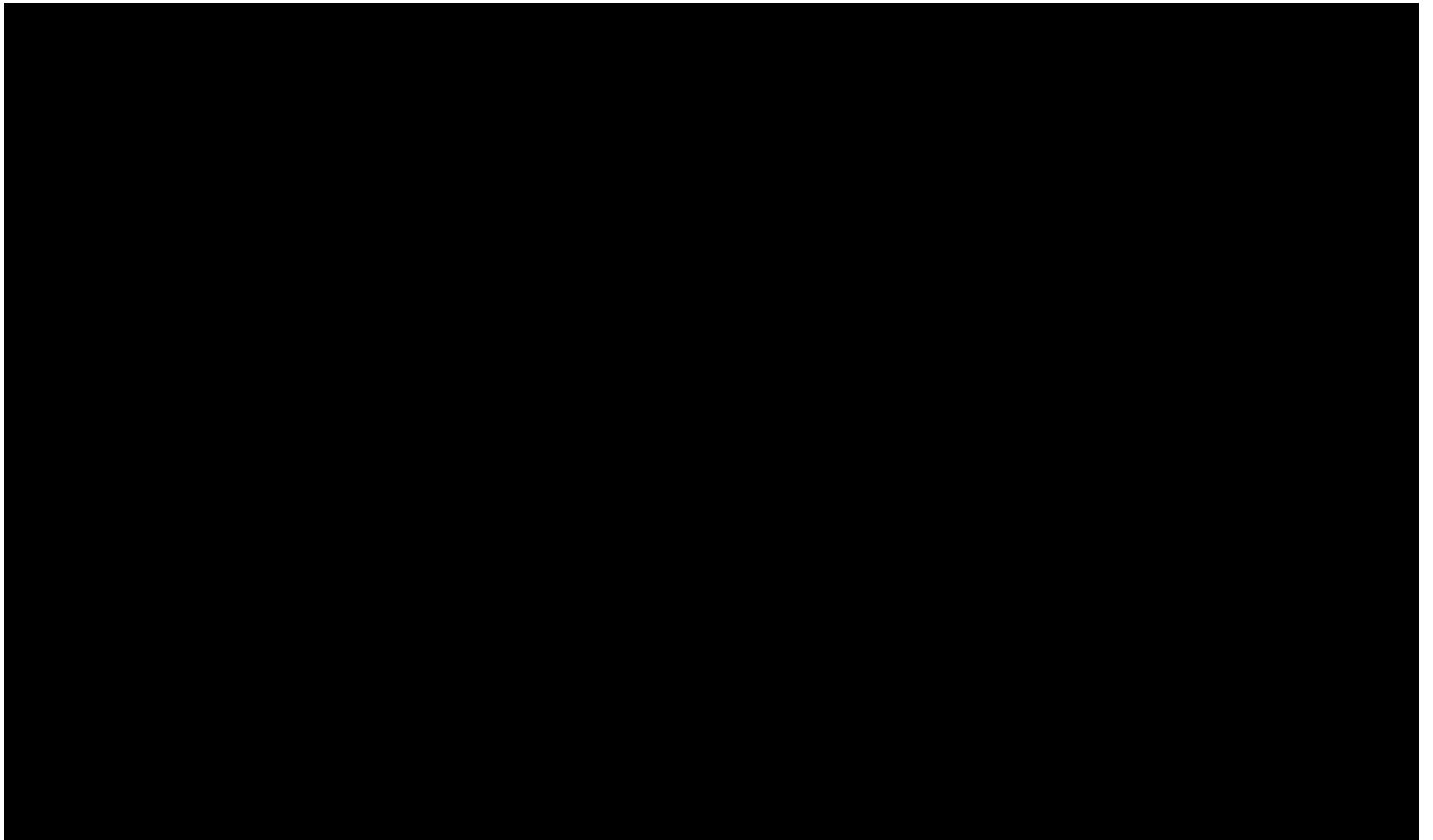


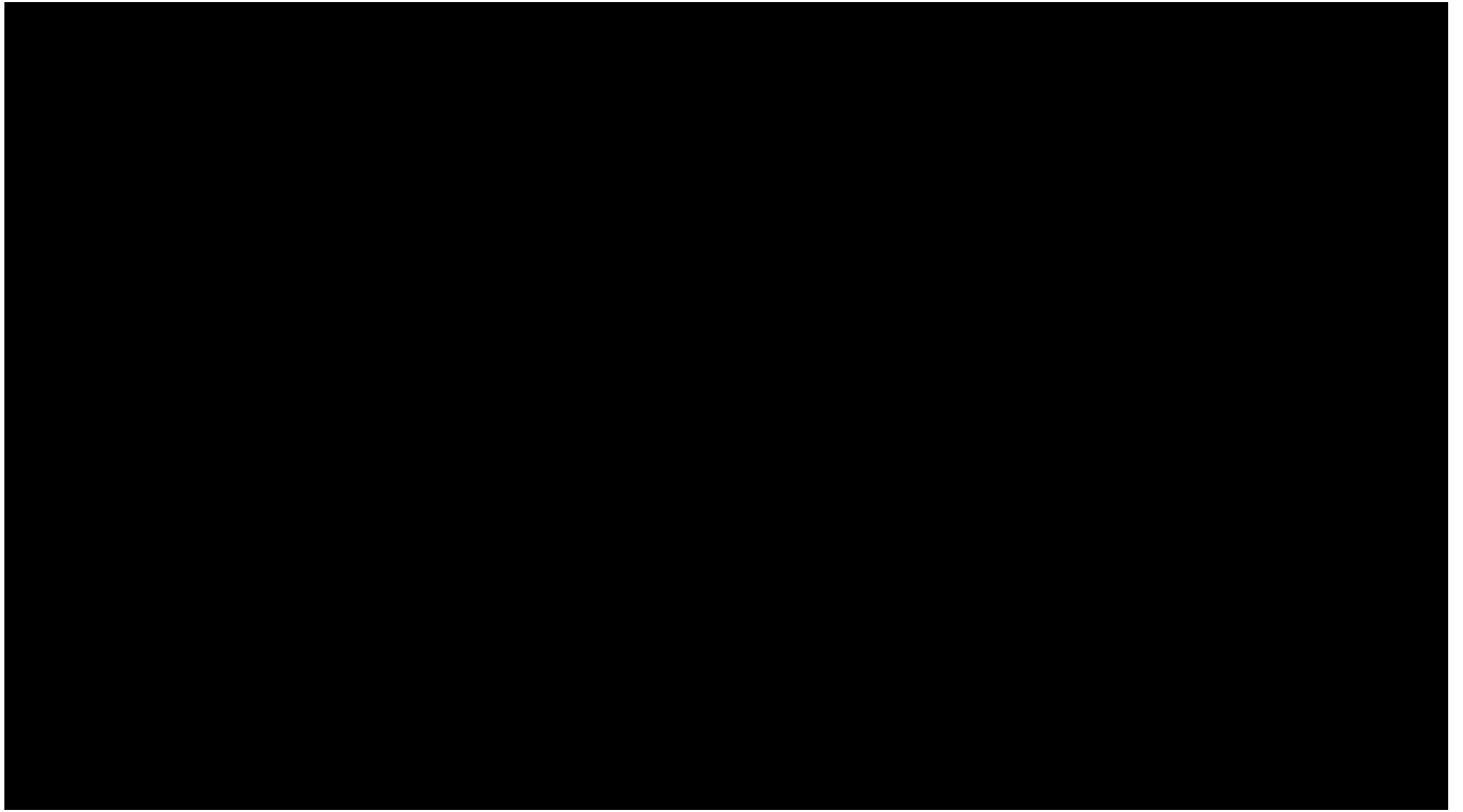


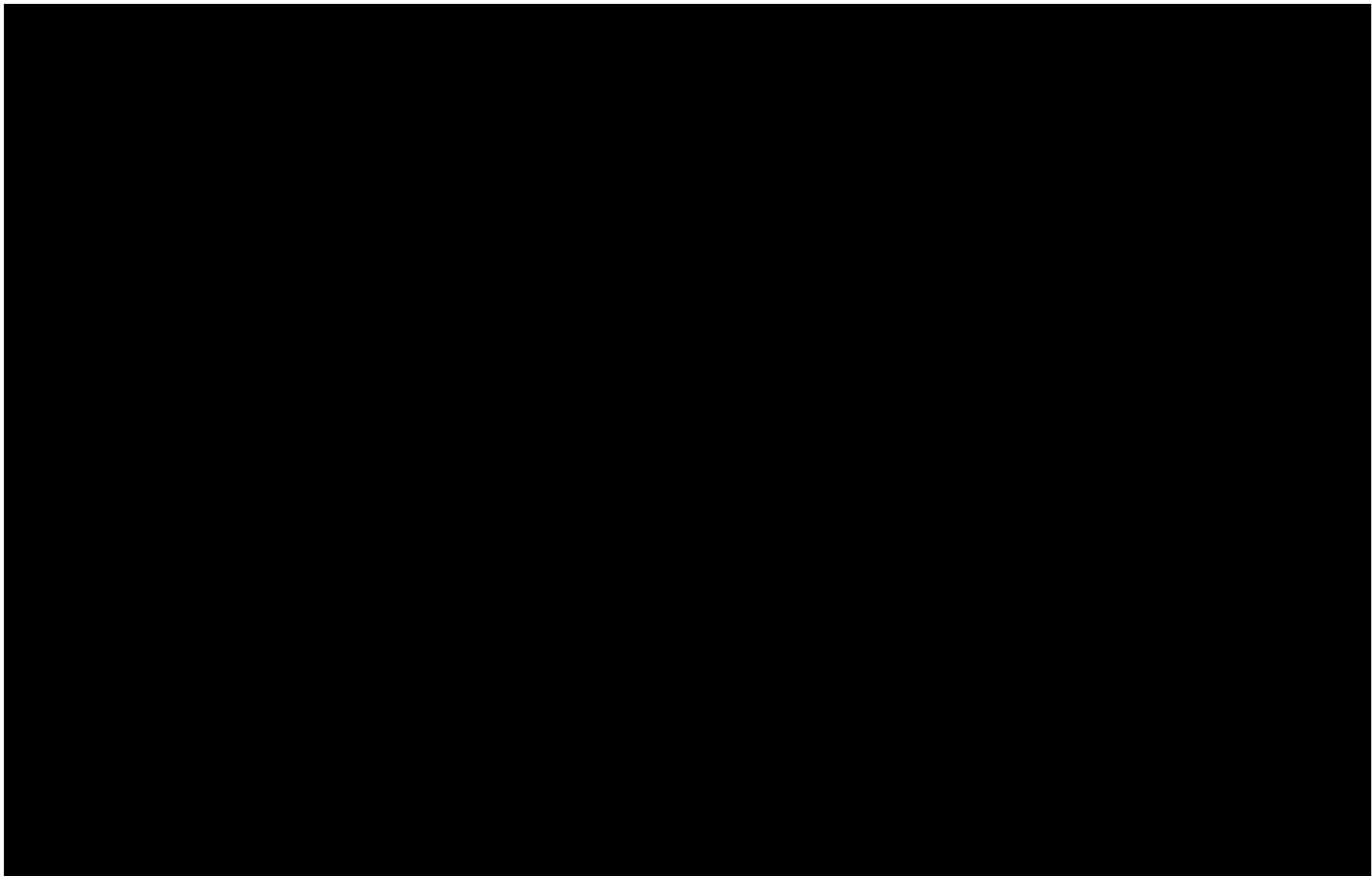


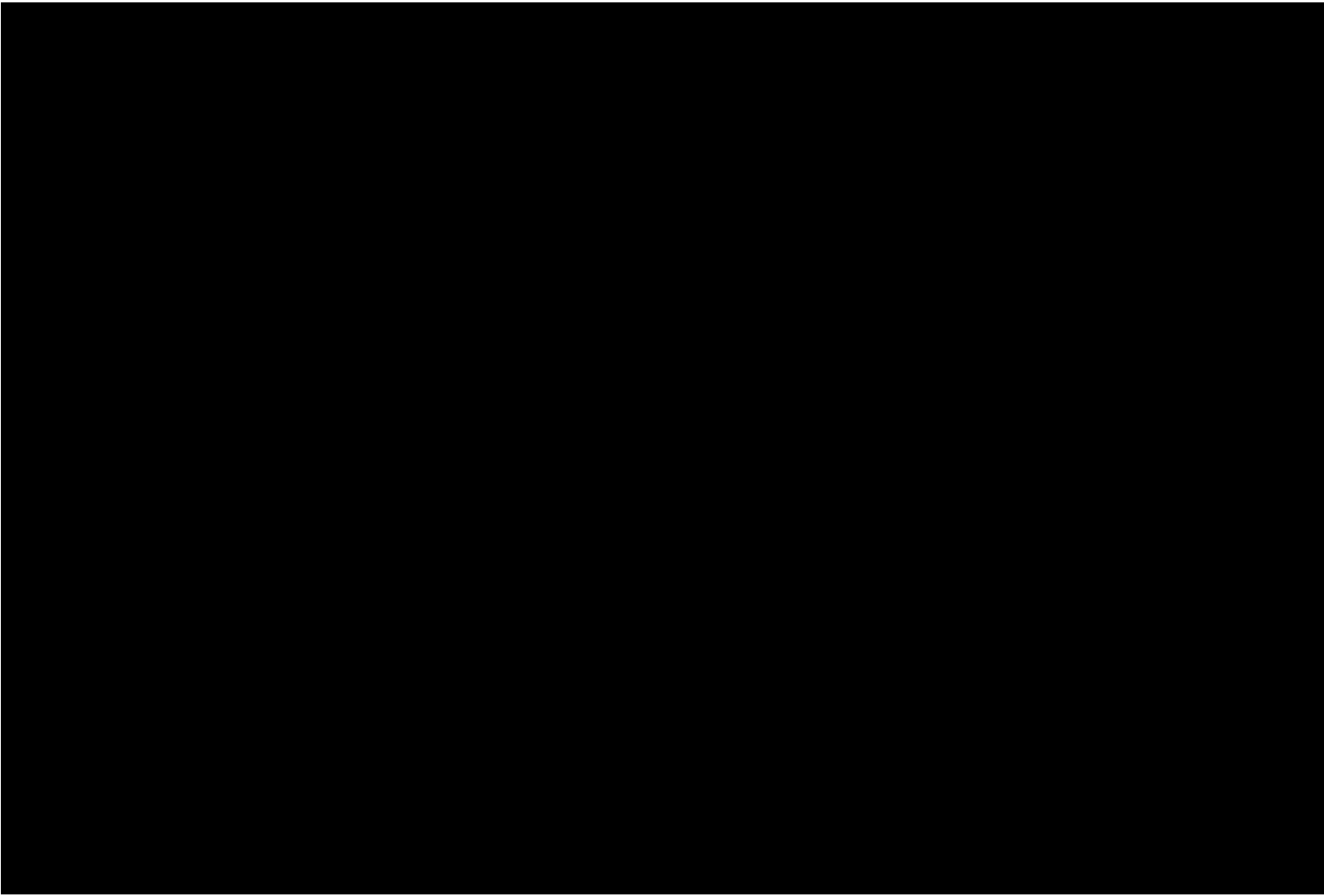






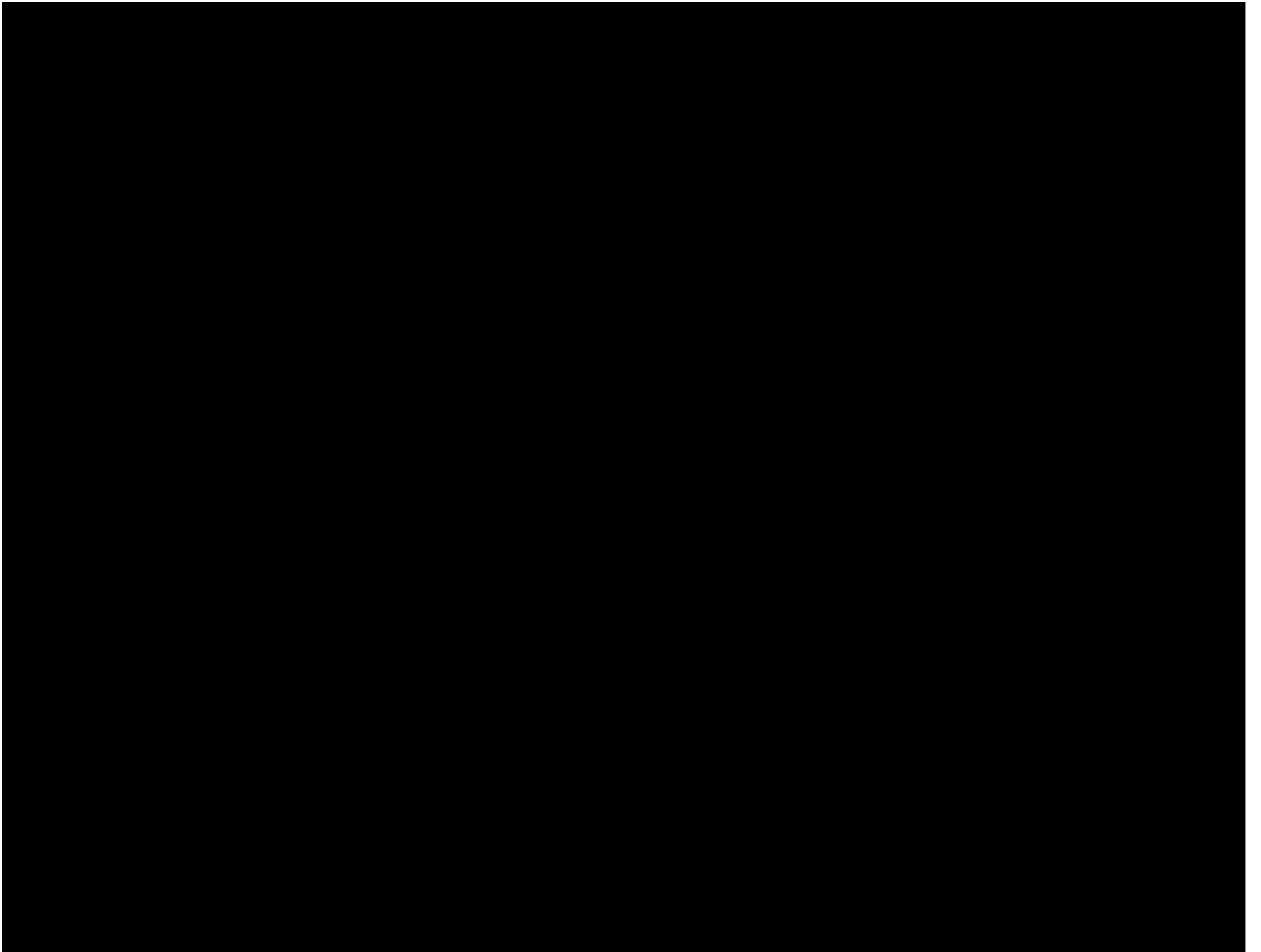


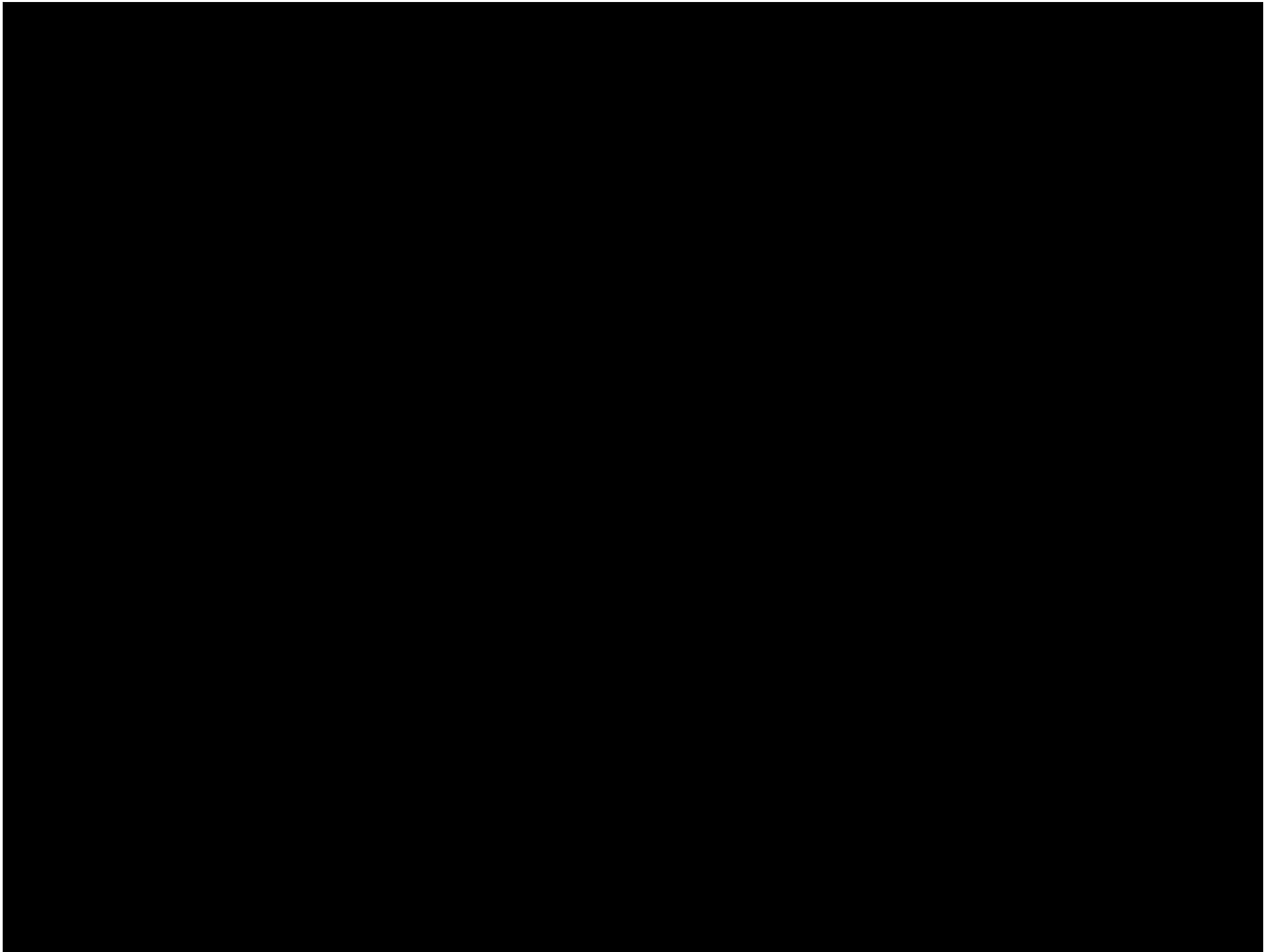




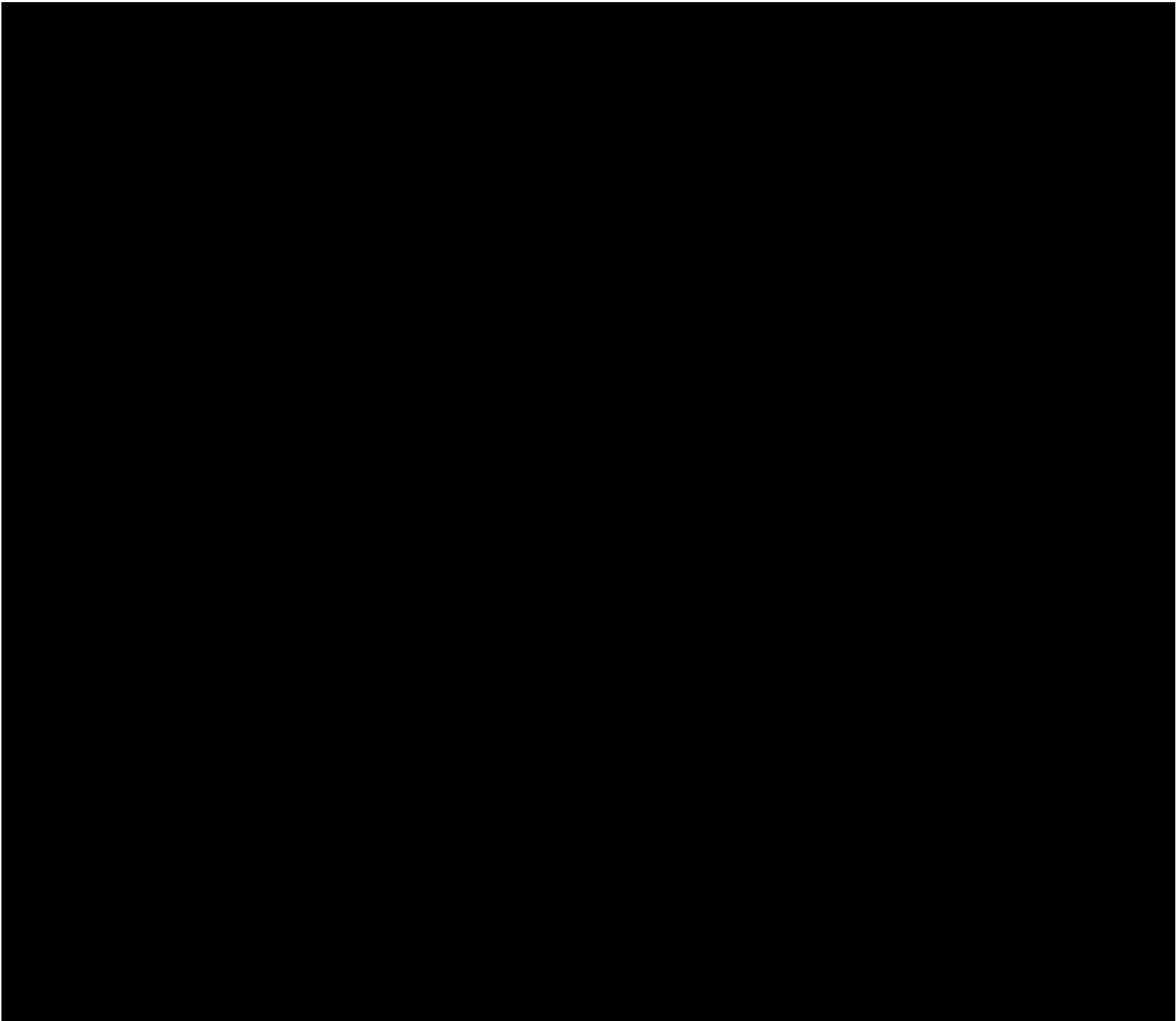
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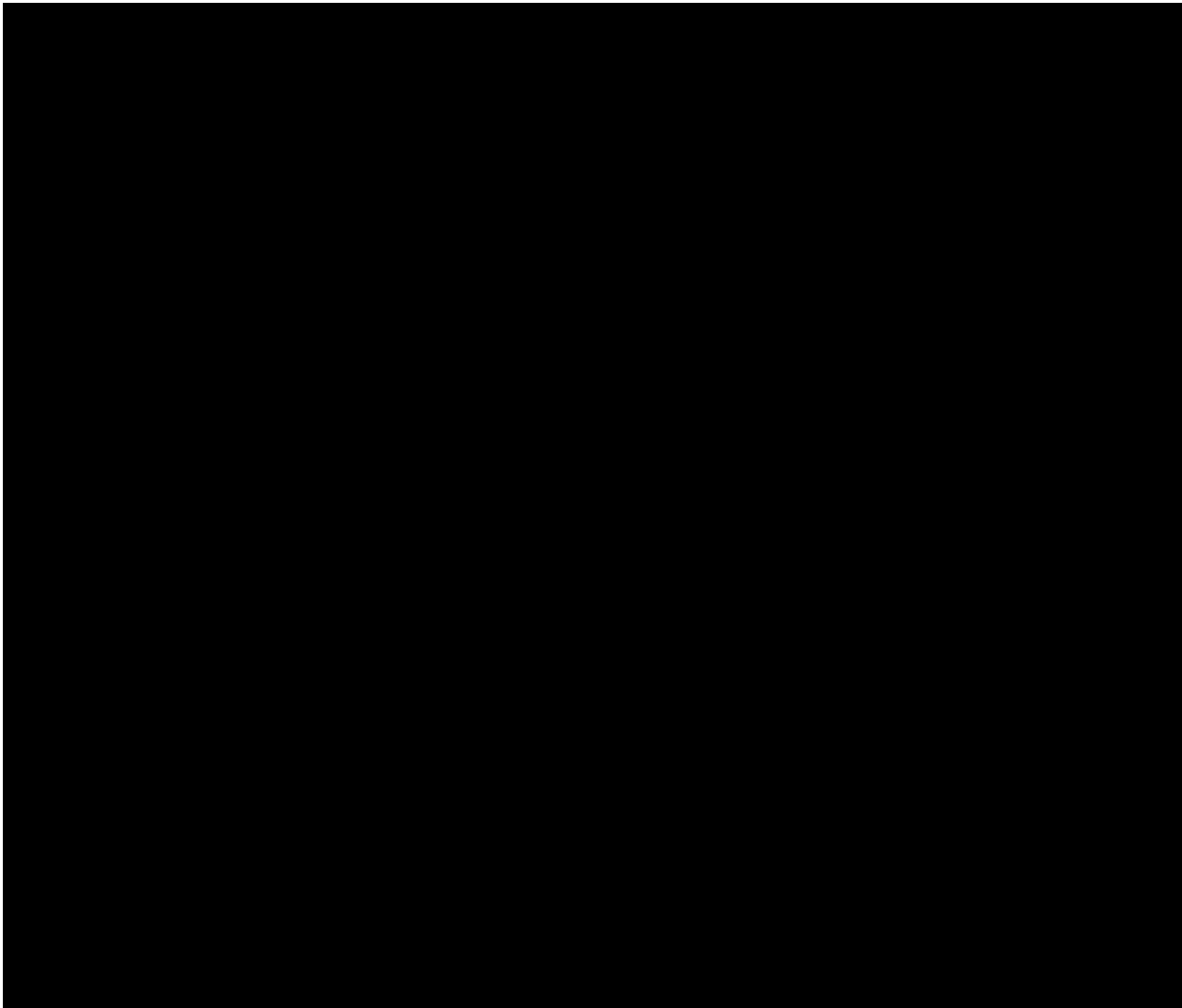
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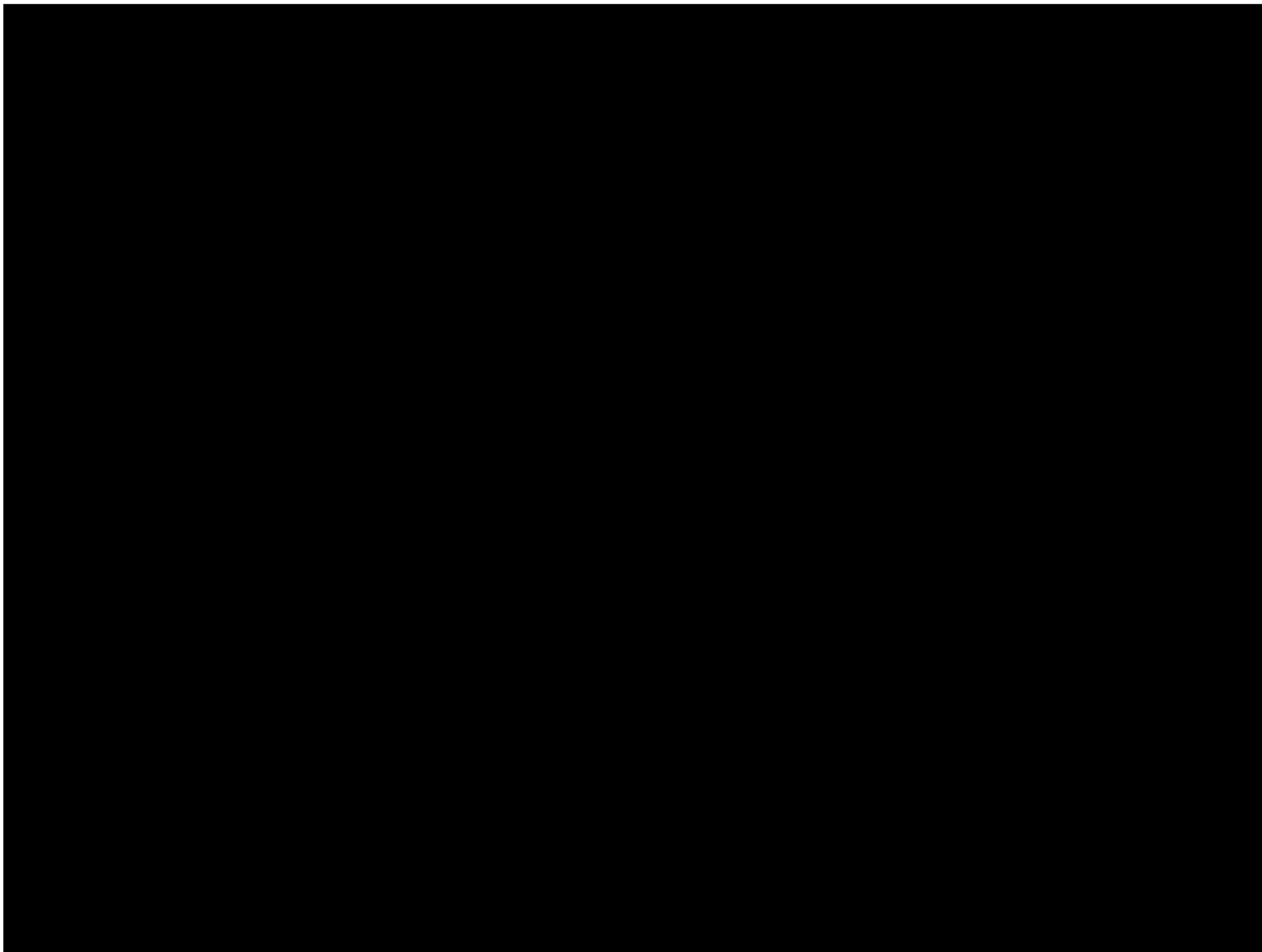


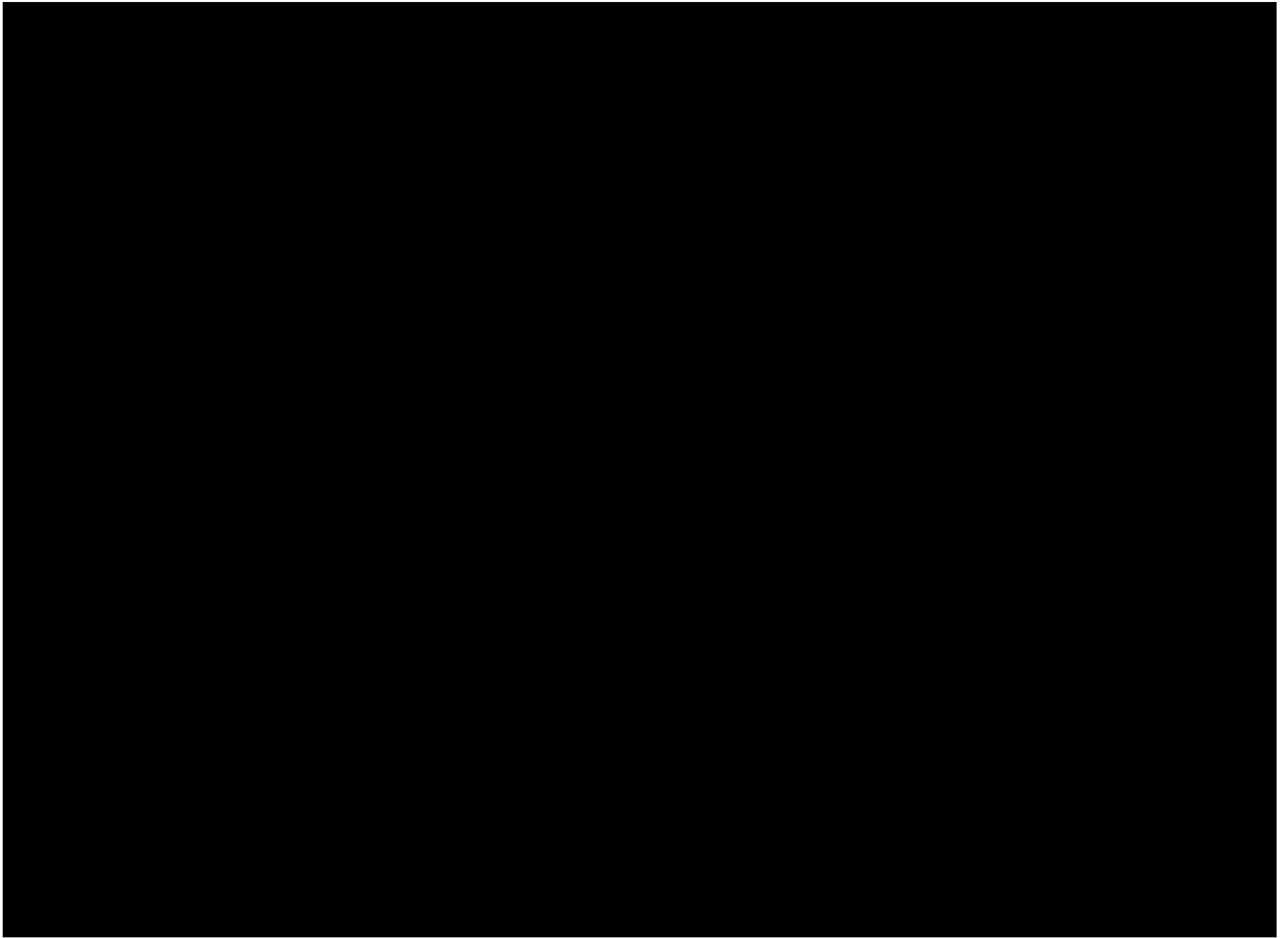


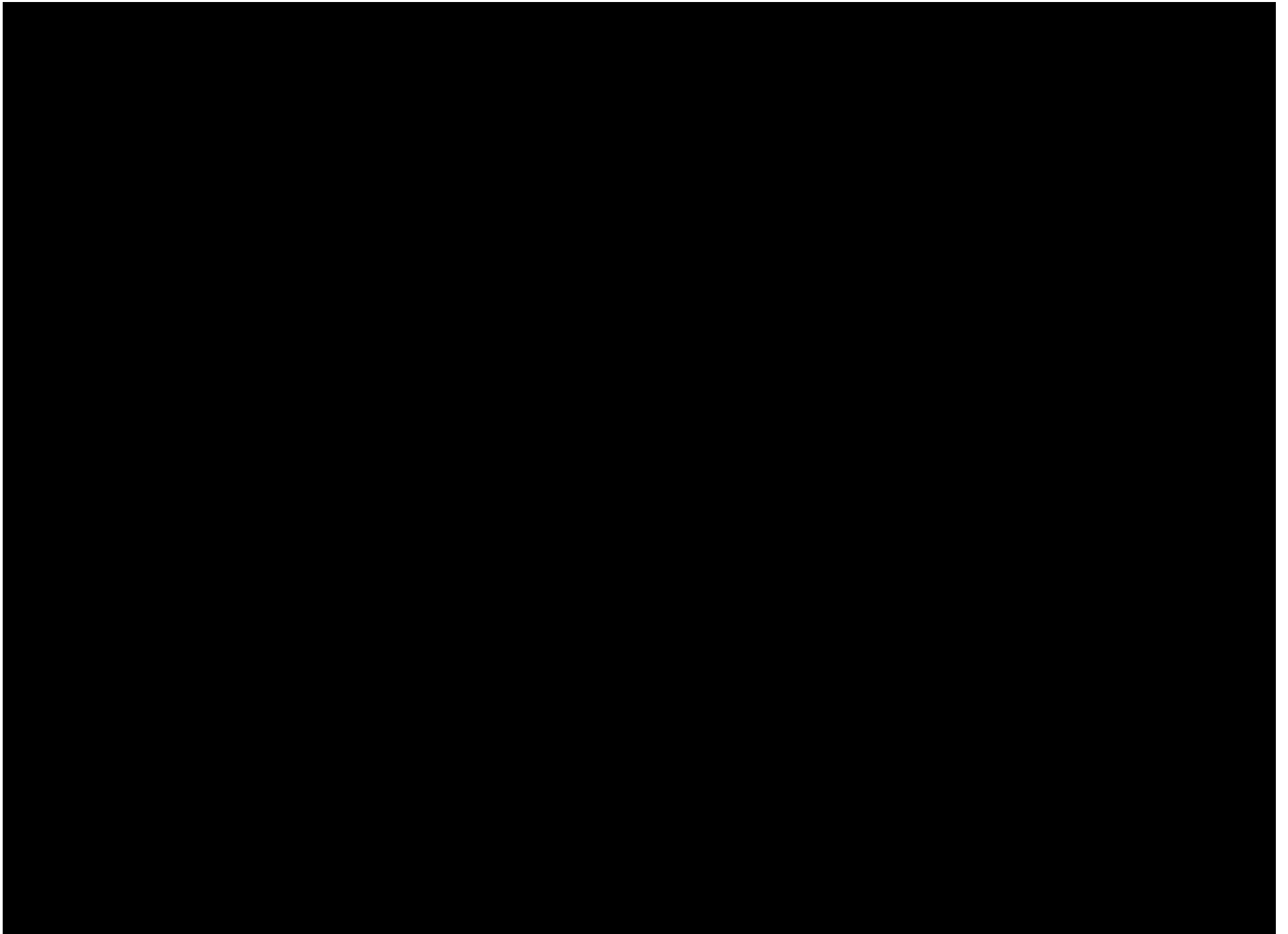




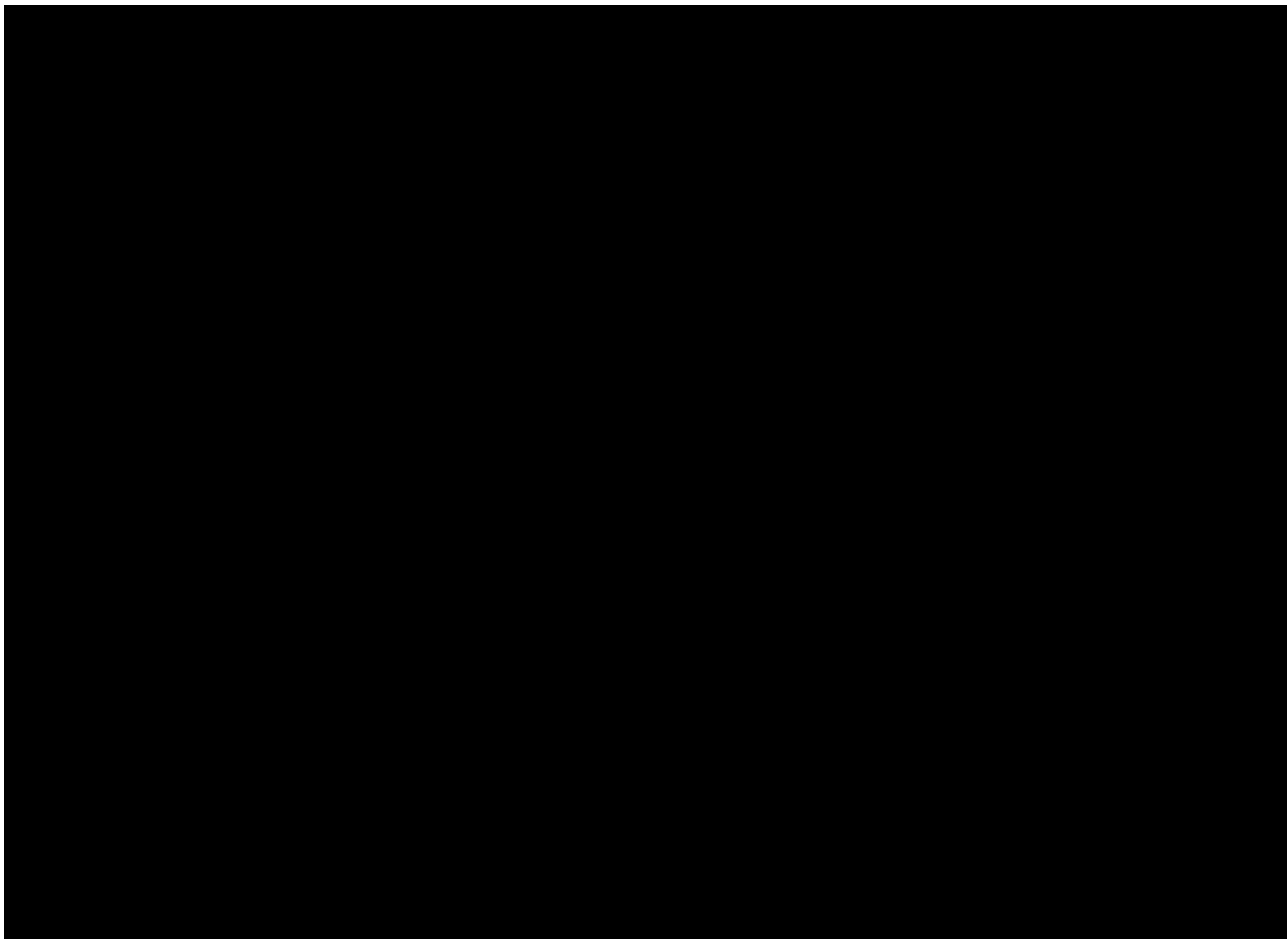


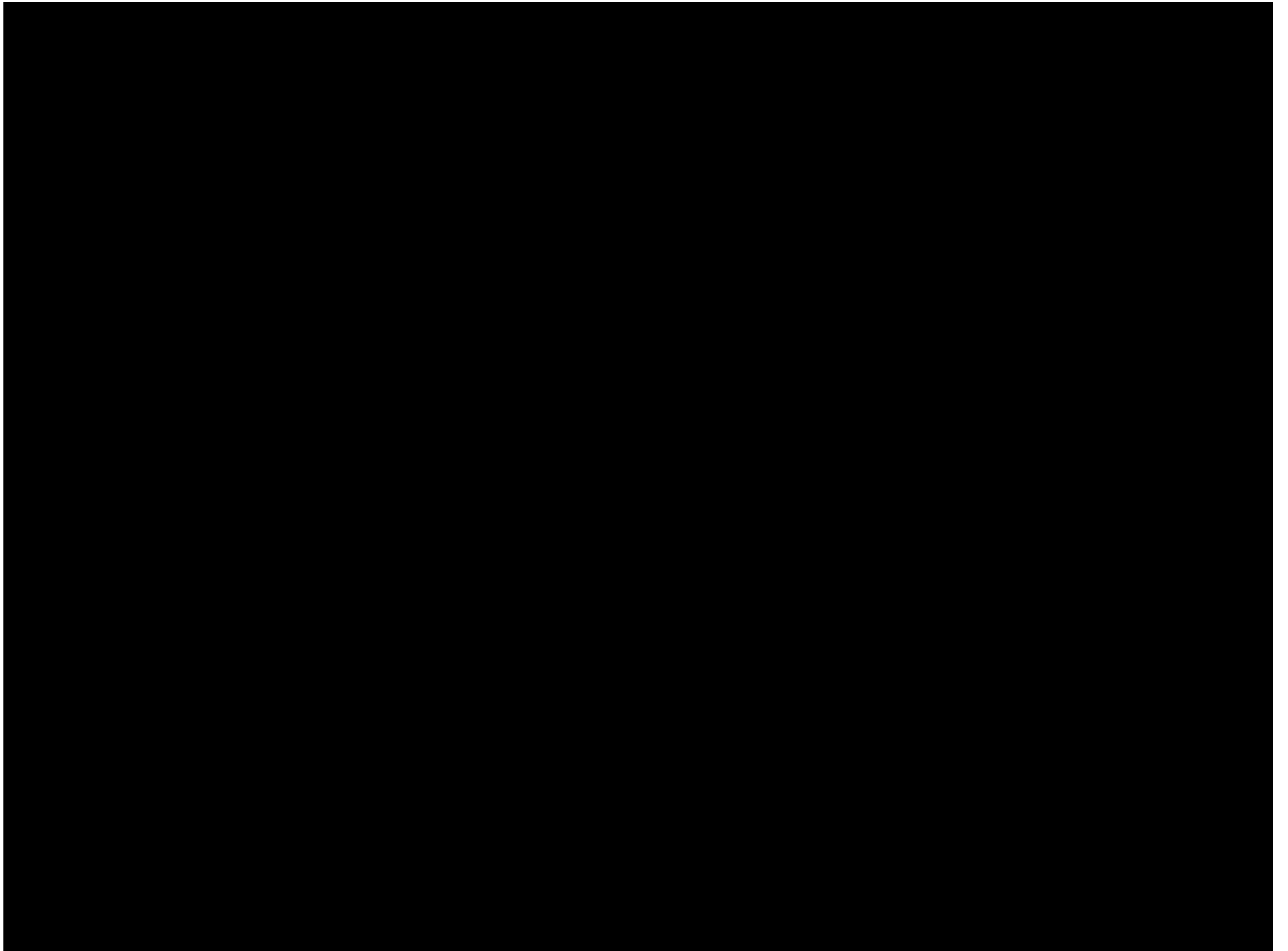


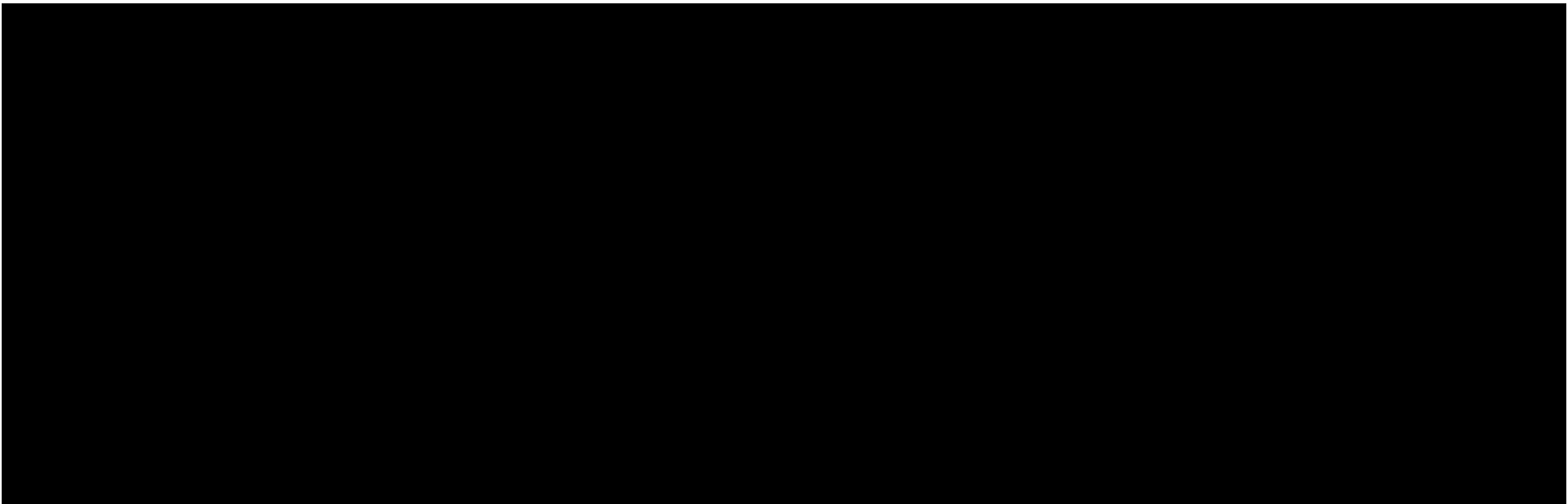


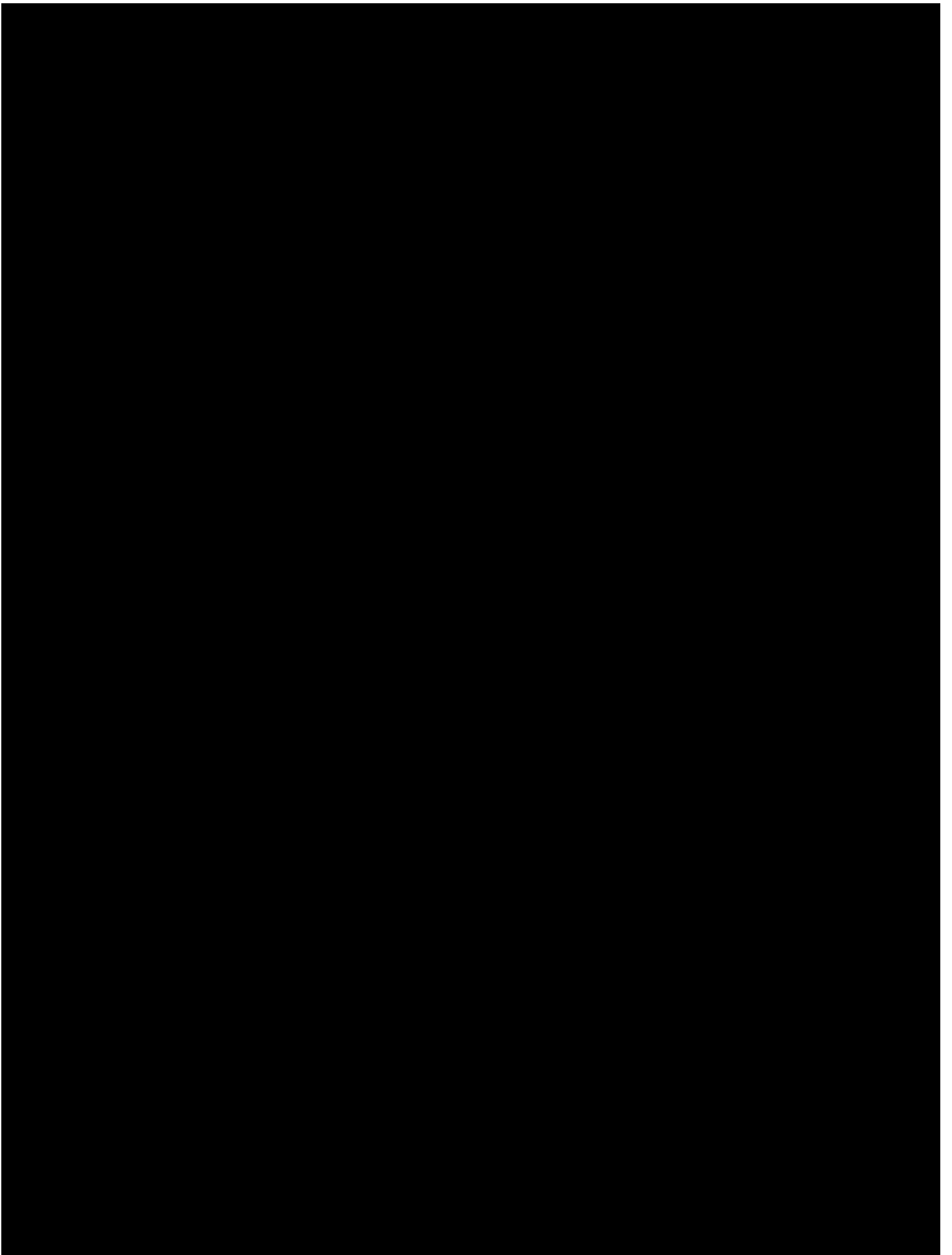




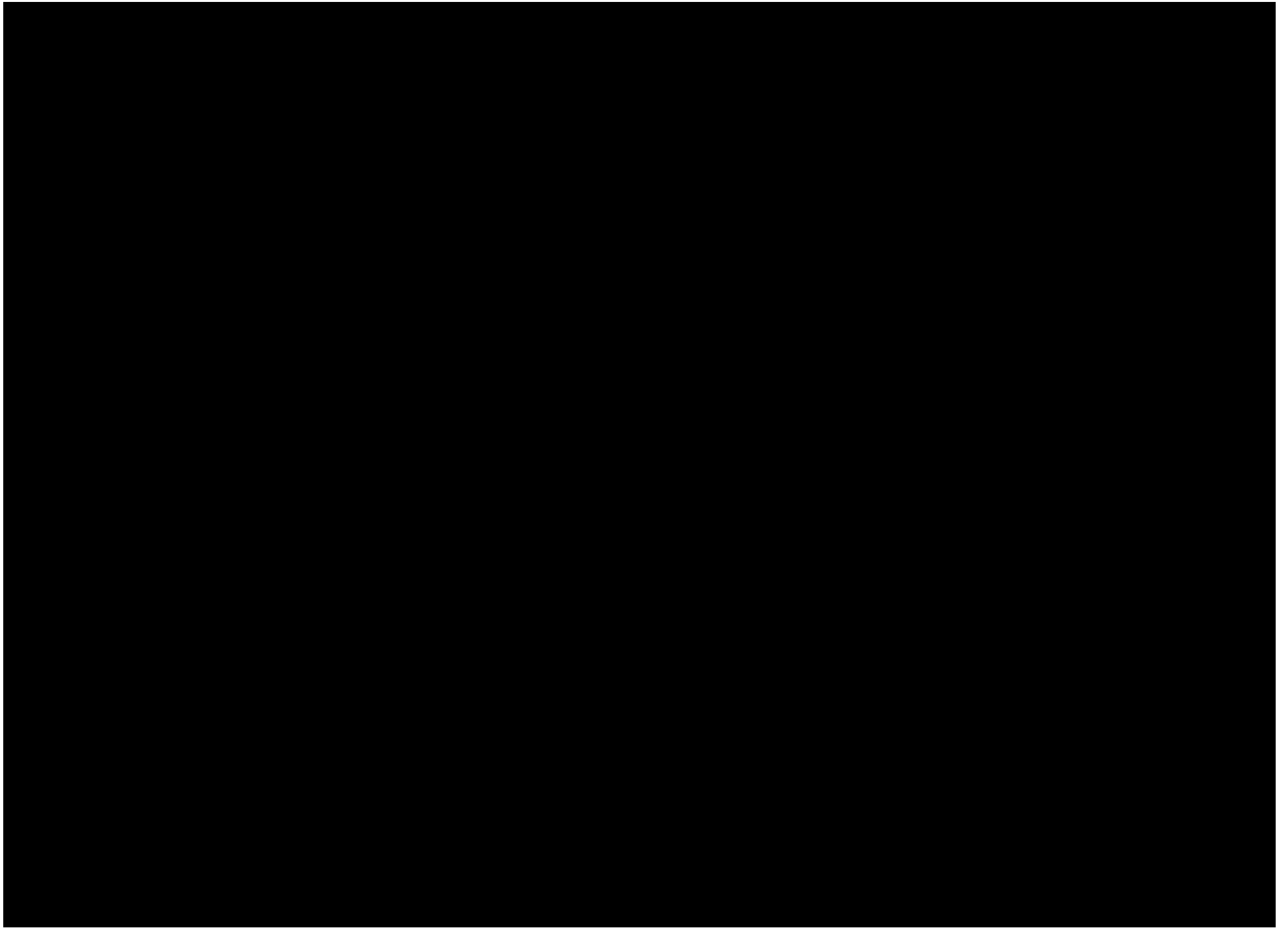






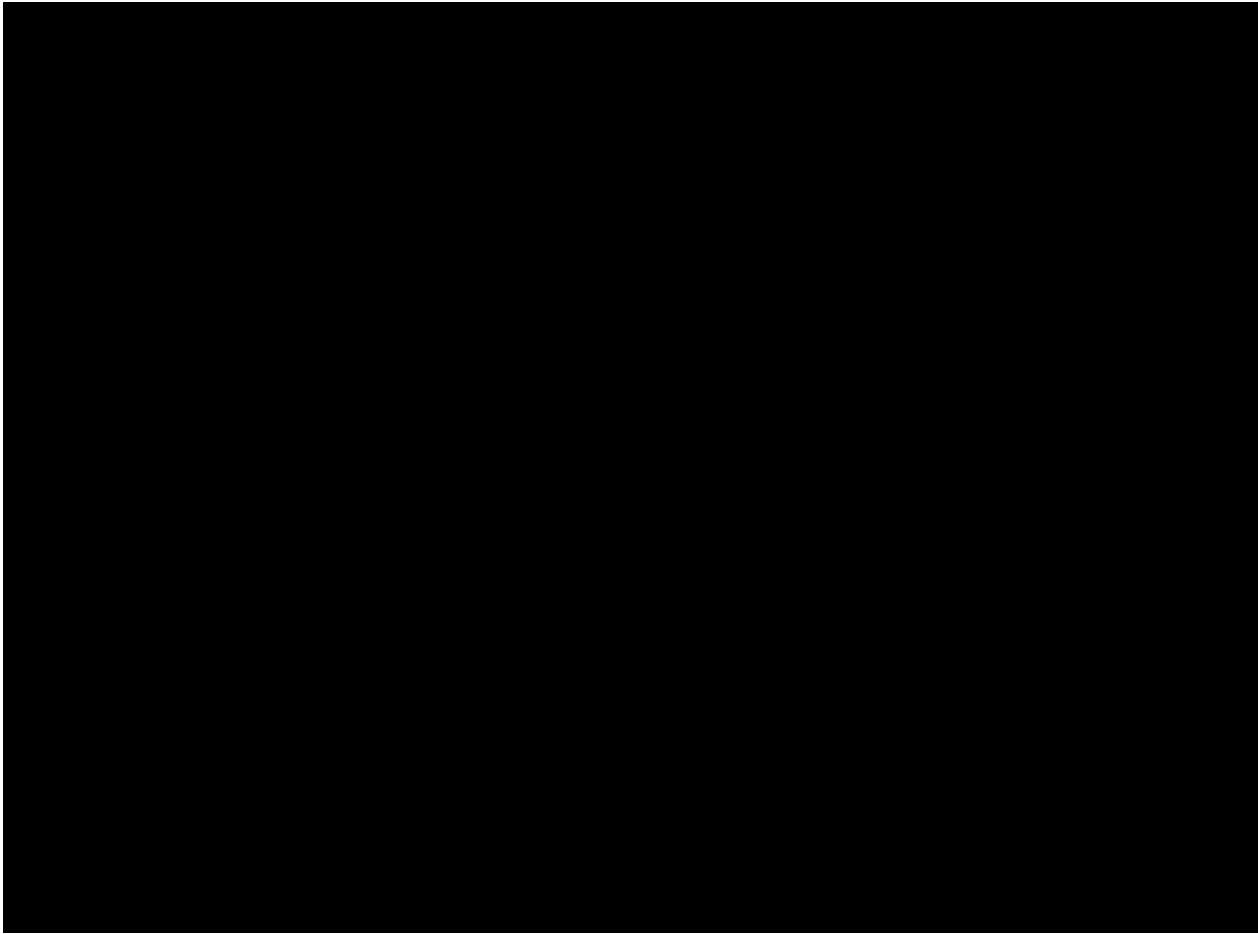








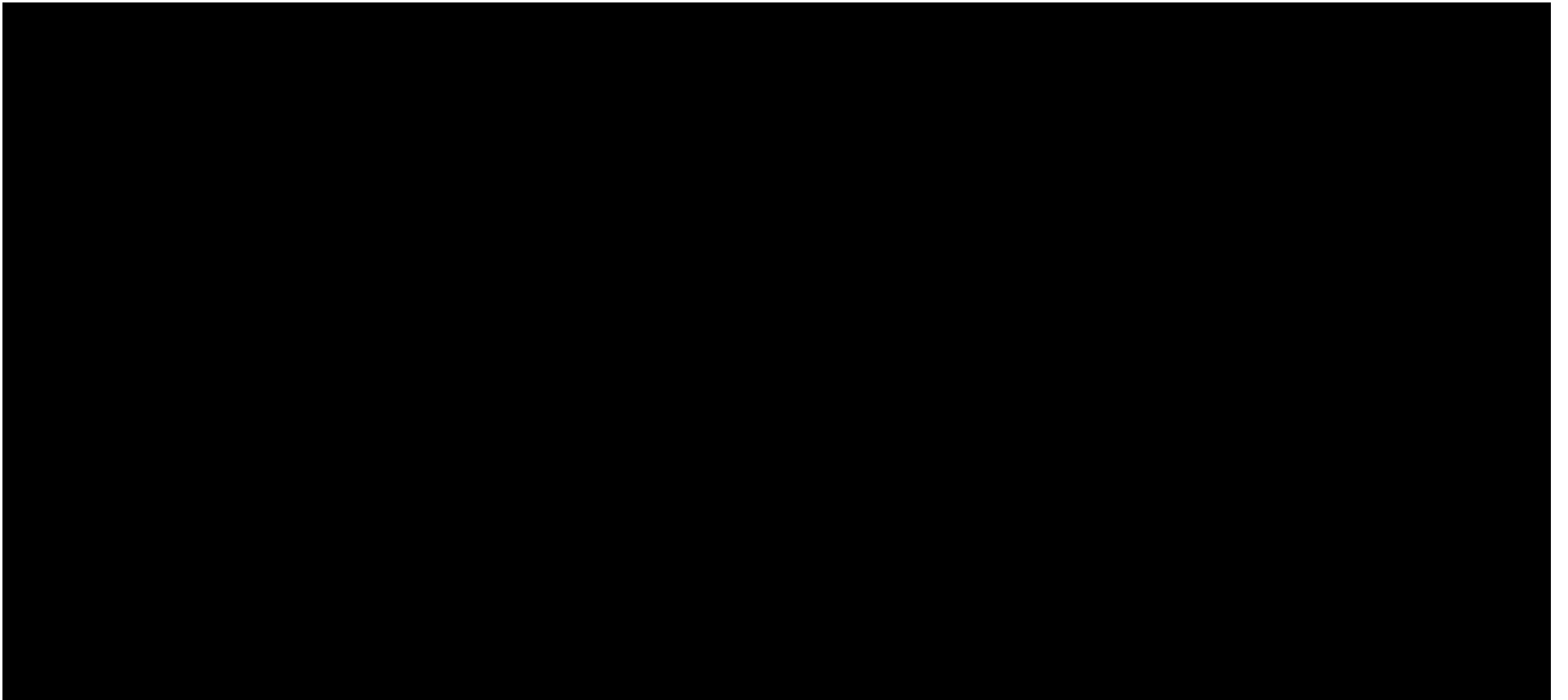


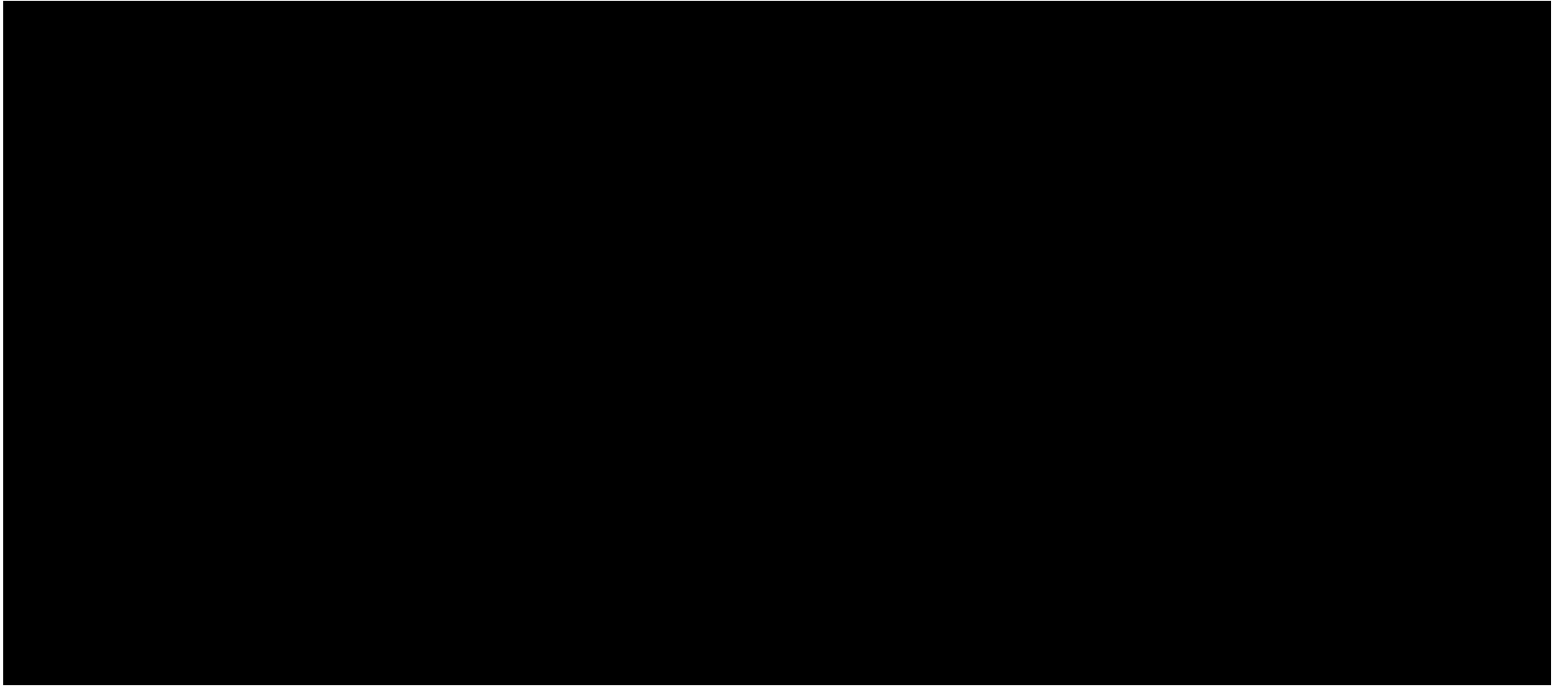


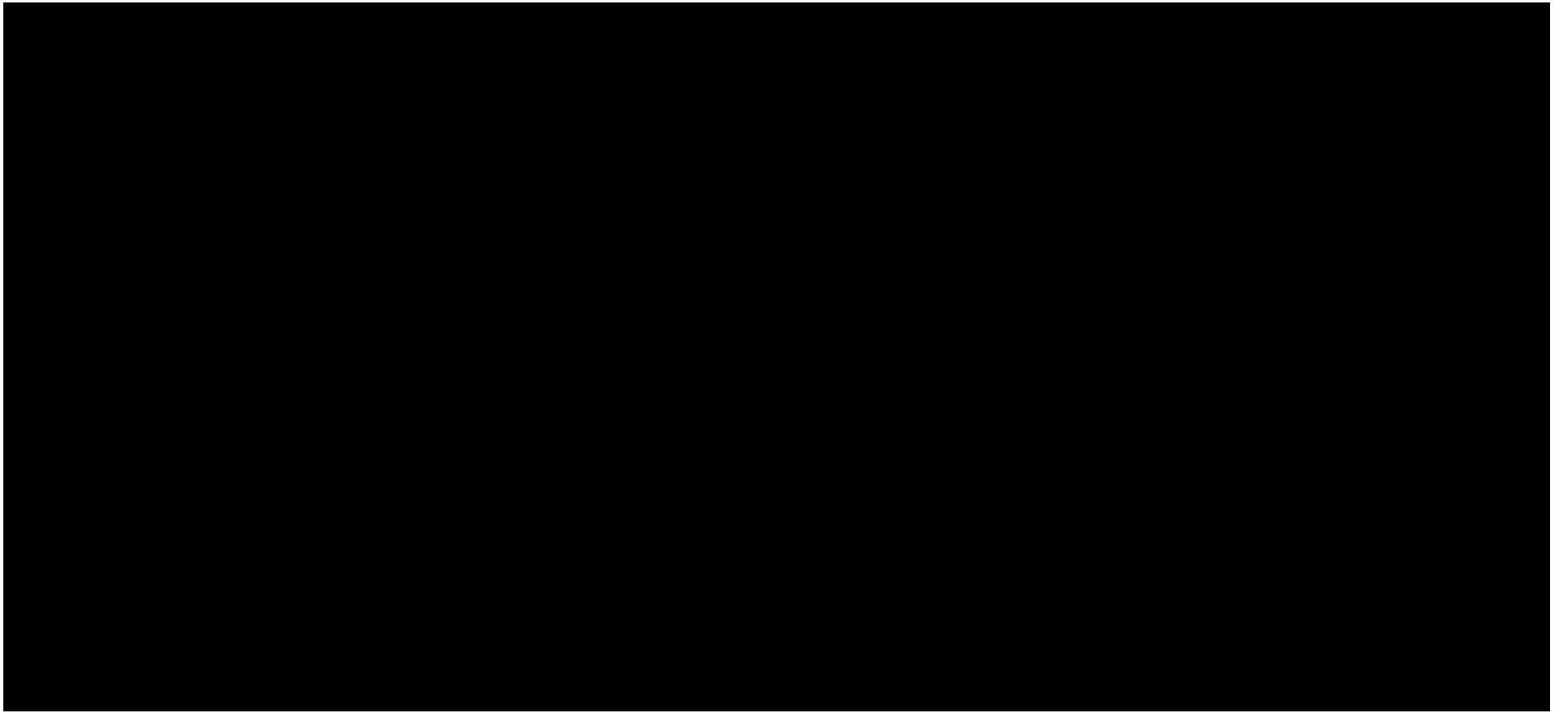


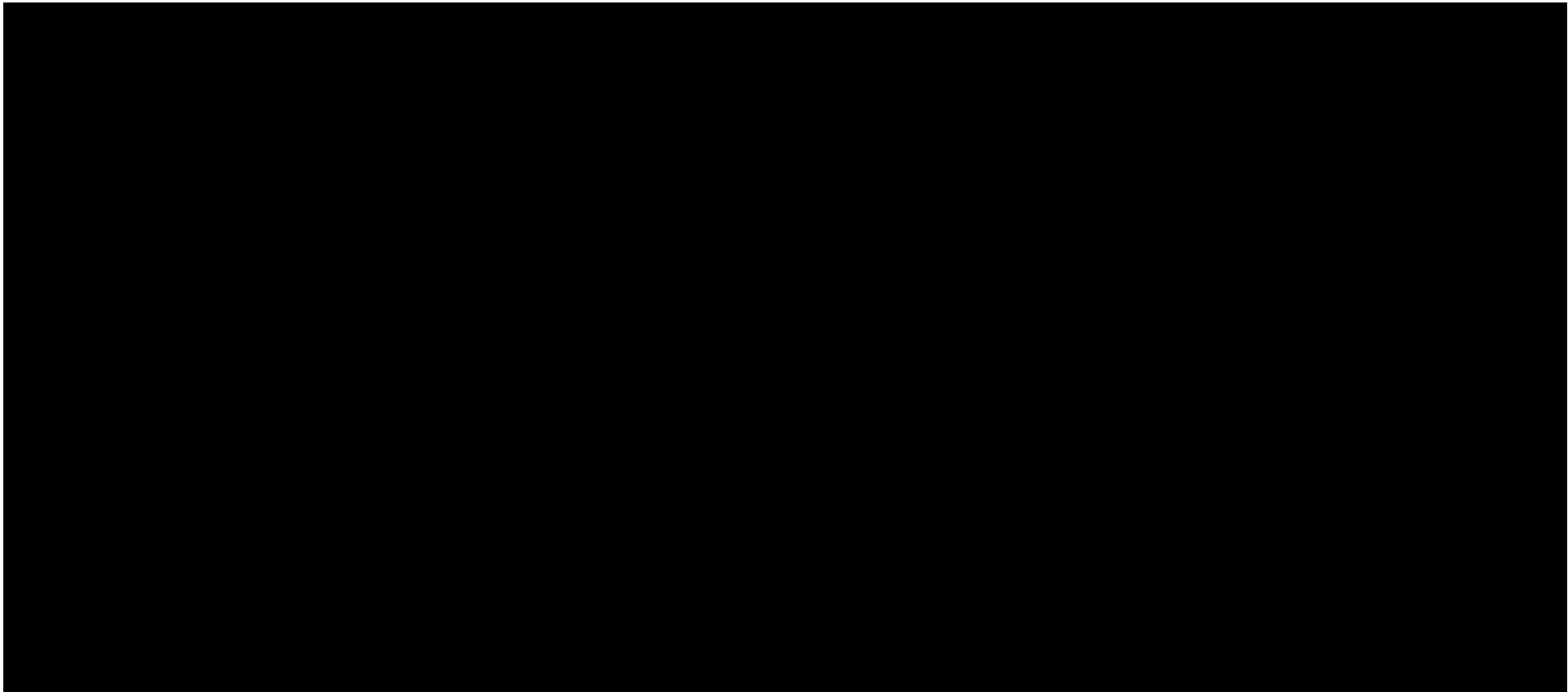




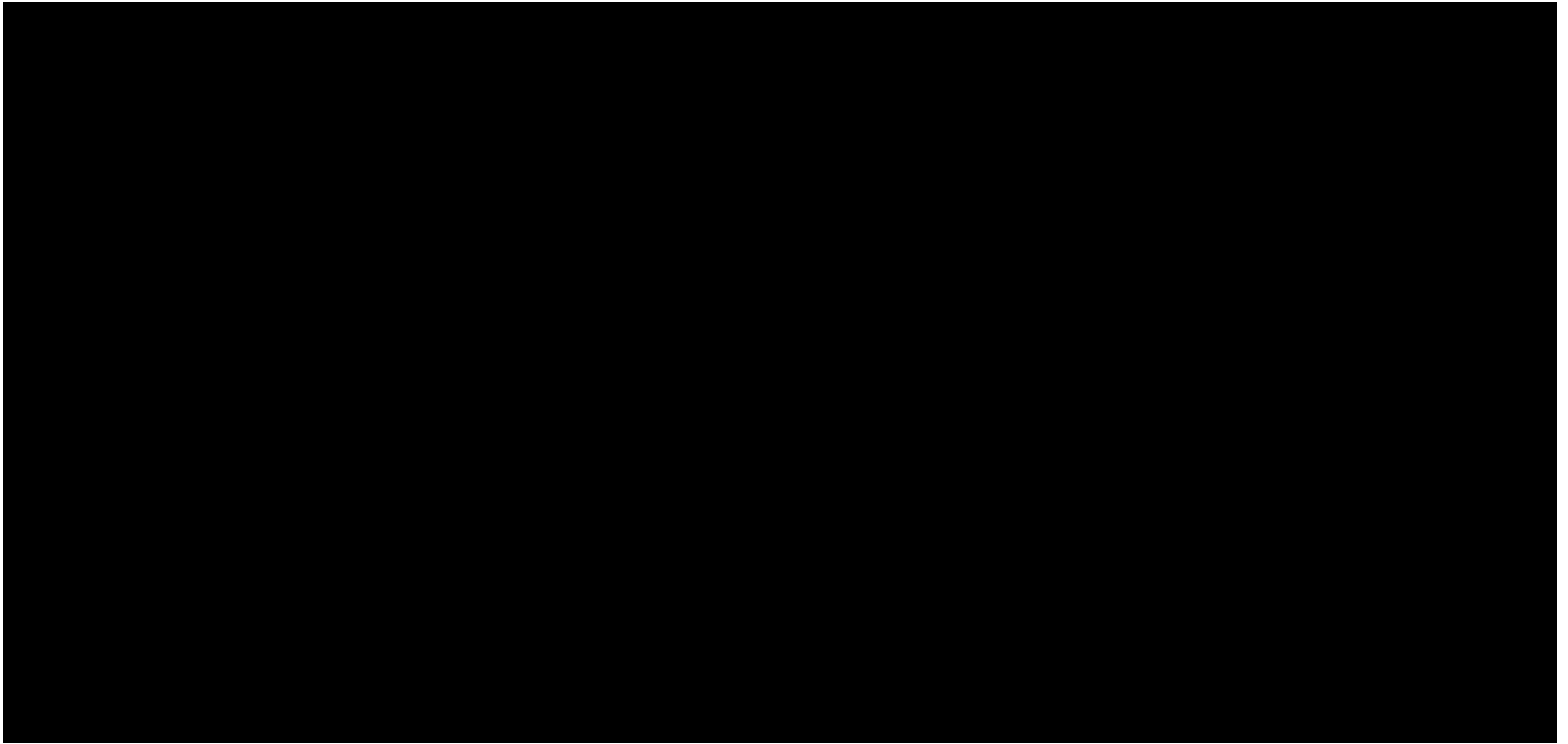


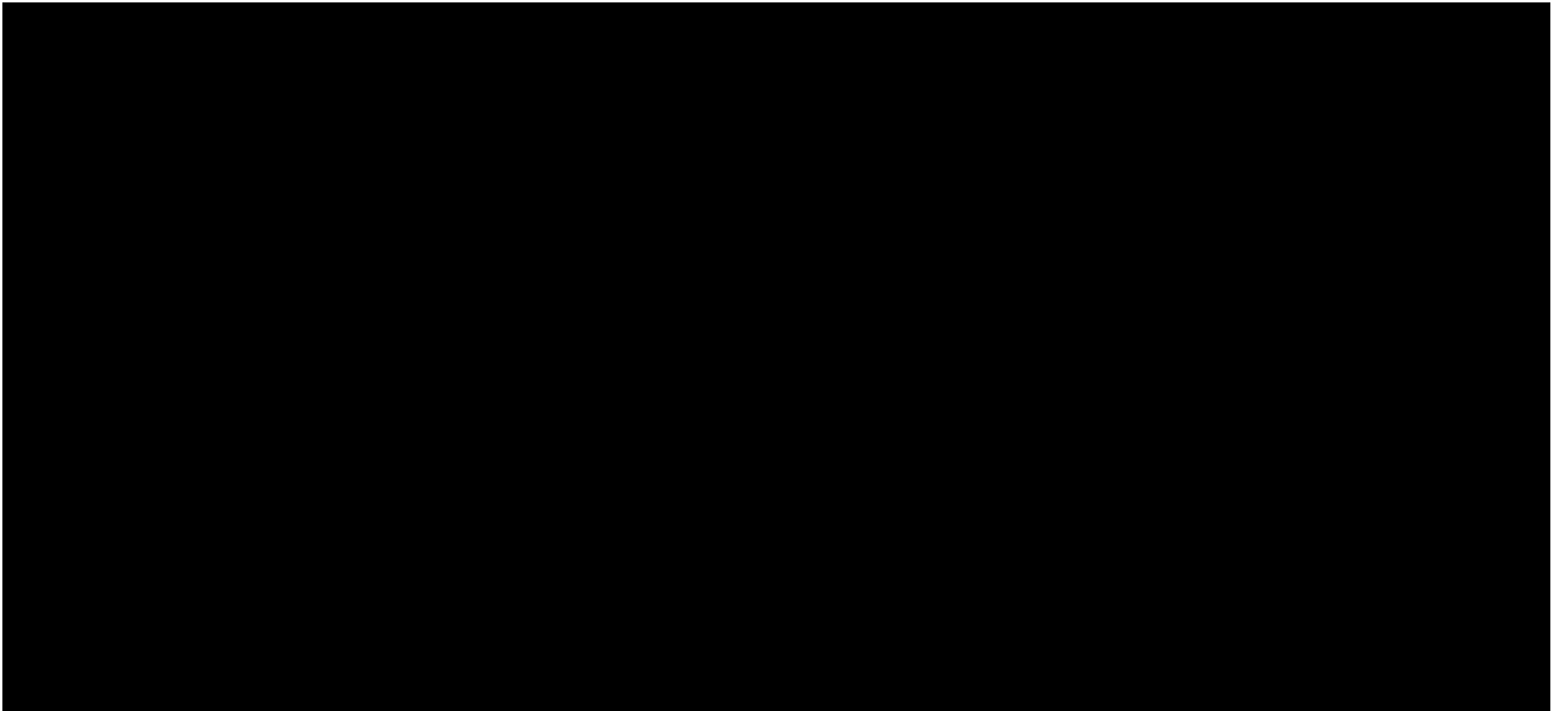


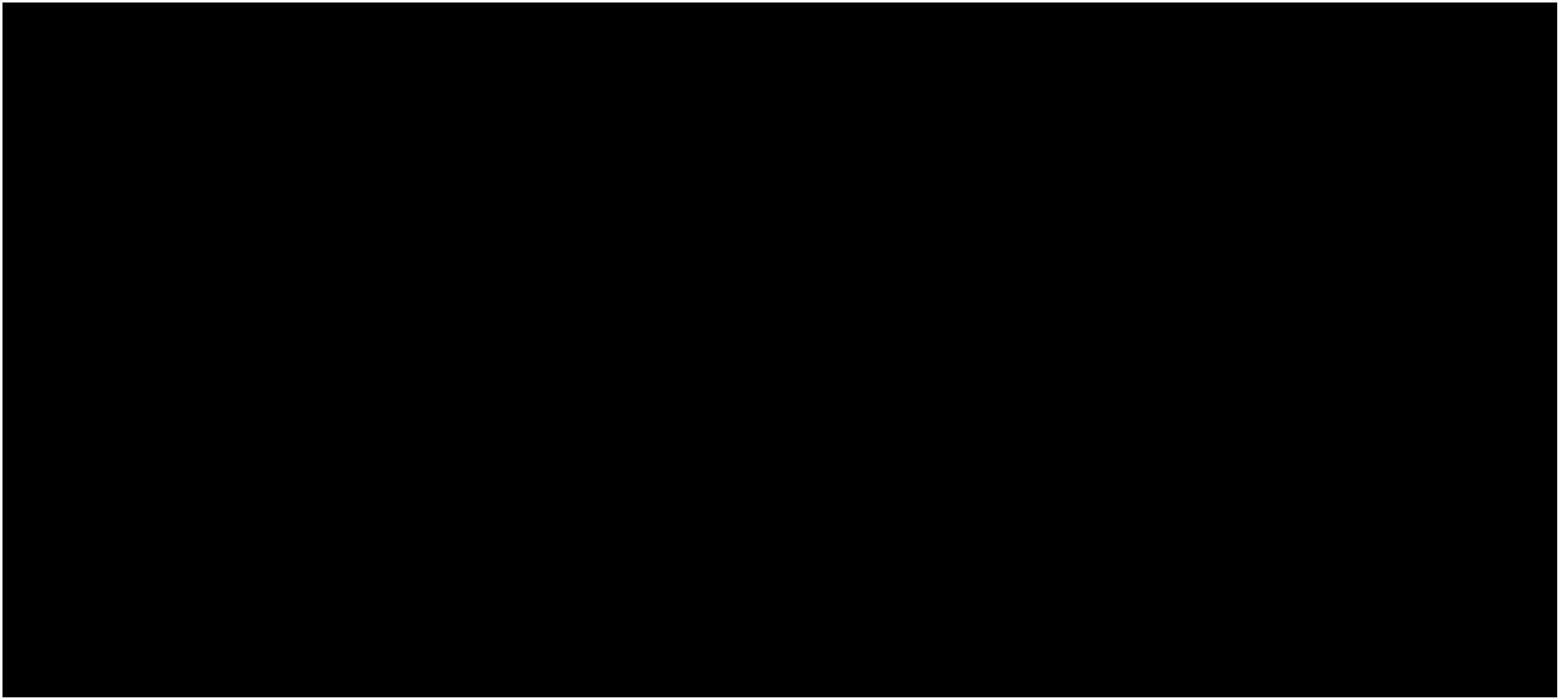


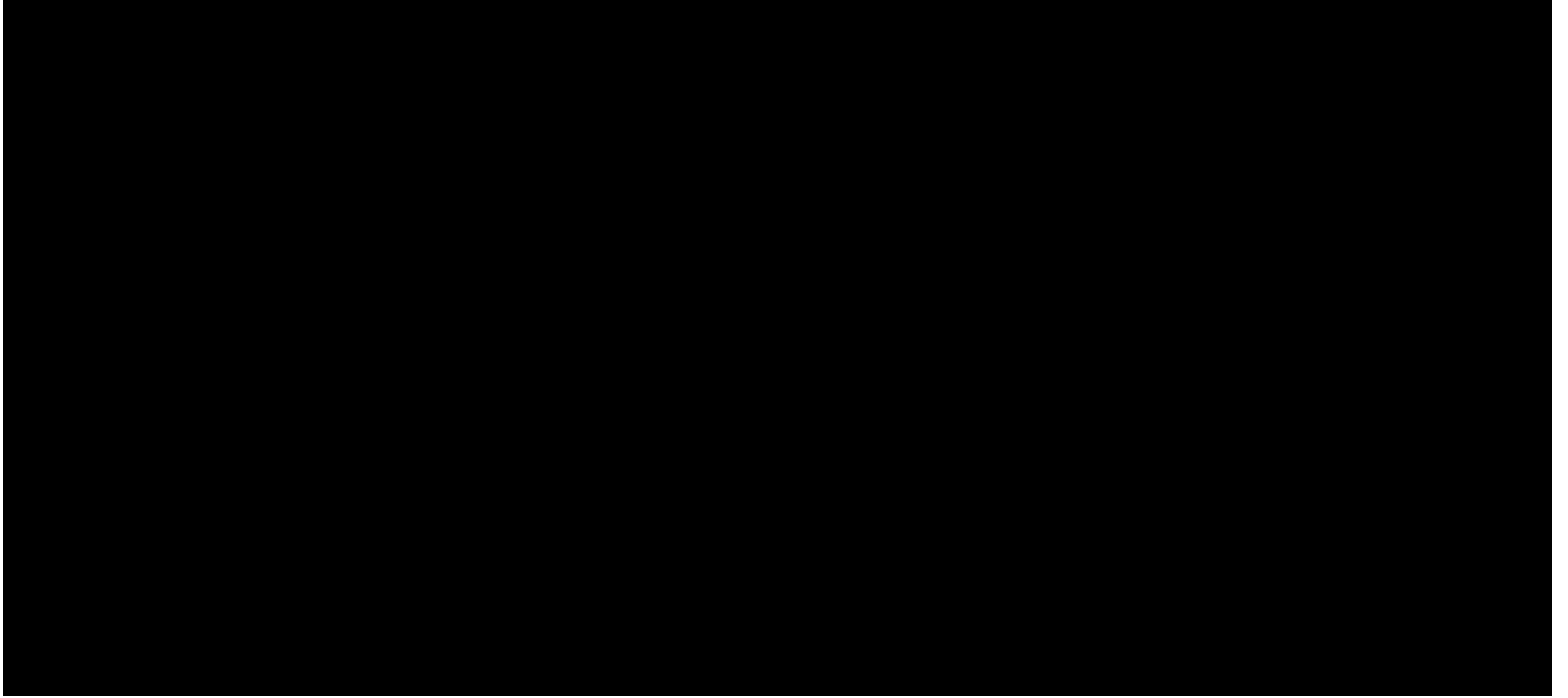


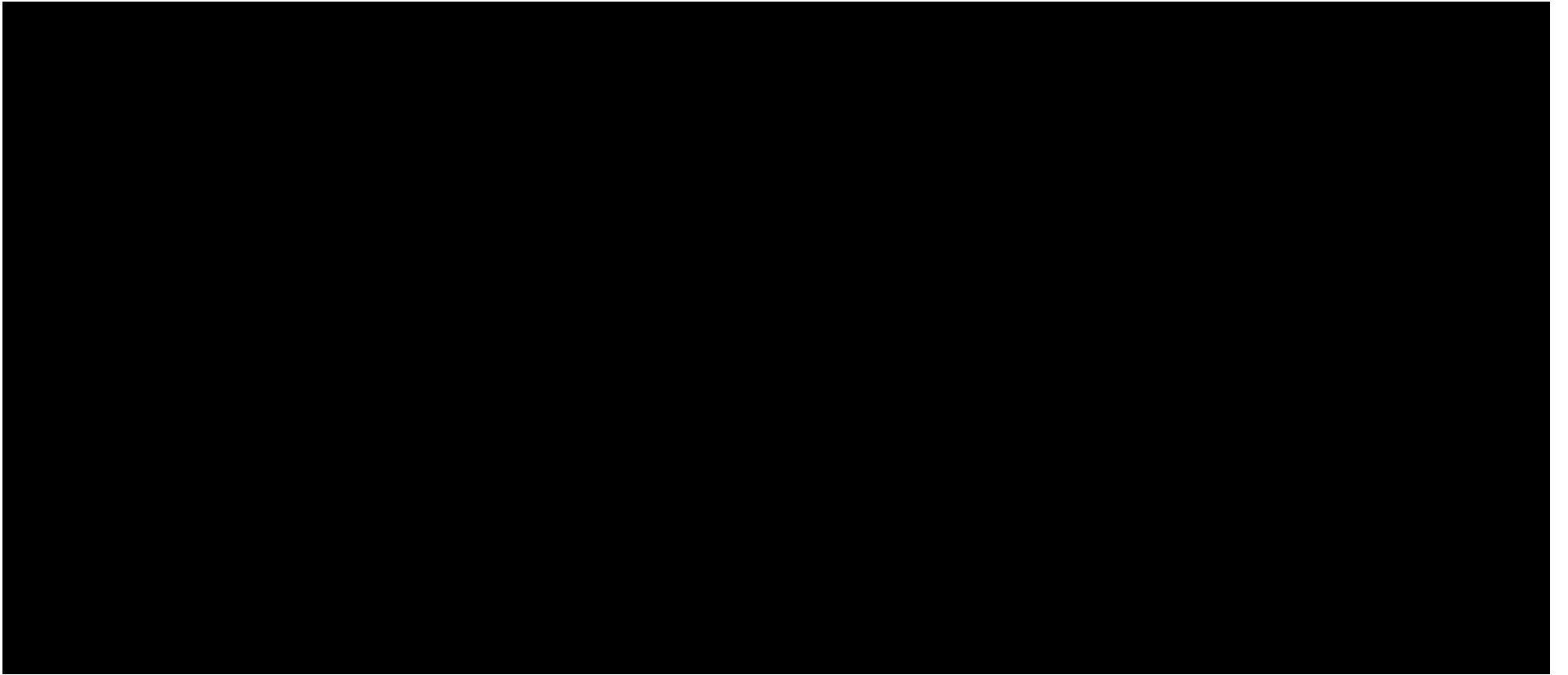






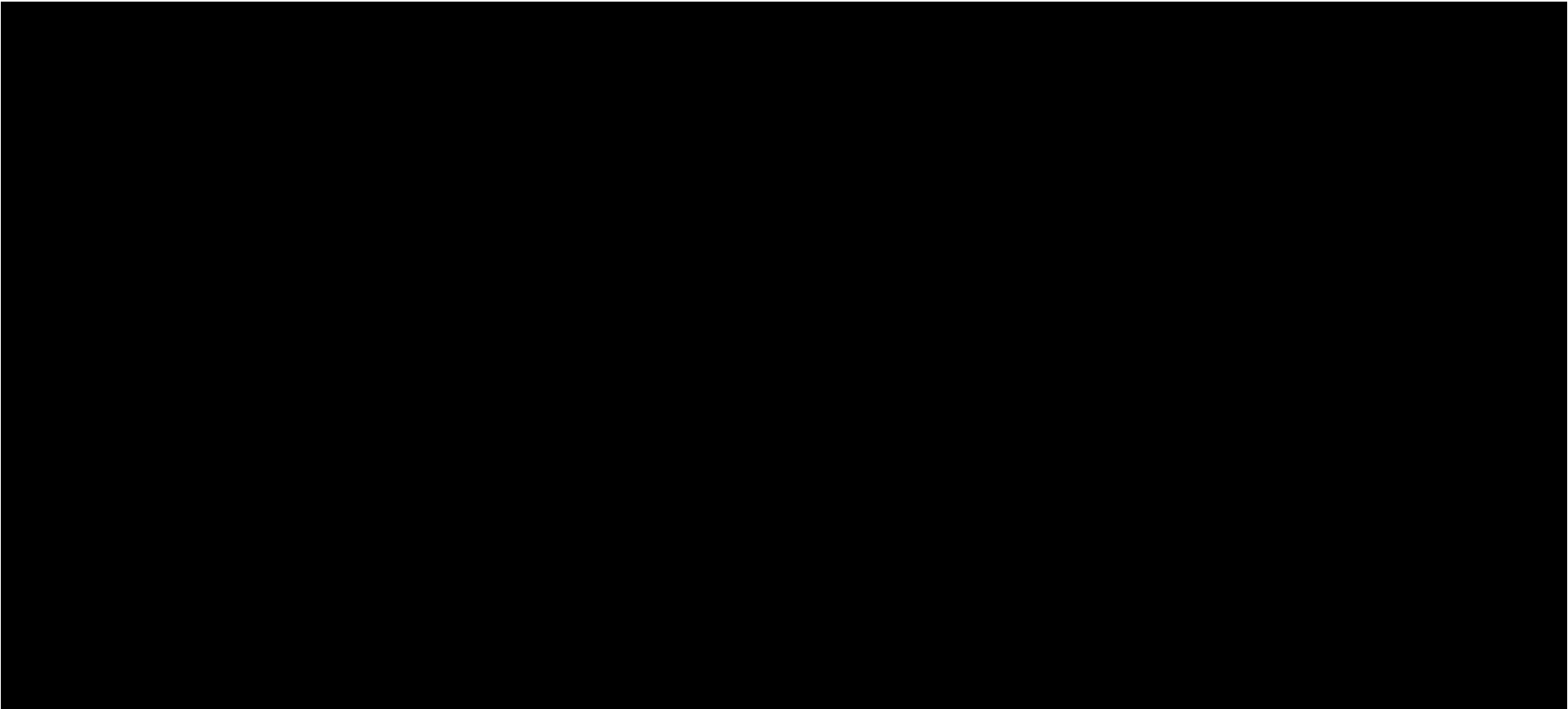


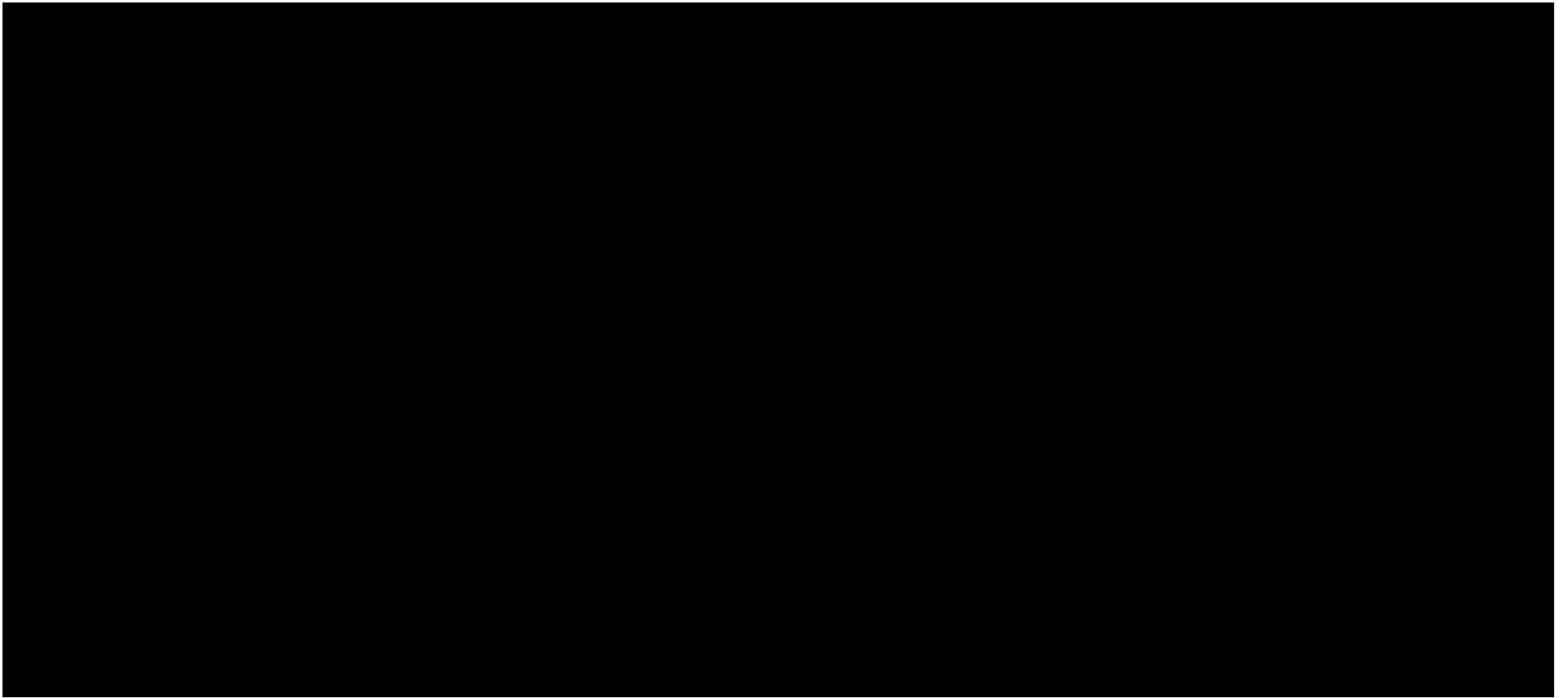


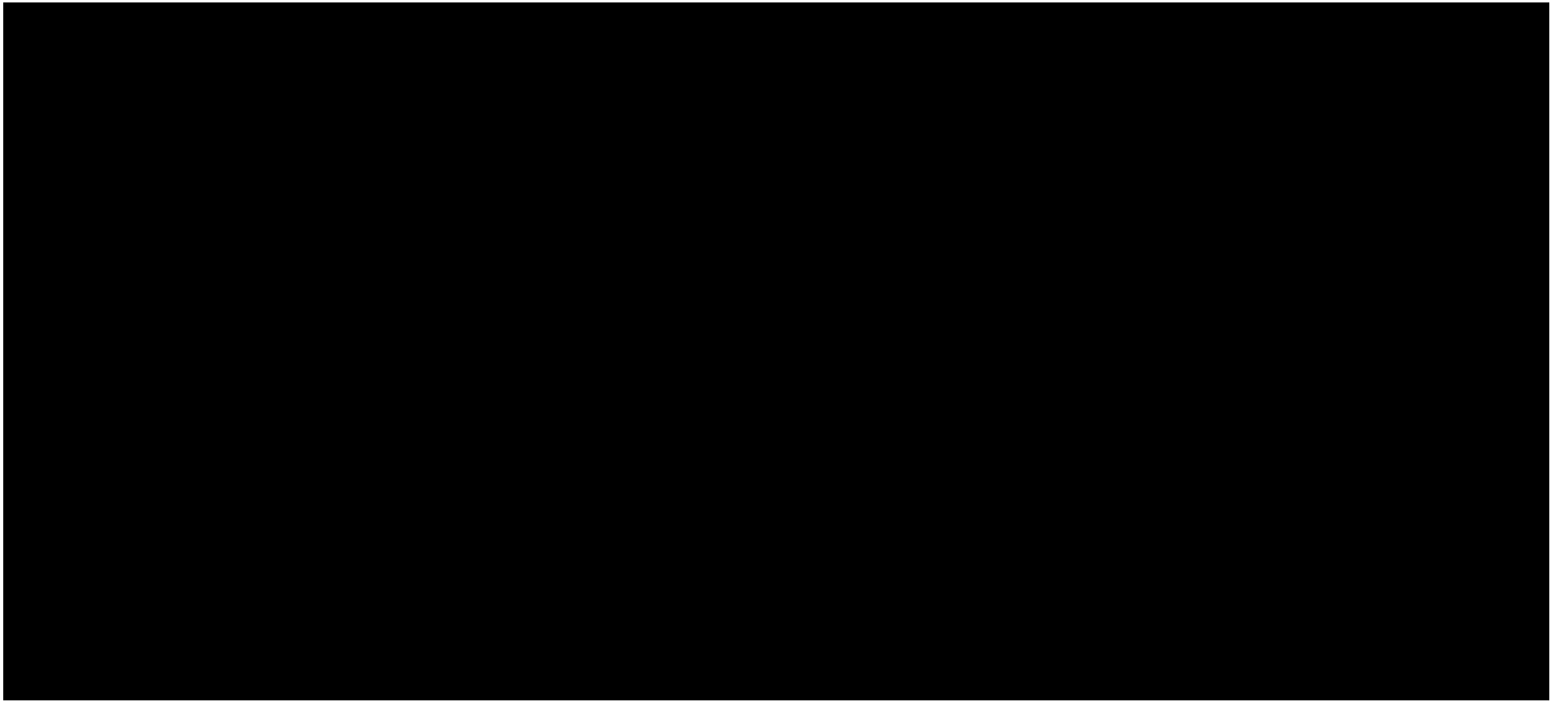


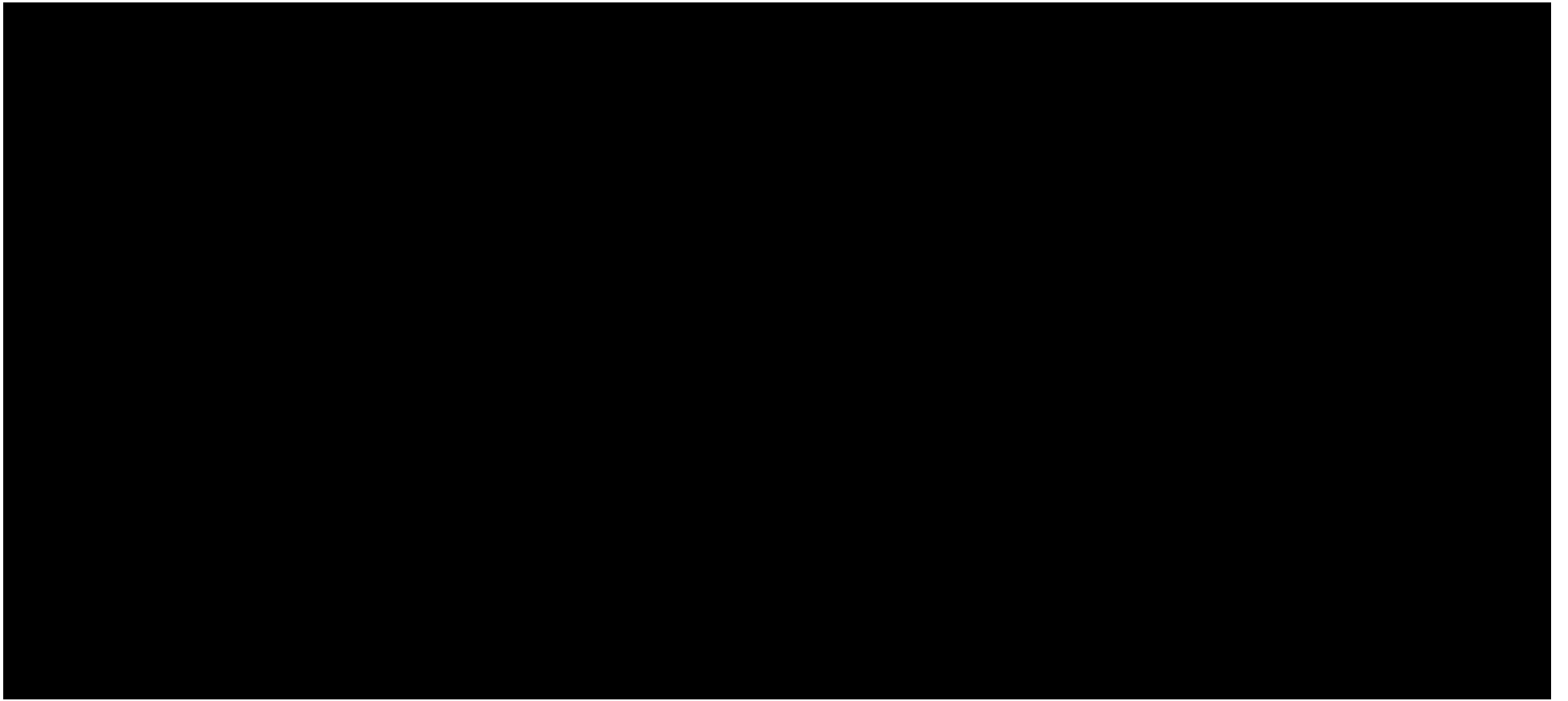


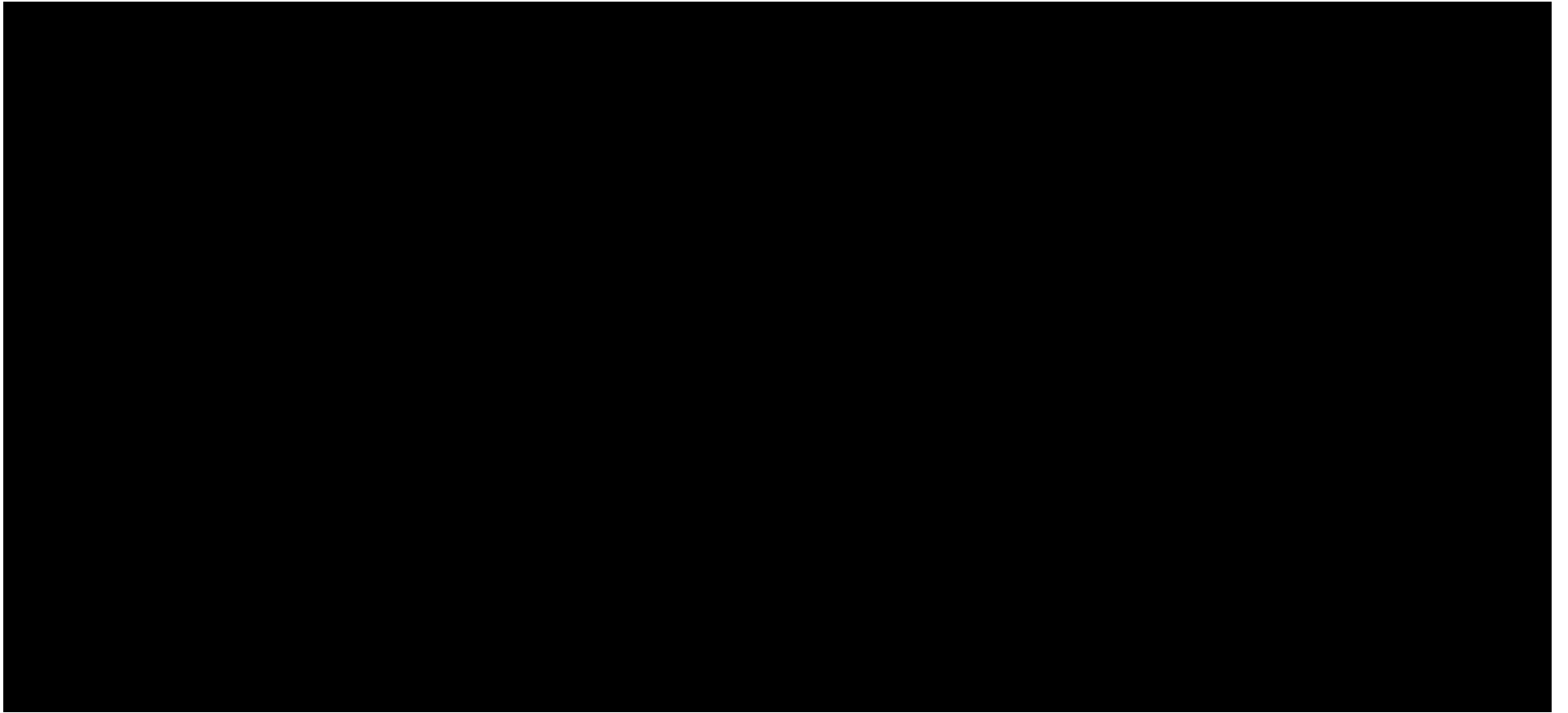


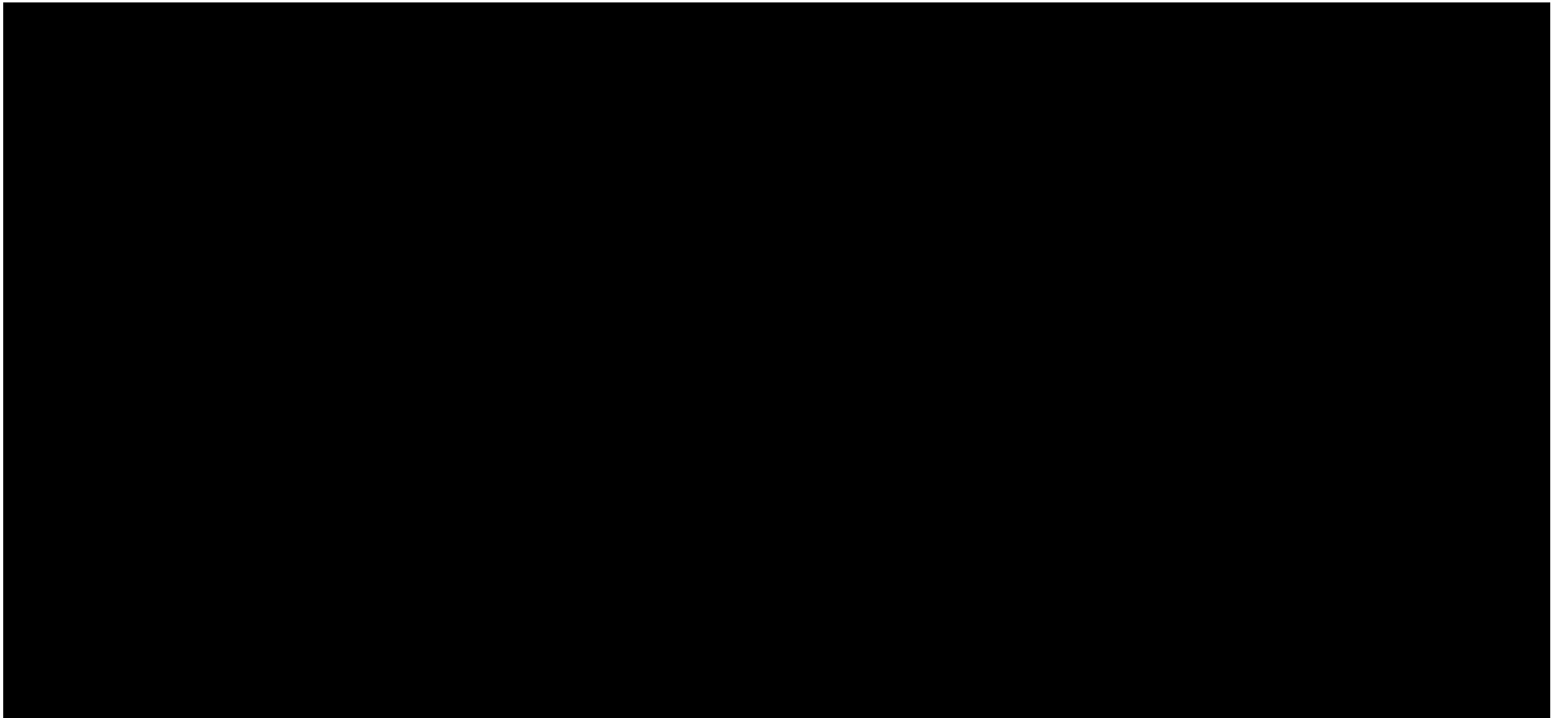


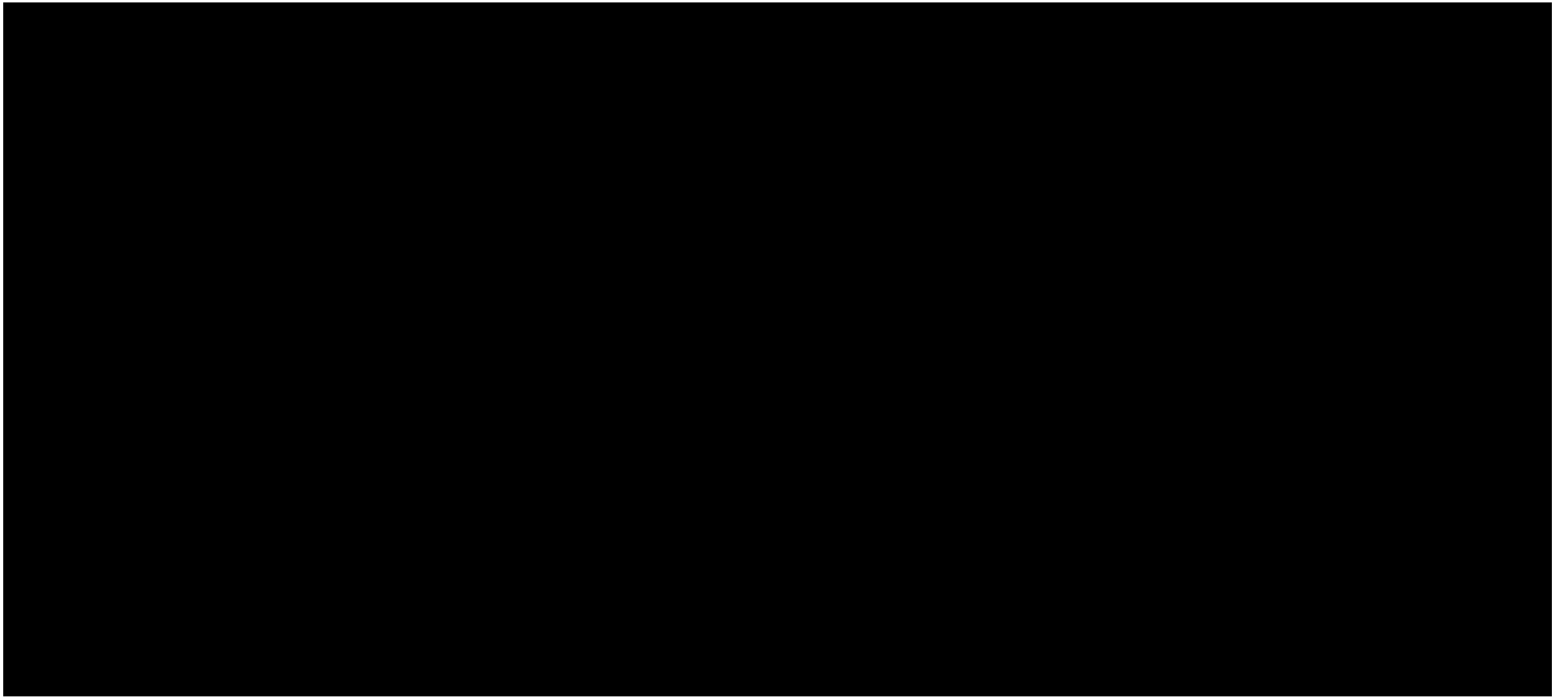


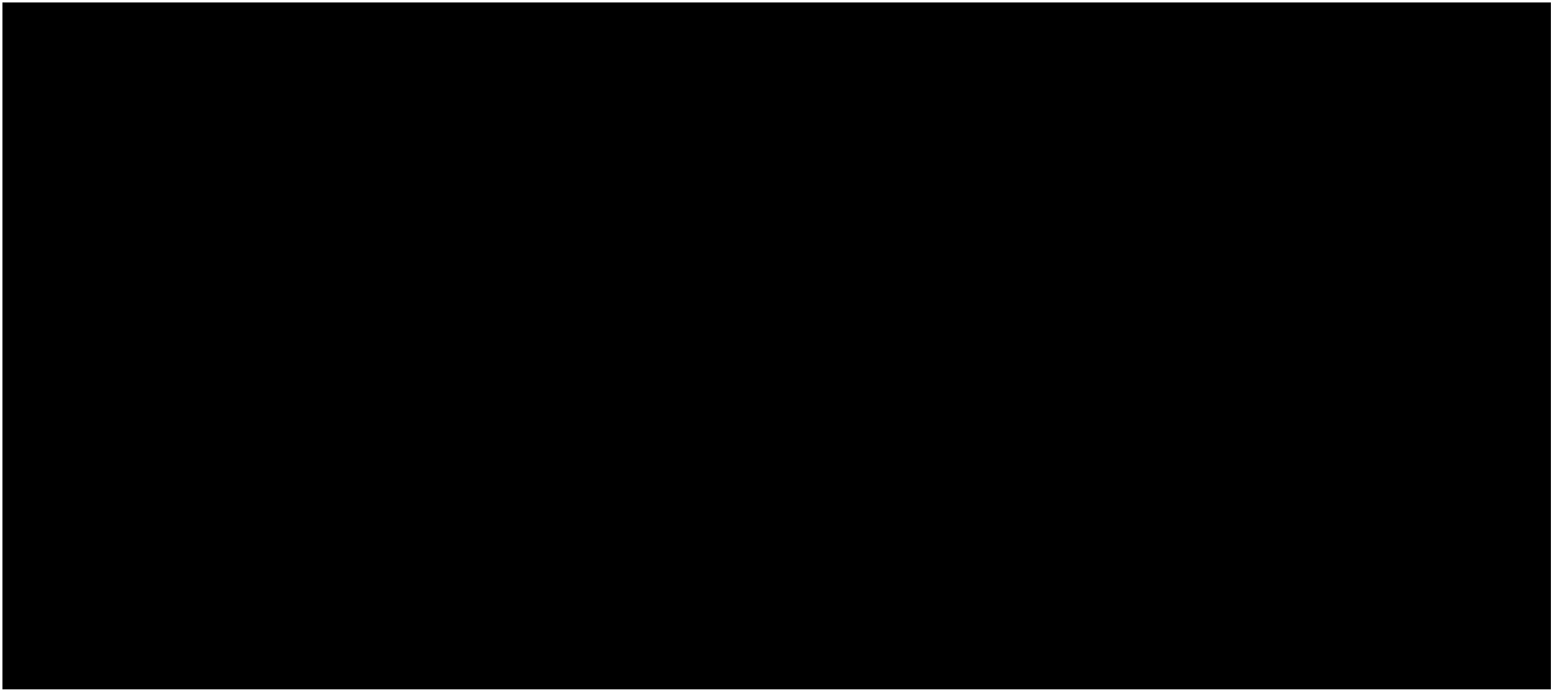


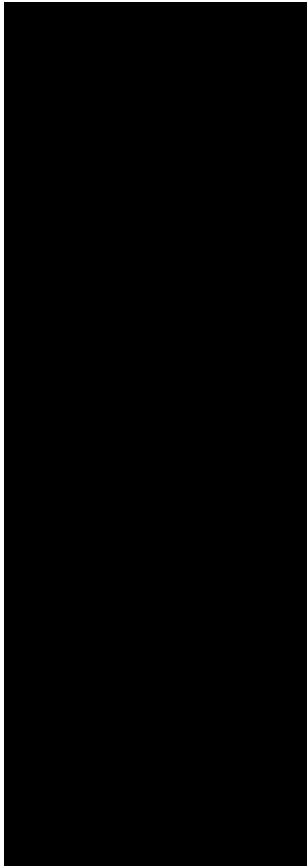


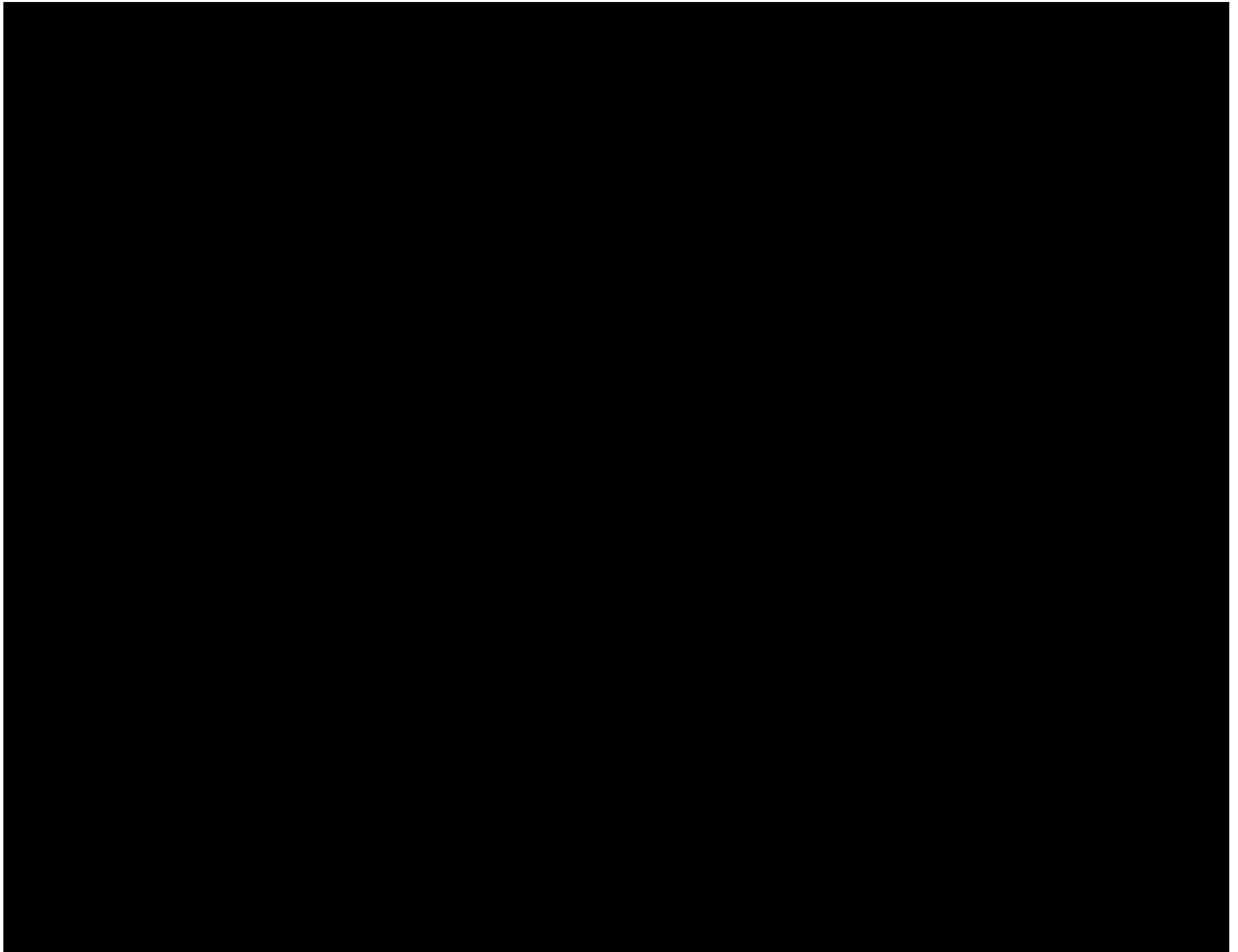


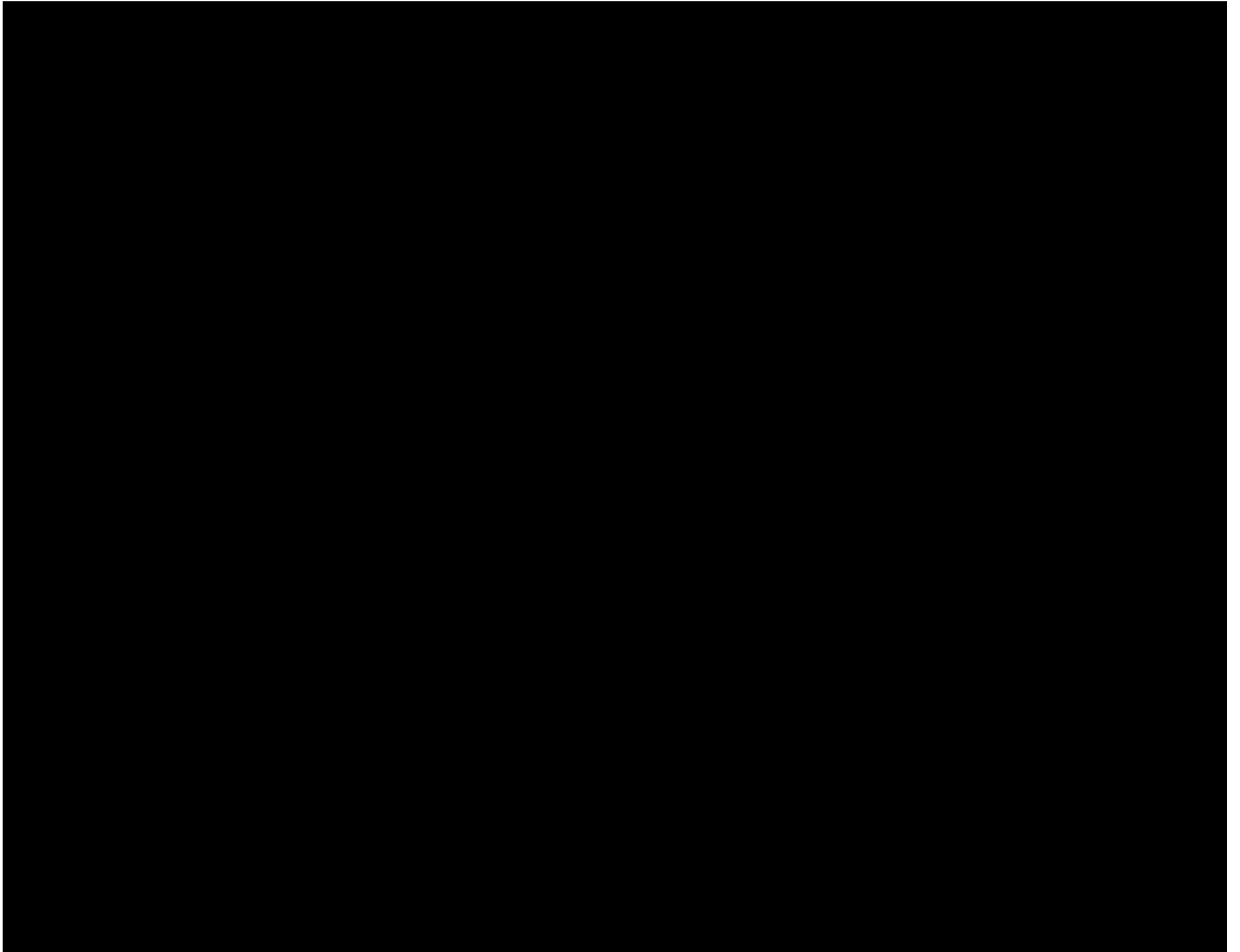


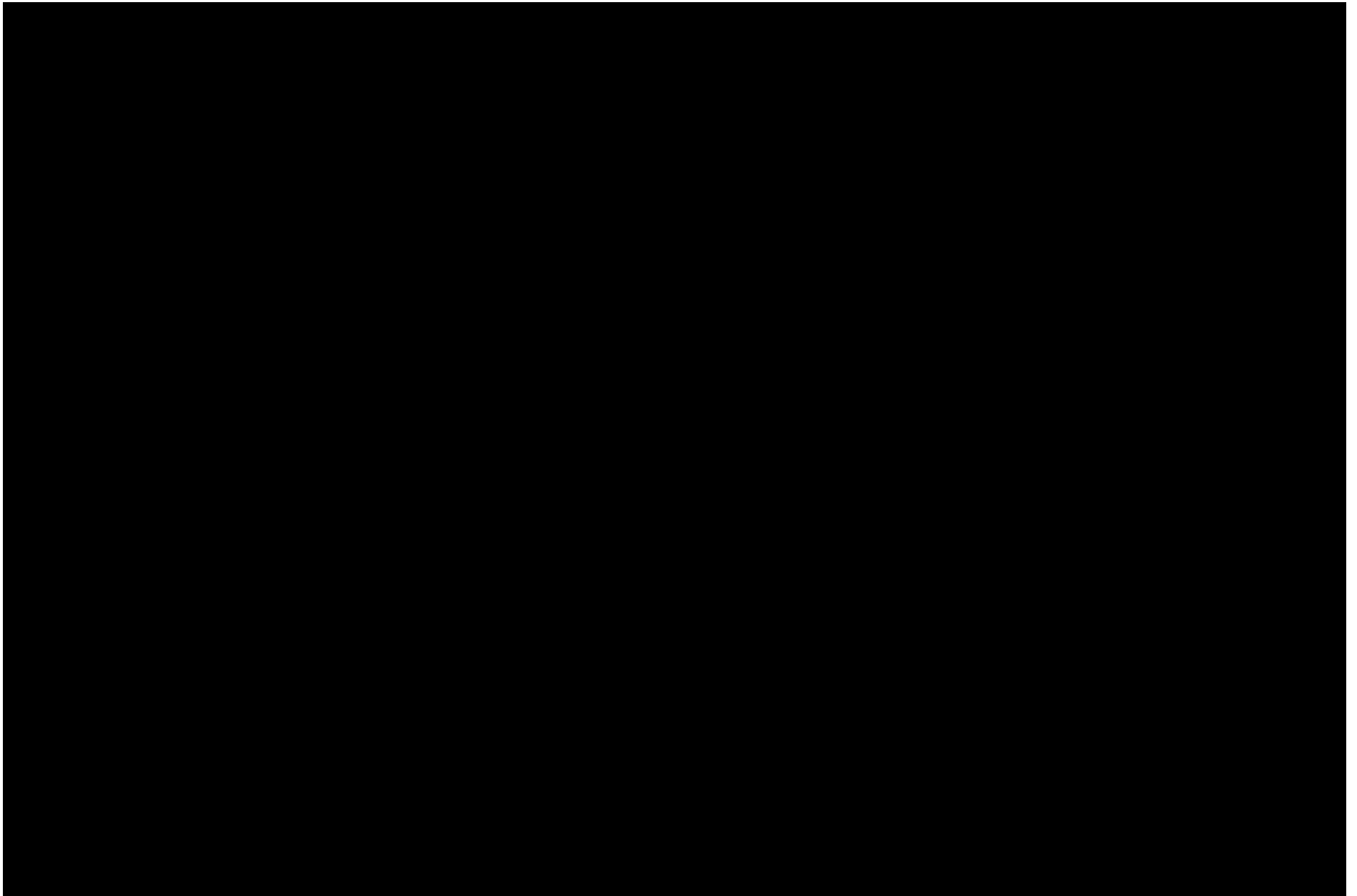








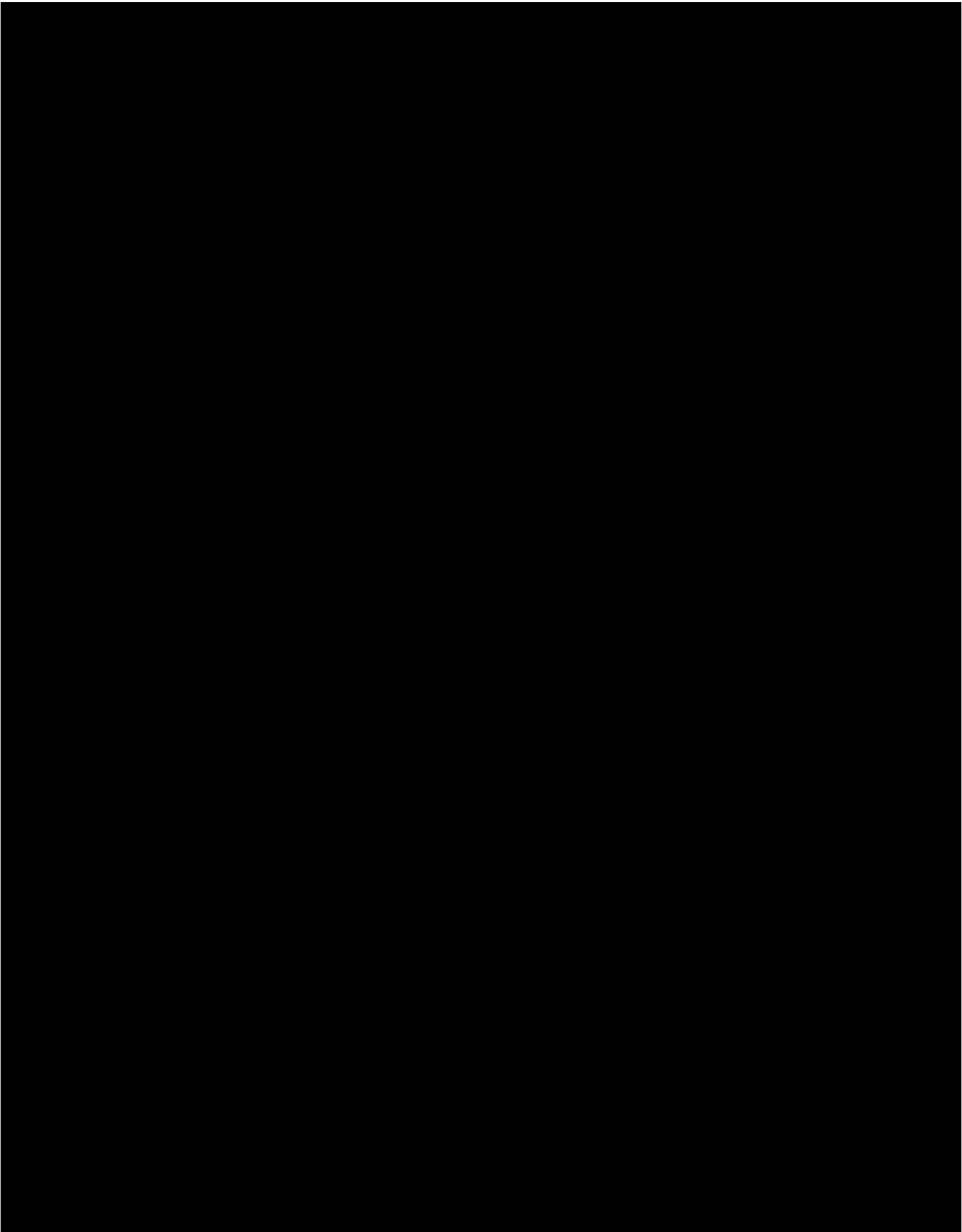


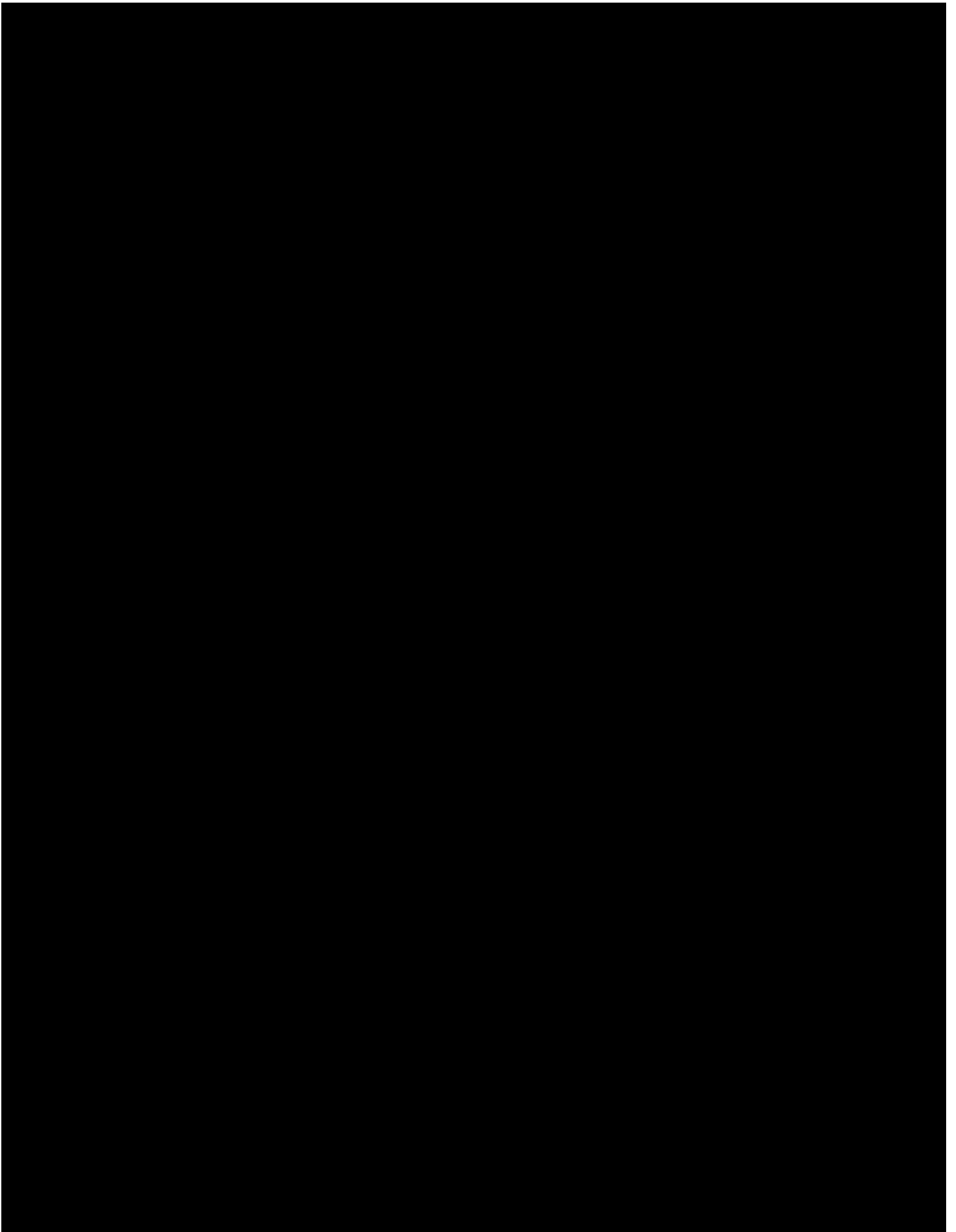


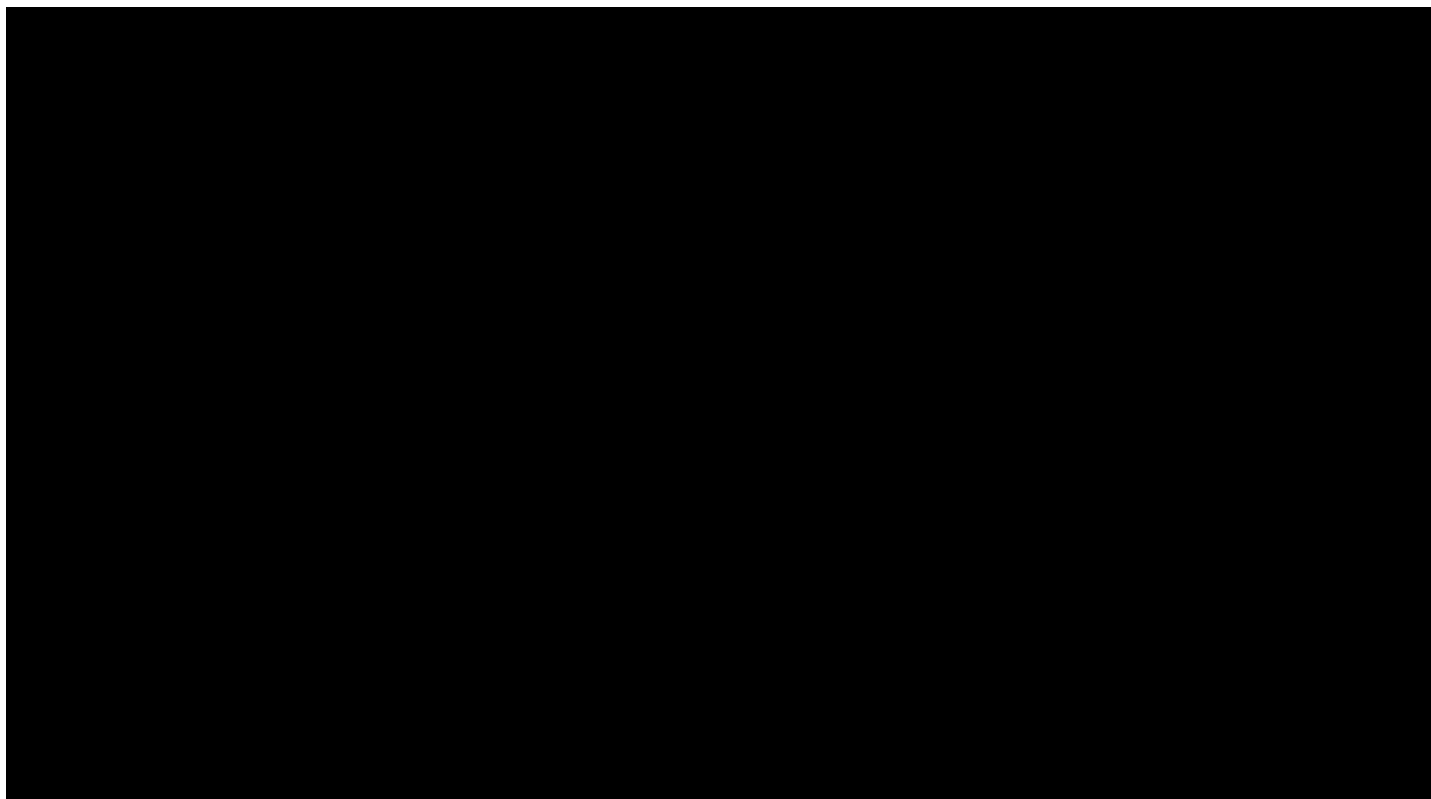
**Exhibit "N" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

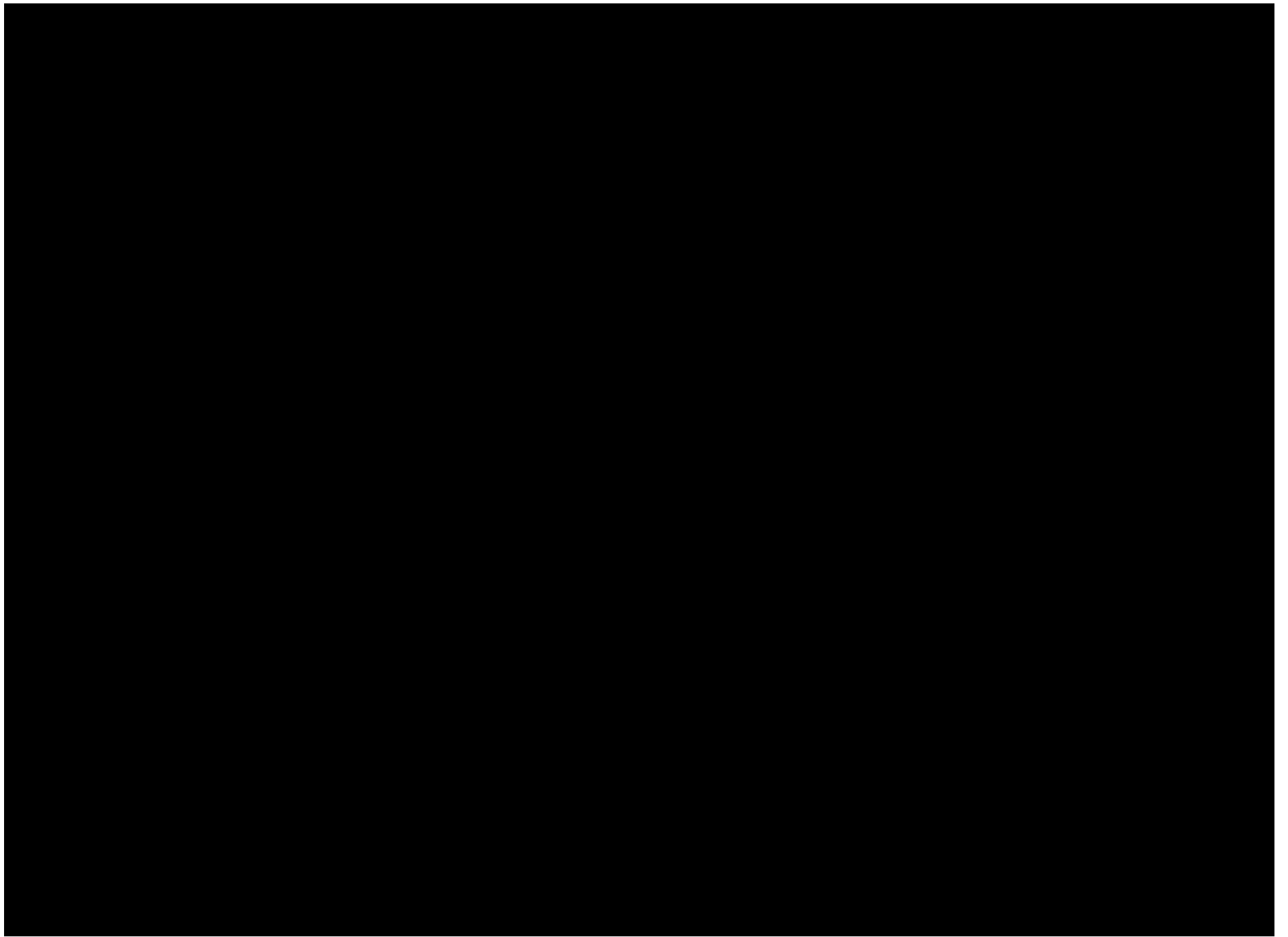
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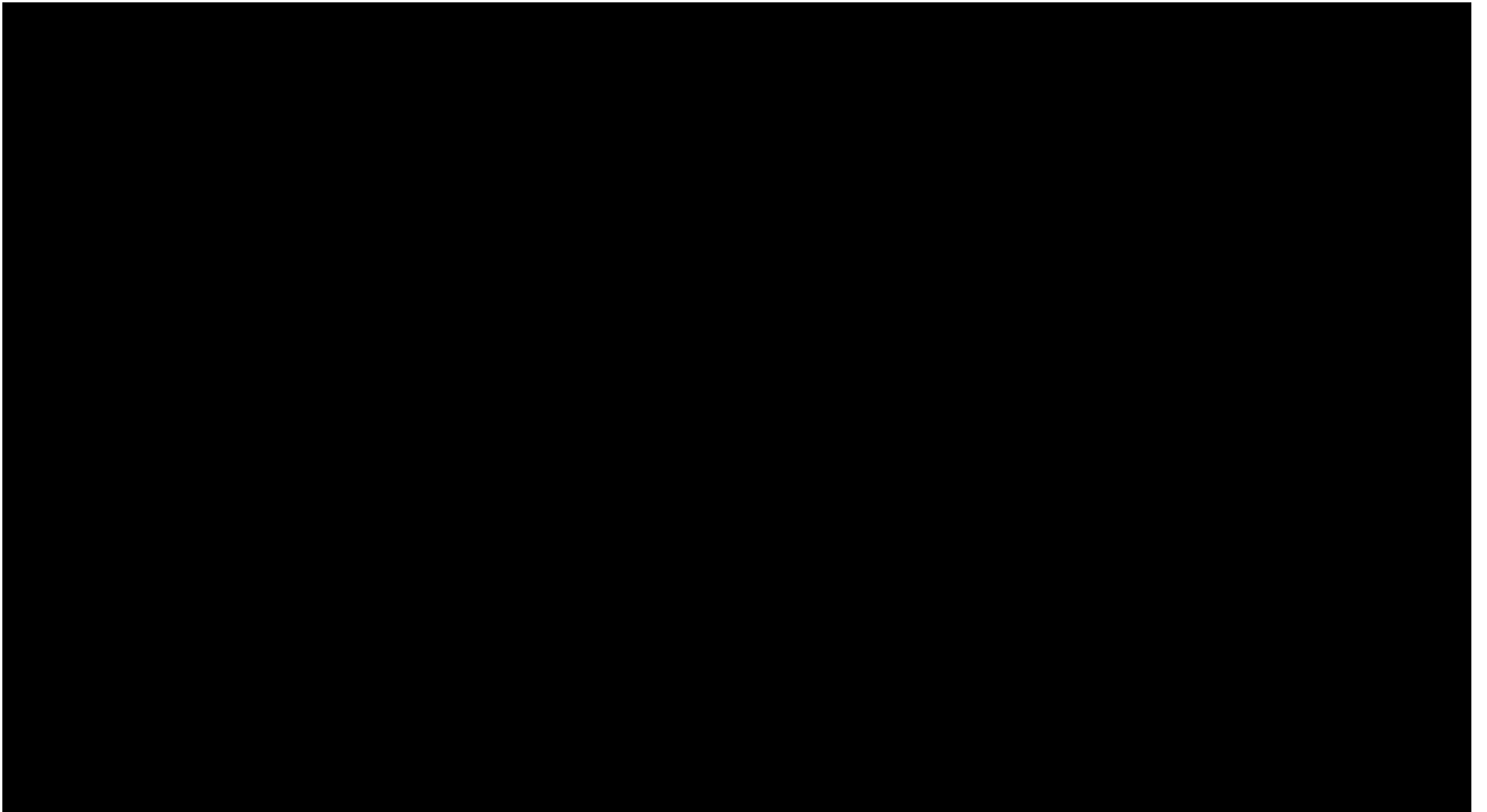
TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

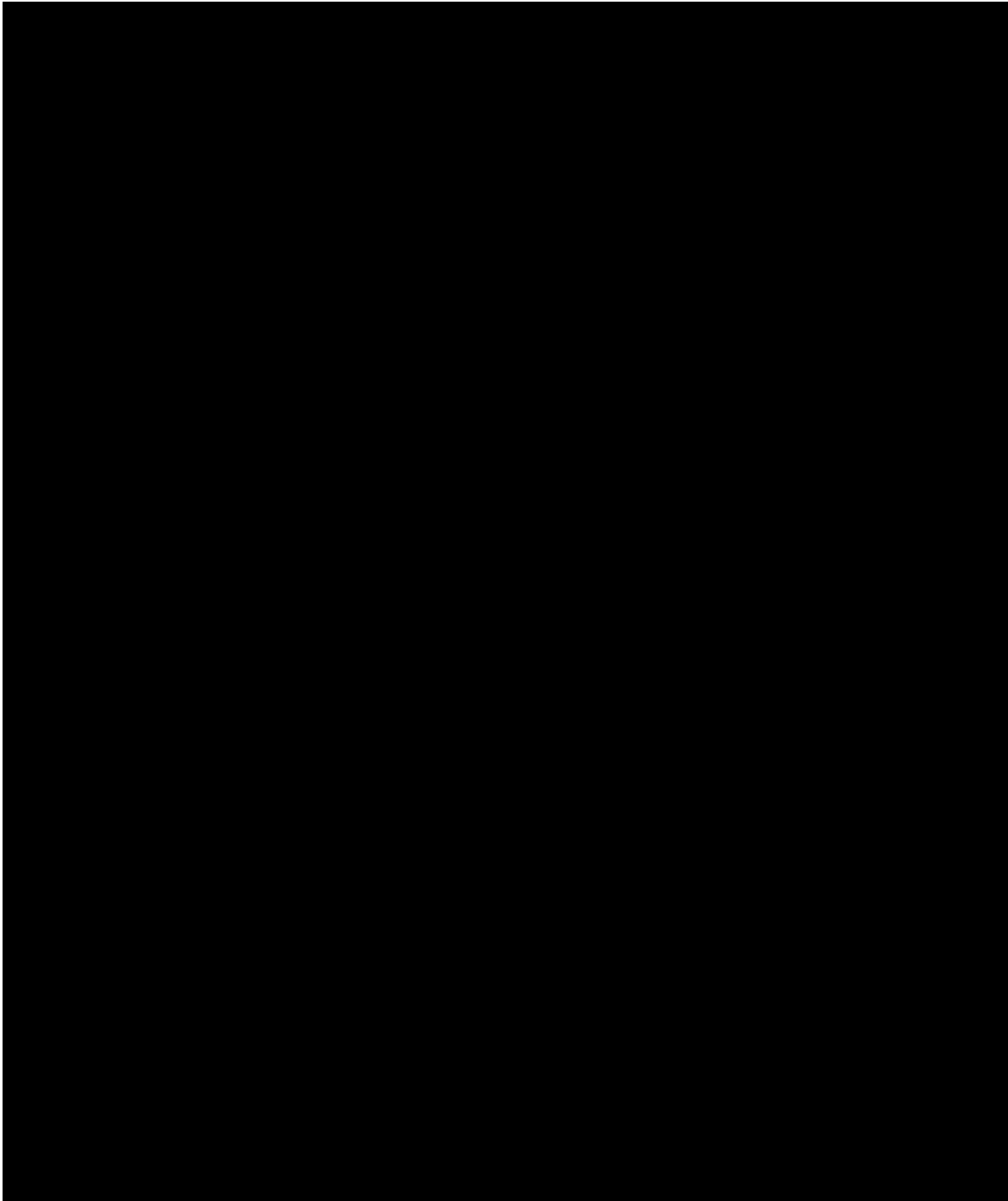




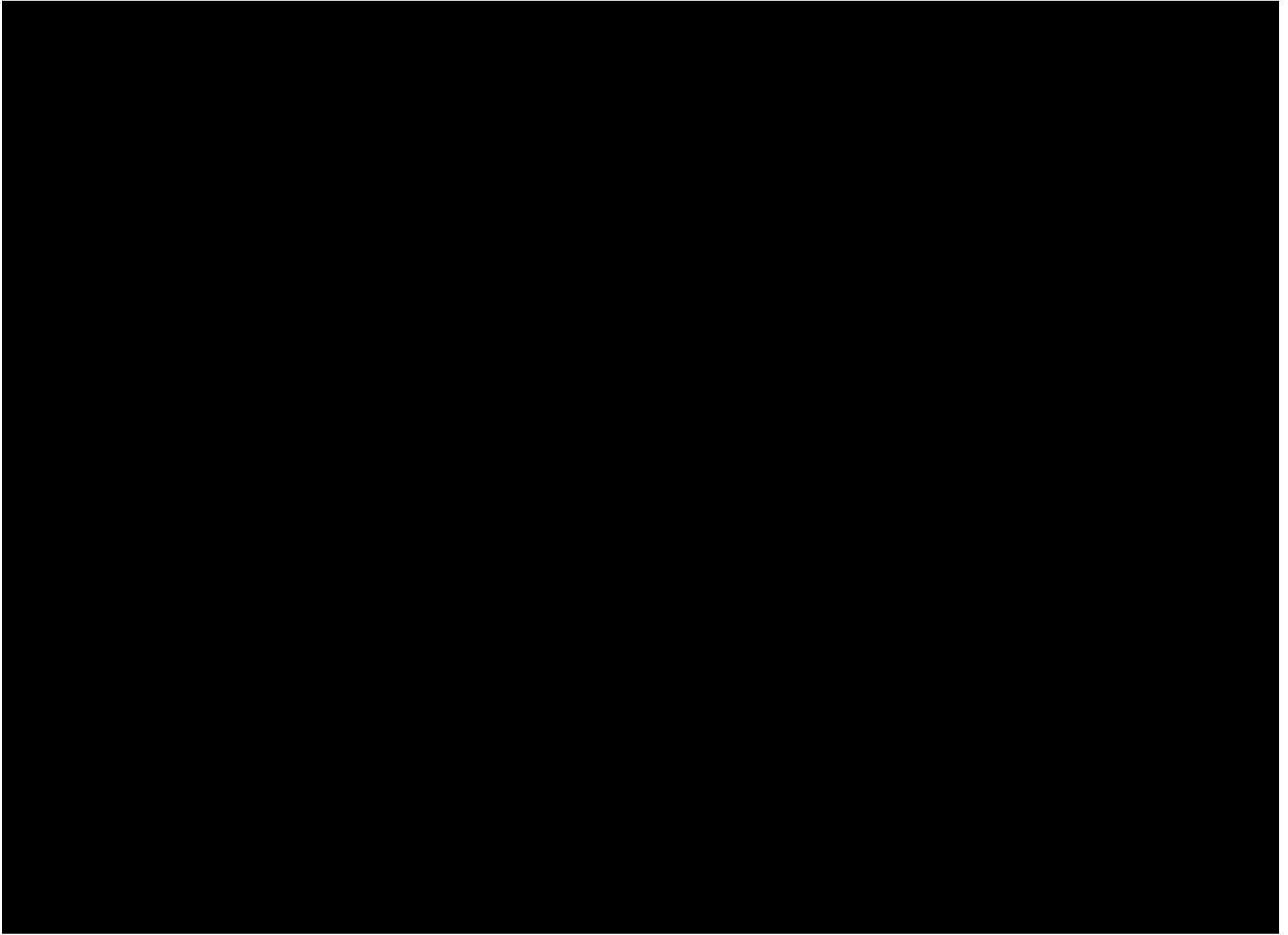


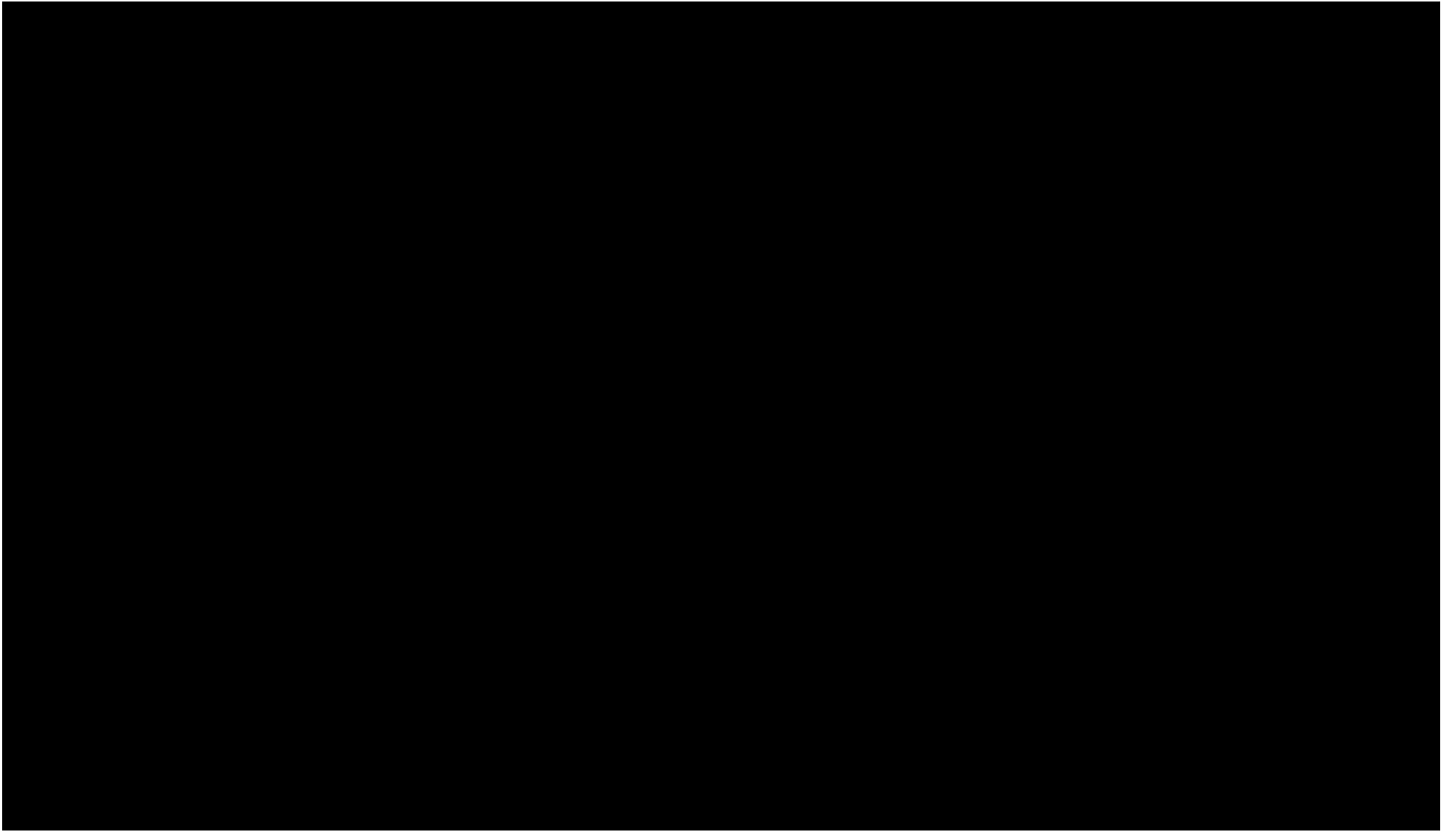


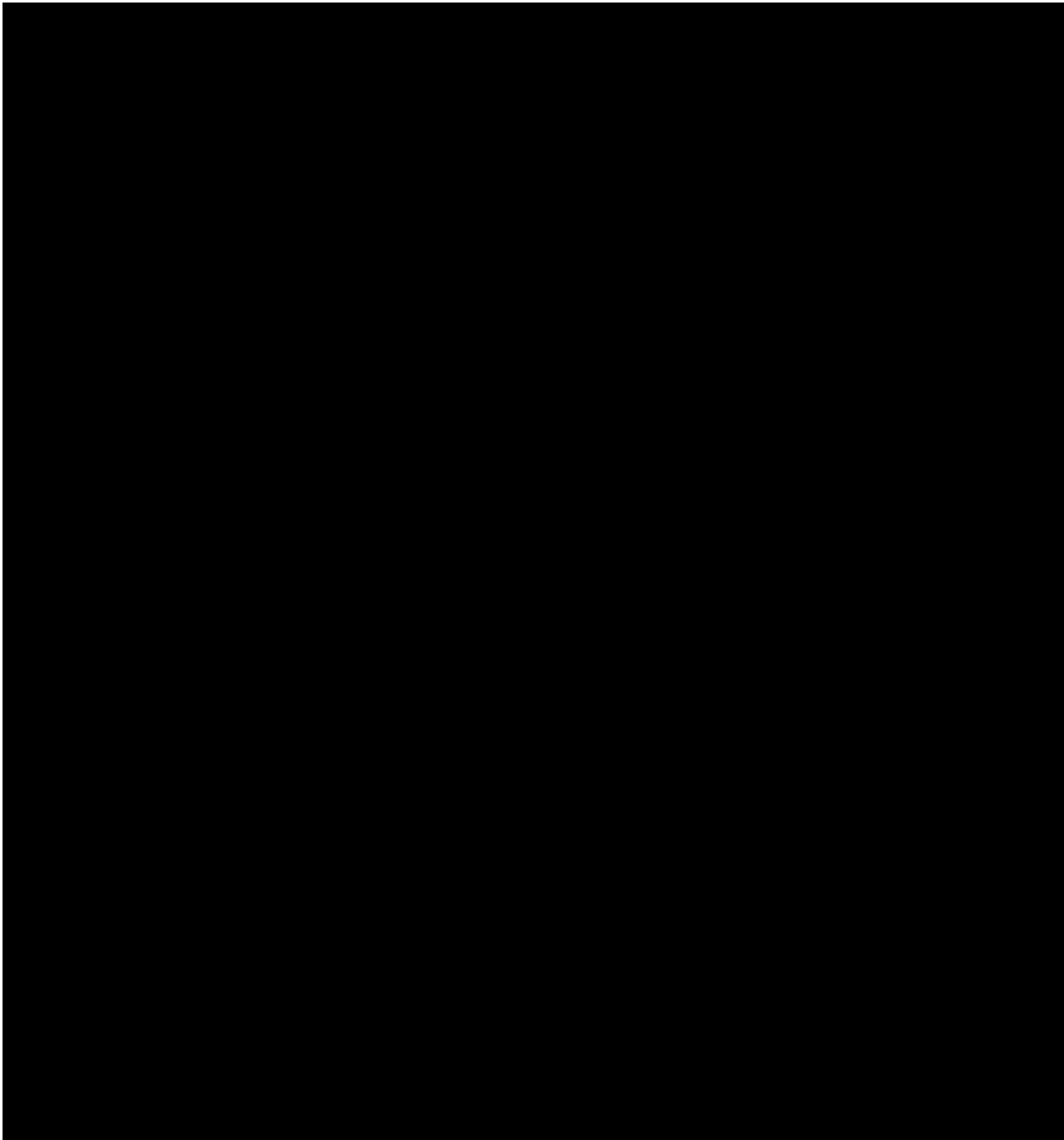


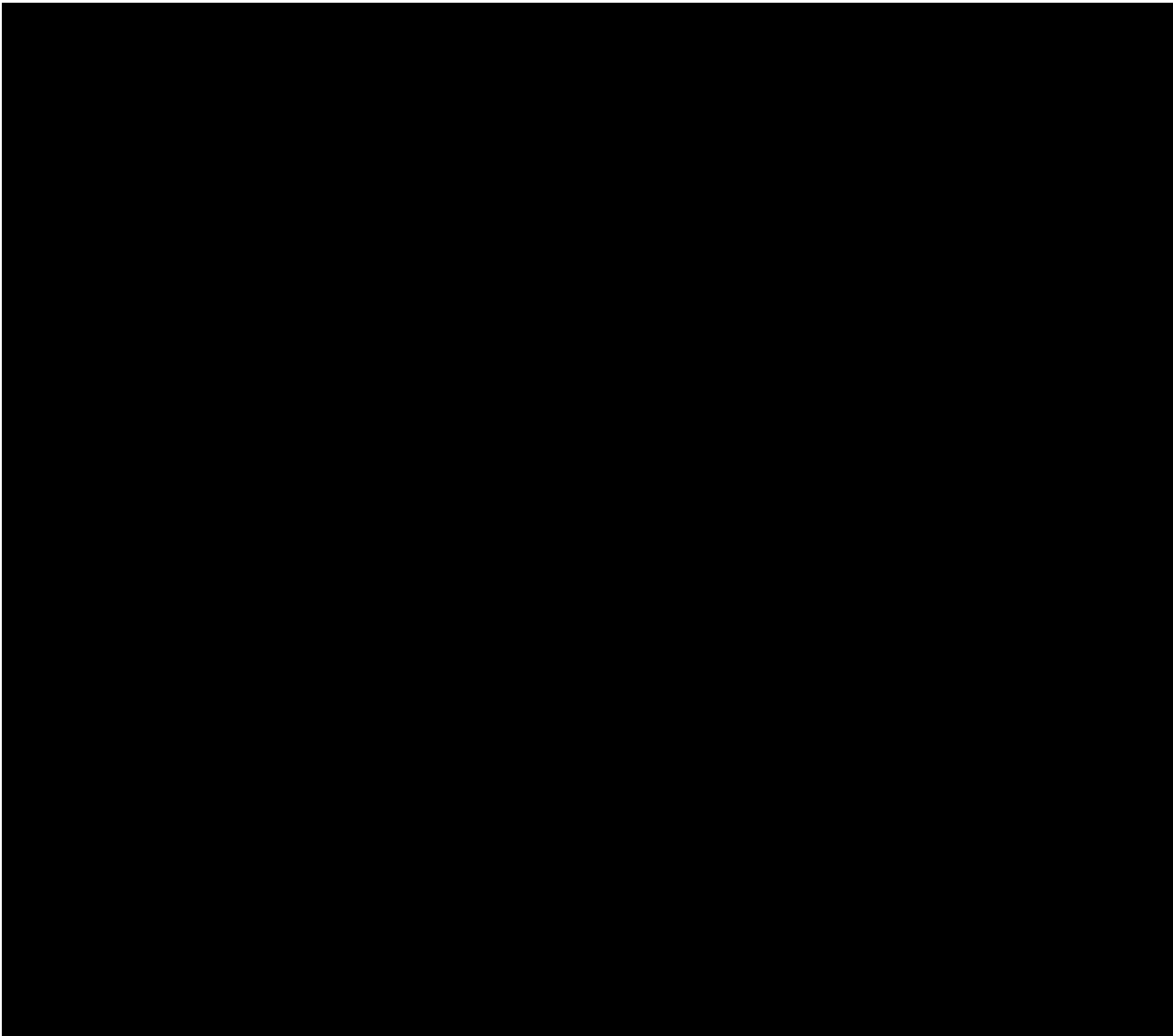


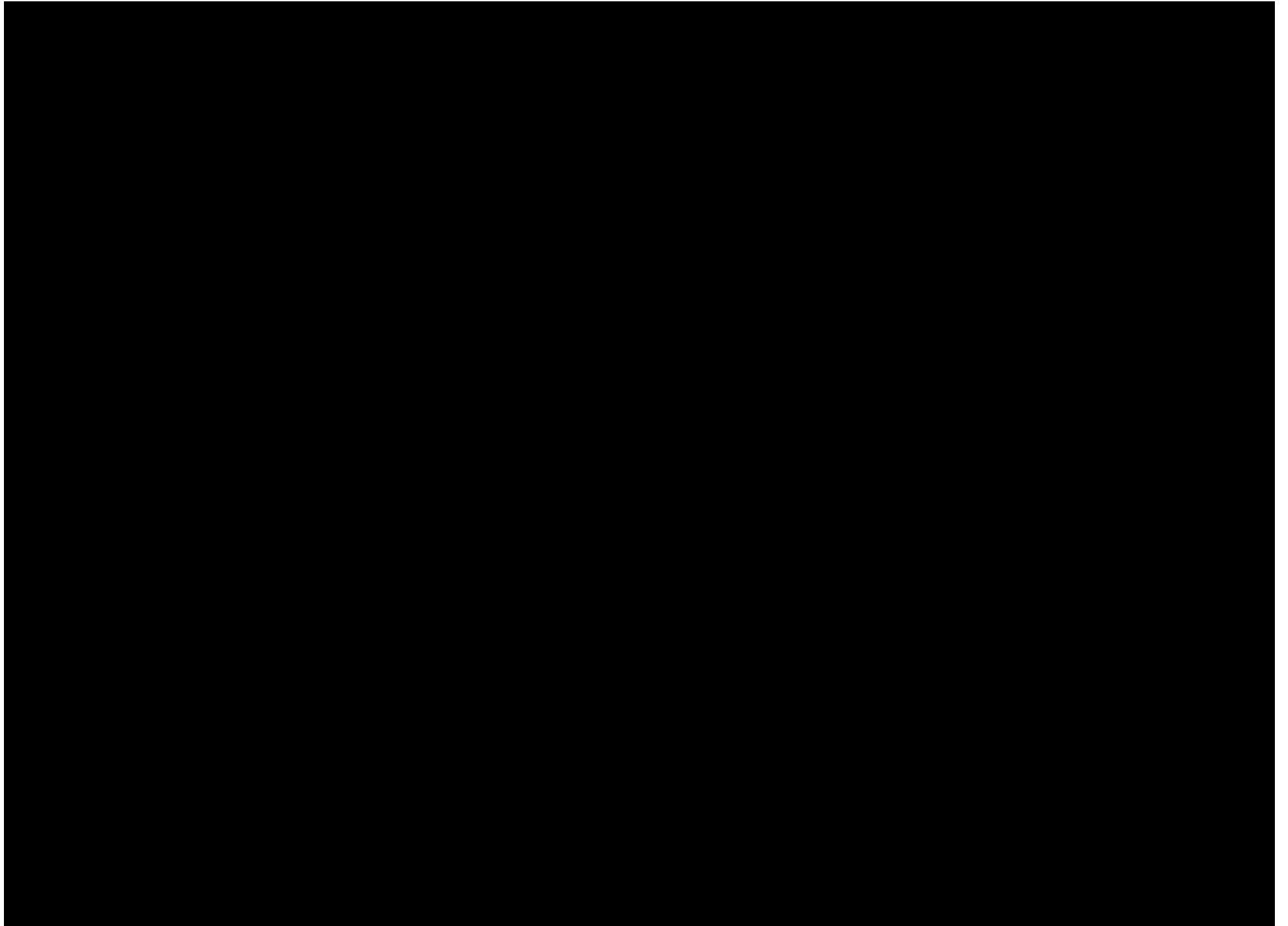


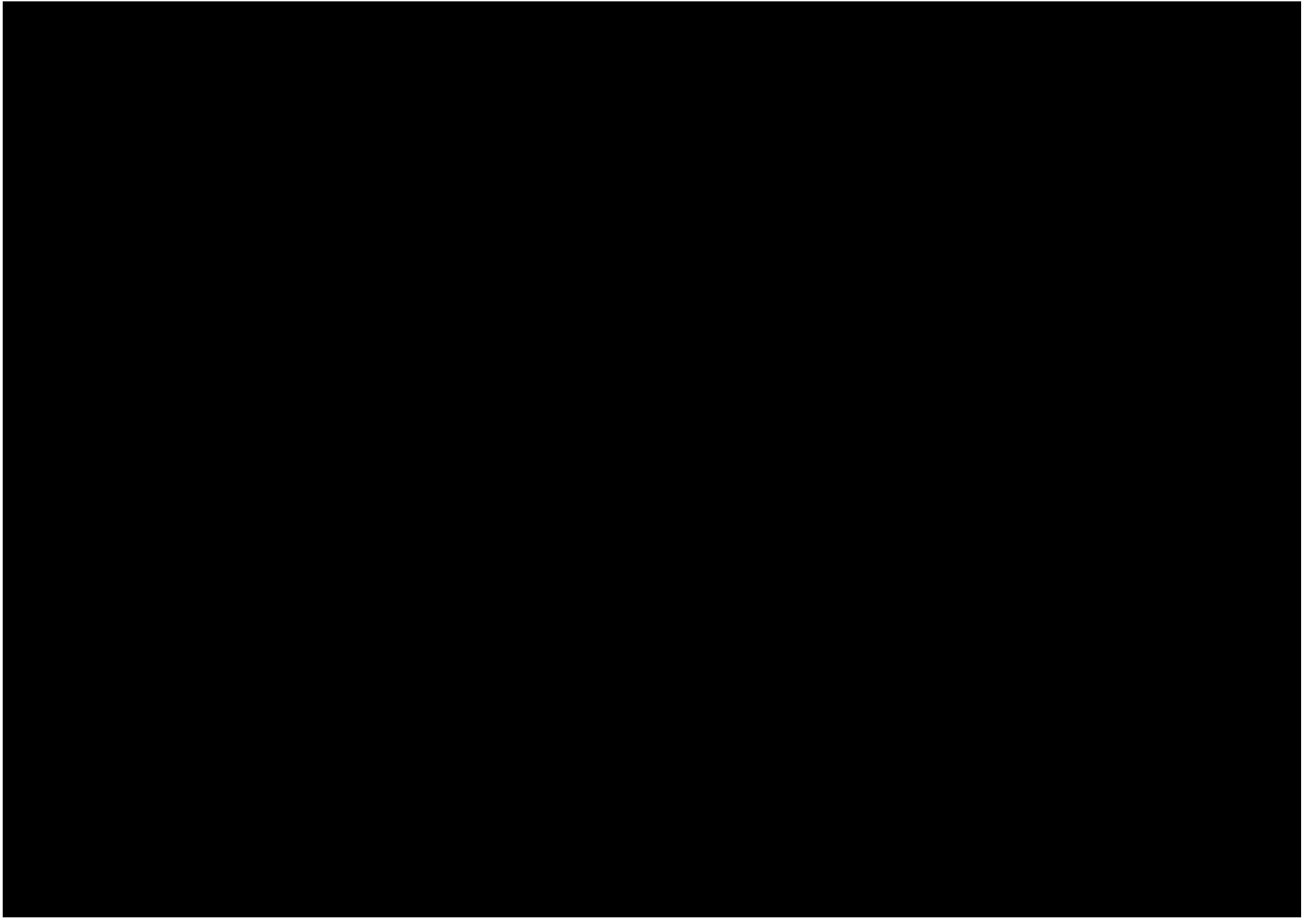




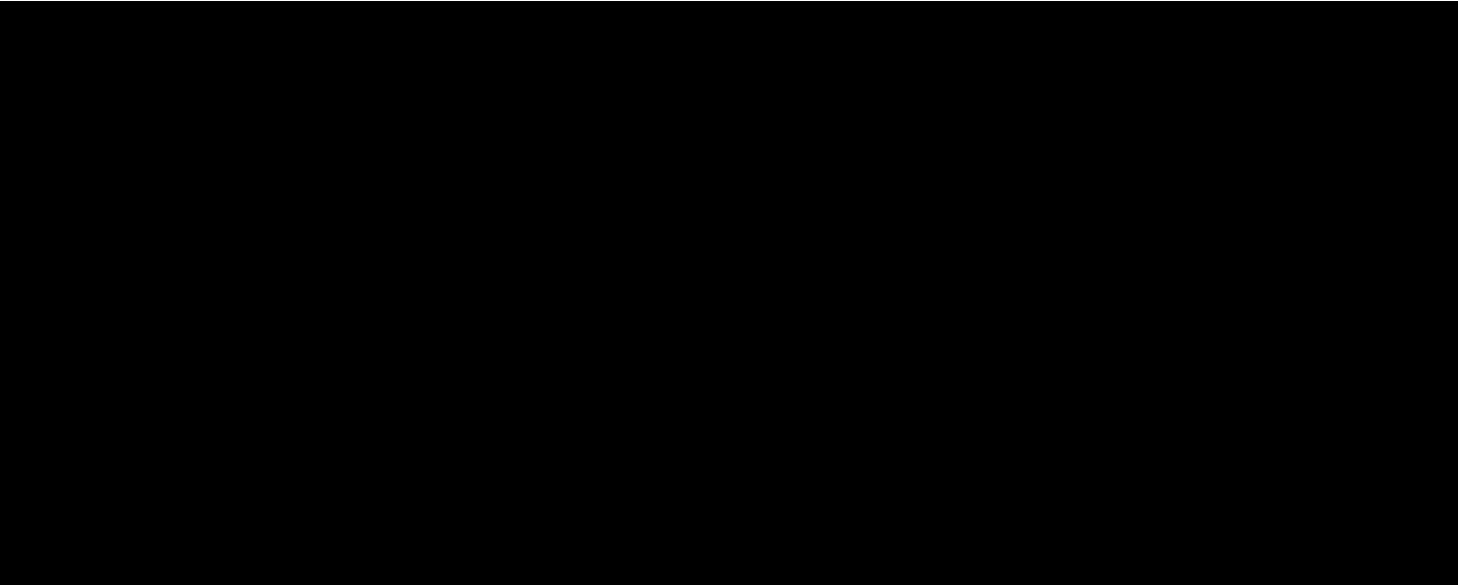


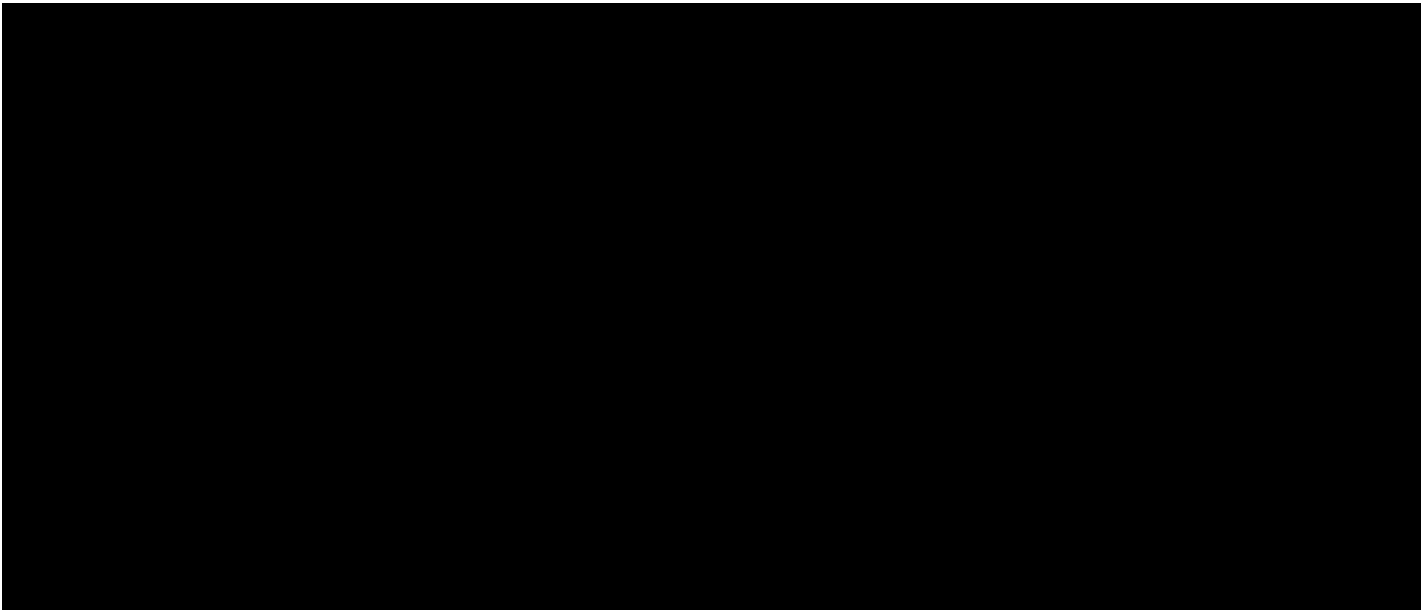


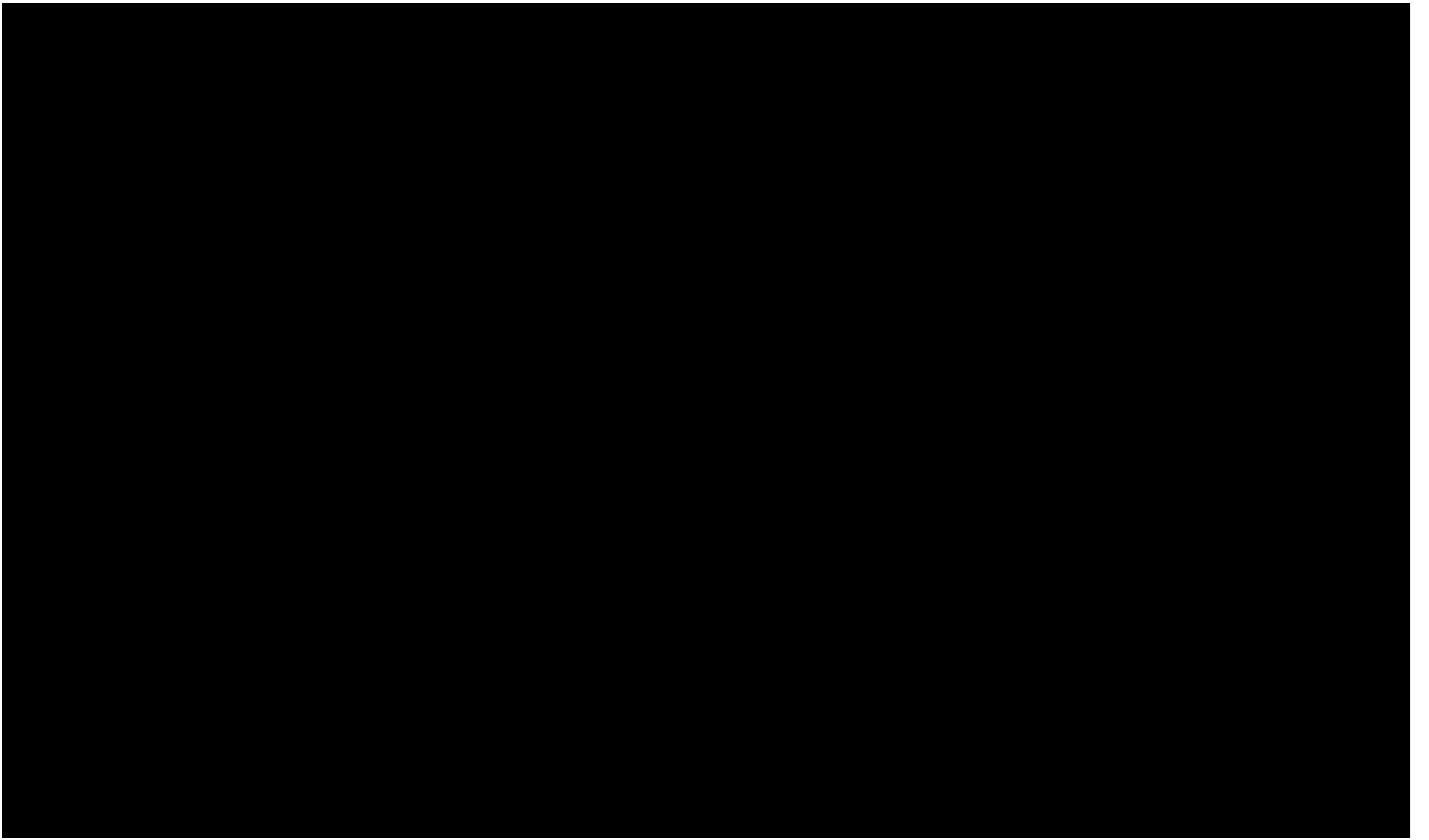


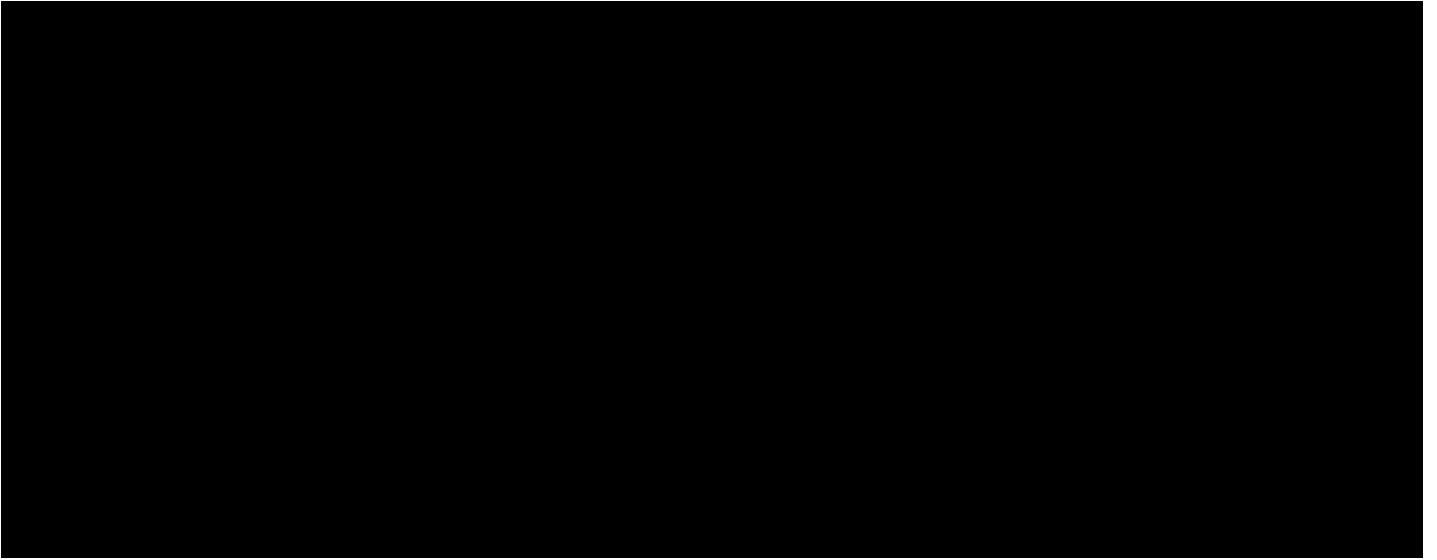




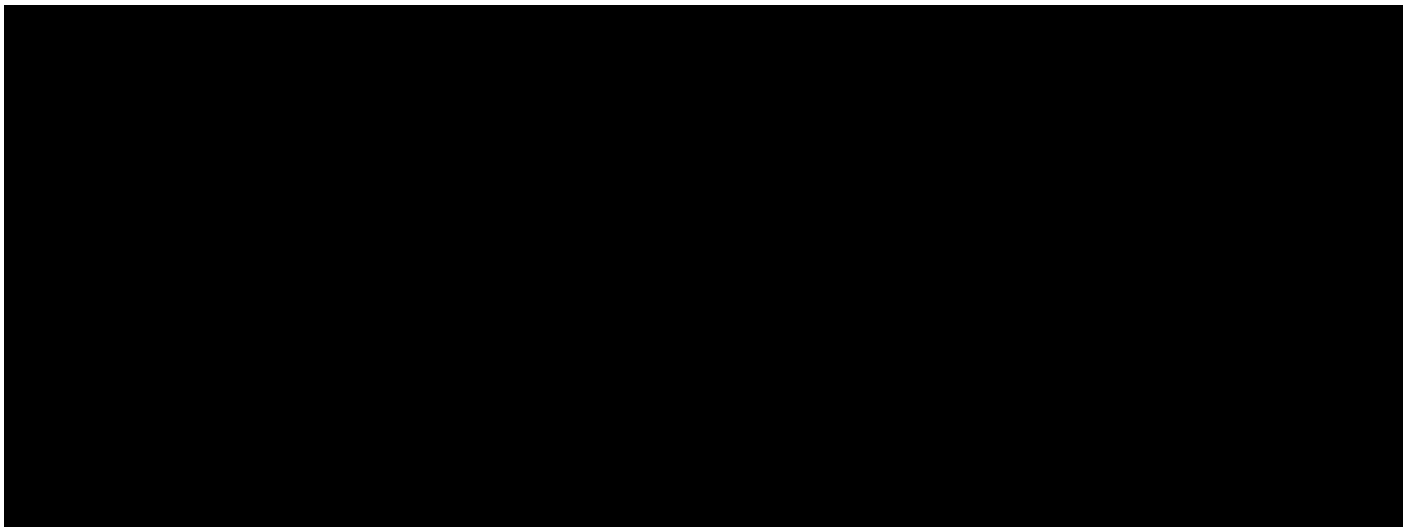




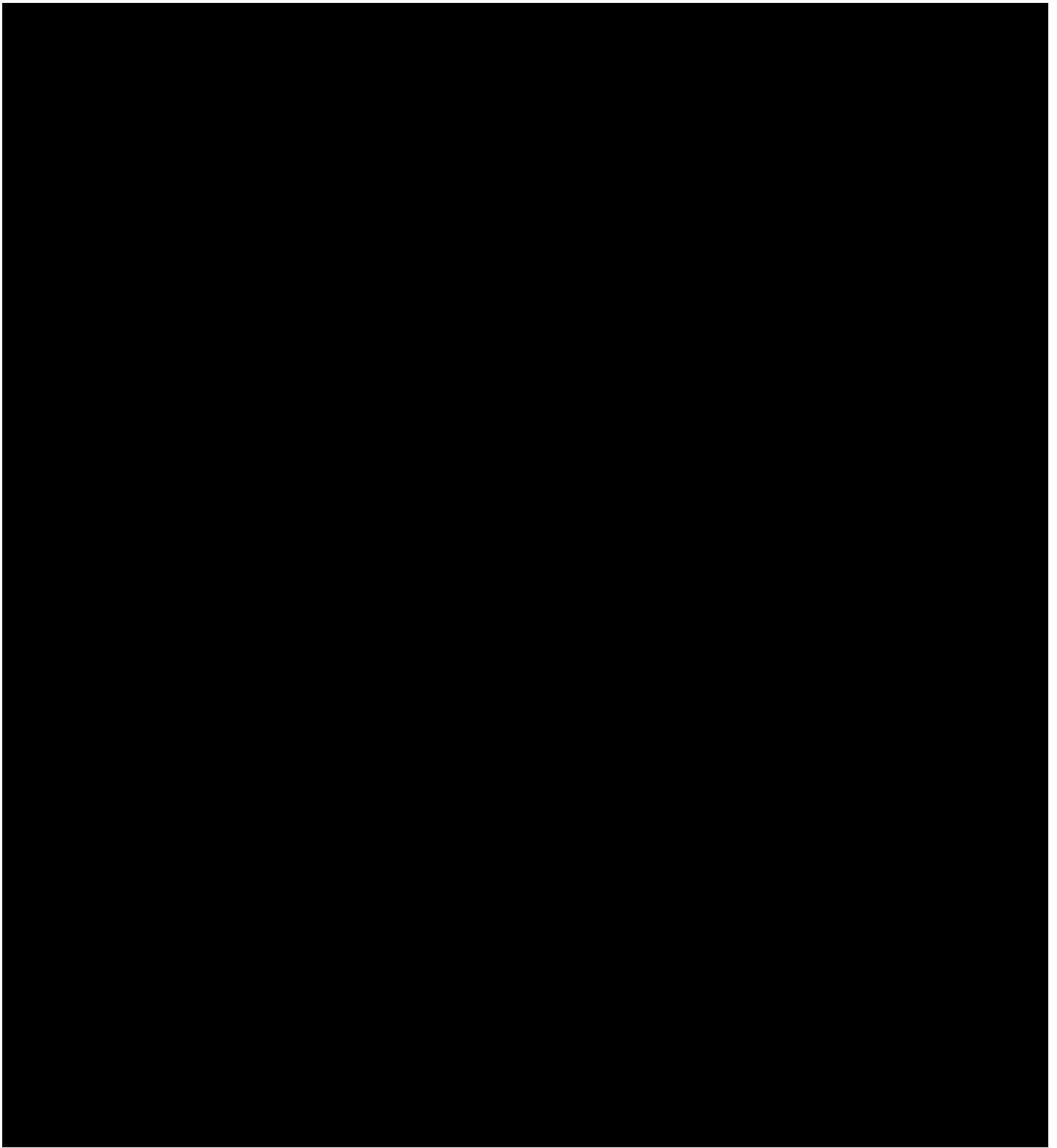


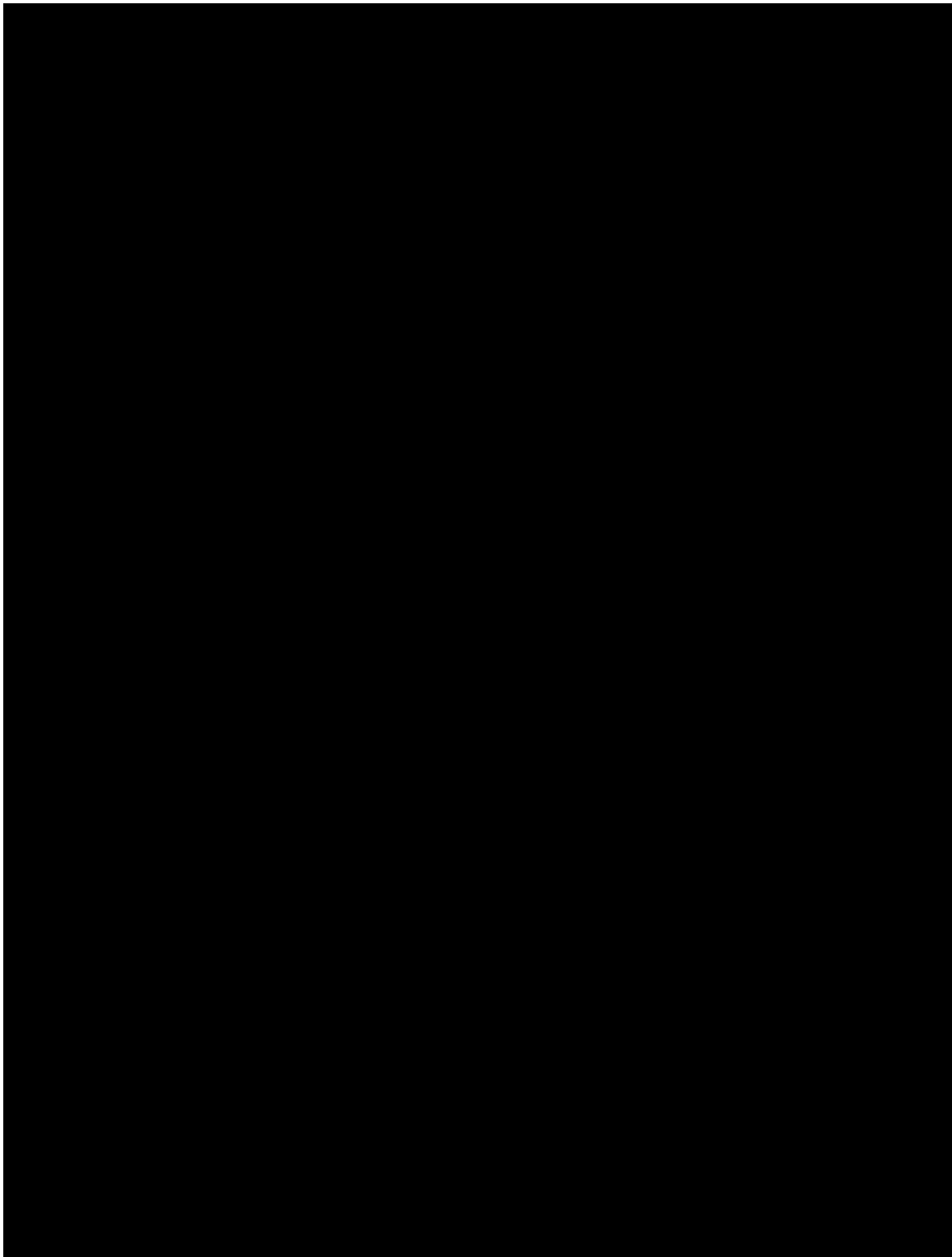










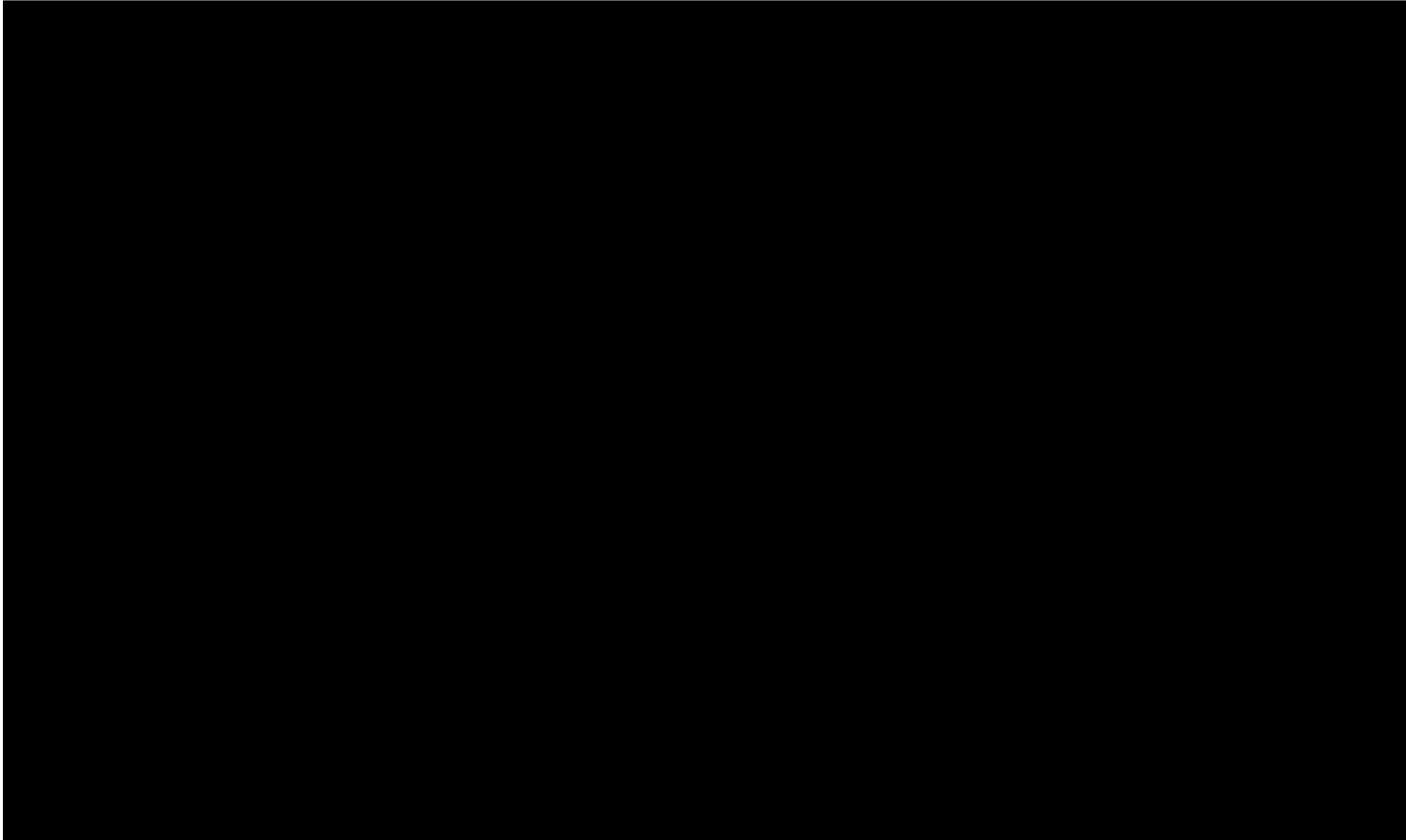


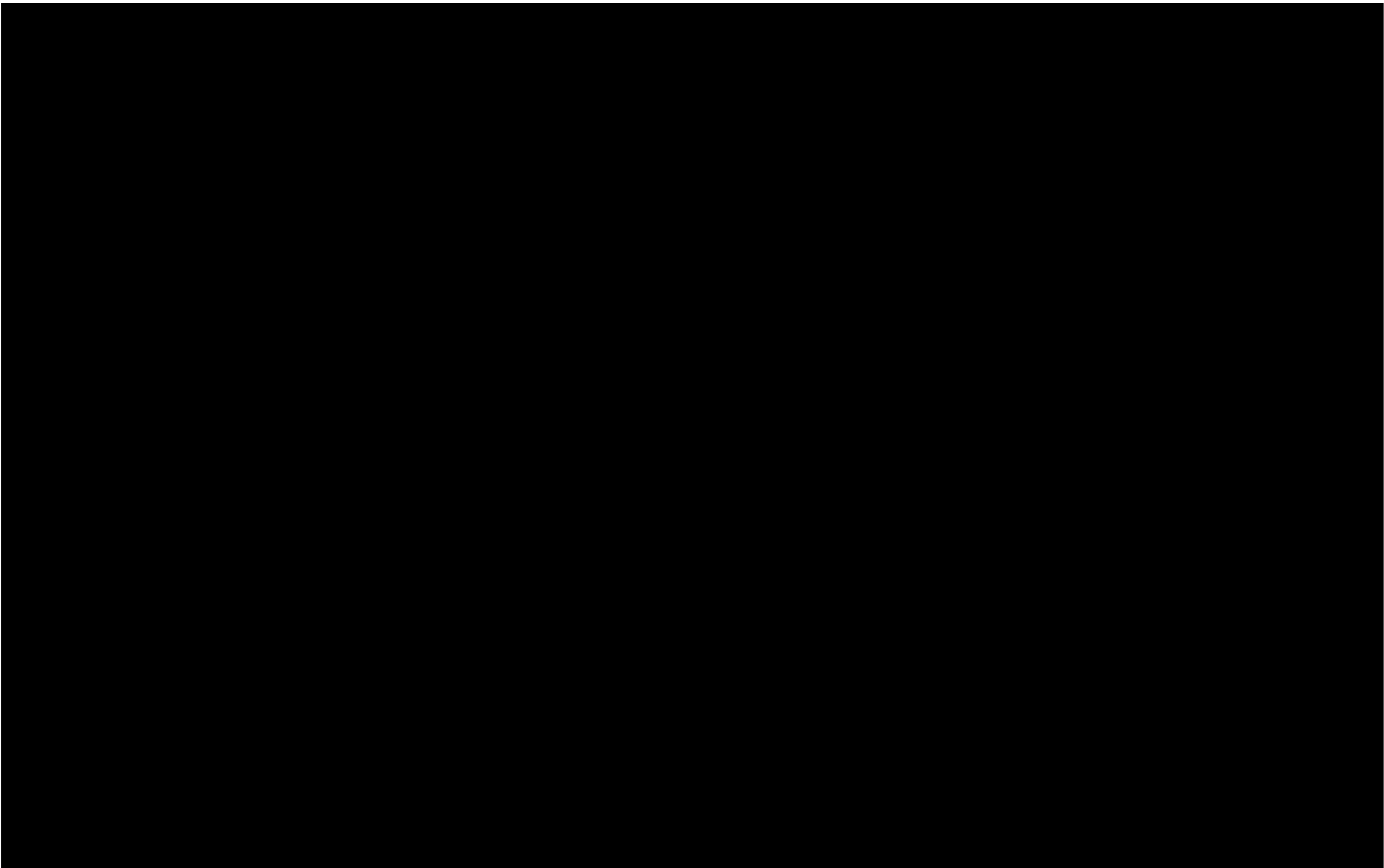


**Exhibit "O" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

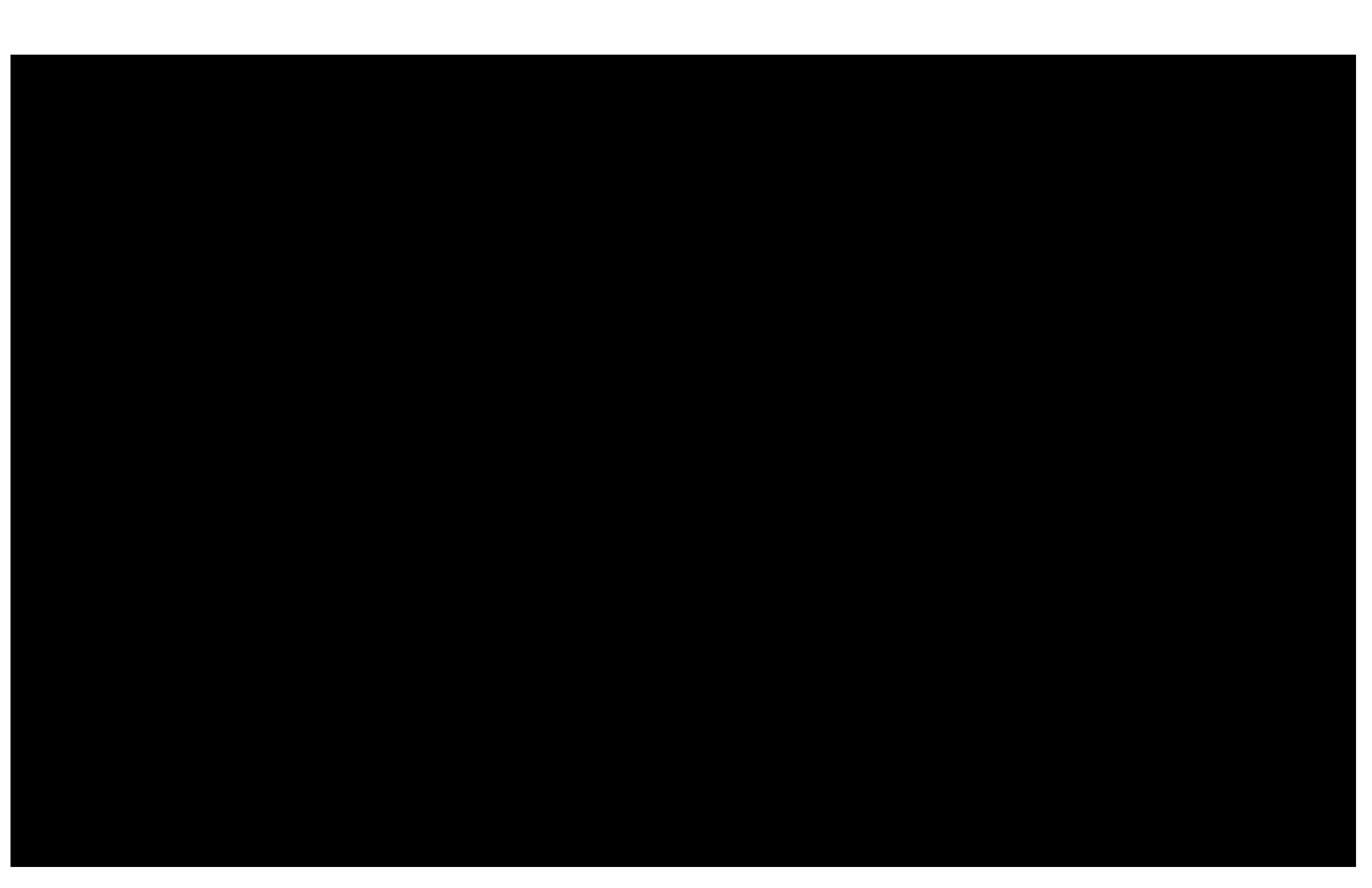
A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)













**Exhibit "P" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Keith Adams <kadams@finalbell.com>
Sent: Tuesday, November 21, 2023 12:59 AM
To: Matthew Milich
Subject: Re: I am "on clock" for the DD report and the consolidated model

thank you.

I am trying to get the SEA out of legal to you asap. We have a couple of placeholders we will complete tomorrow but thought we get you what we have.

How is the model coming? Never easy. Just when you think you have it, something else pops its ugly head up.

Keith Adams

CFO

415.320.8940

kadams@finalbell.com

On Monday, November 20, 2023 at 09:32:24 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith,

Here is the current draft of the MD&A, apologies for any delay.

Best,

Matt

From: Keith Adams <kadams@finalbell.com>
Sent: Monday, November 20, 2023 9:13:39 AM
To: Sean Bovingdon <sbovingdon@bzam.com>; Matthew Milich <mmilich@bzam.com>
Subject: I am "on clock" for the DD report and the consolidated model

Just a poke, please remember to pass the prelim Q3 MD&A to me as soon as you can.

Also, do you have a board deck that I could leverage with the financials trended graphically, etc.

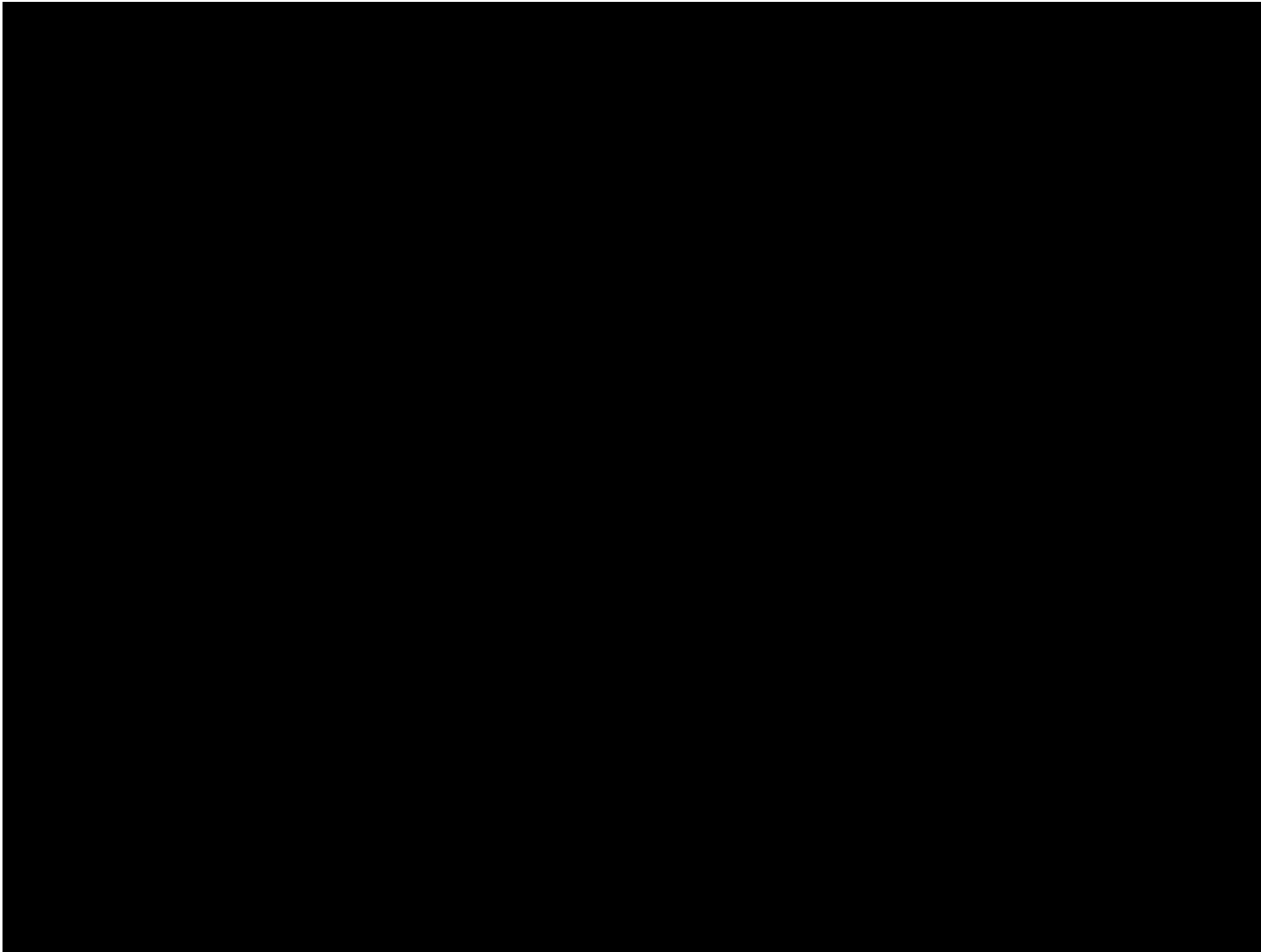
Keith Adams
CFO
415.320.8940
kadams@finalbell.com

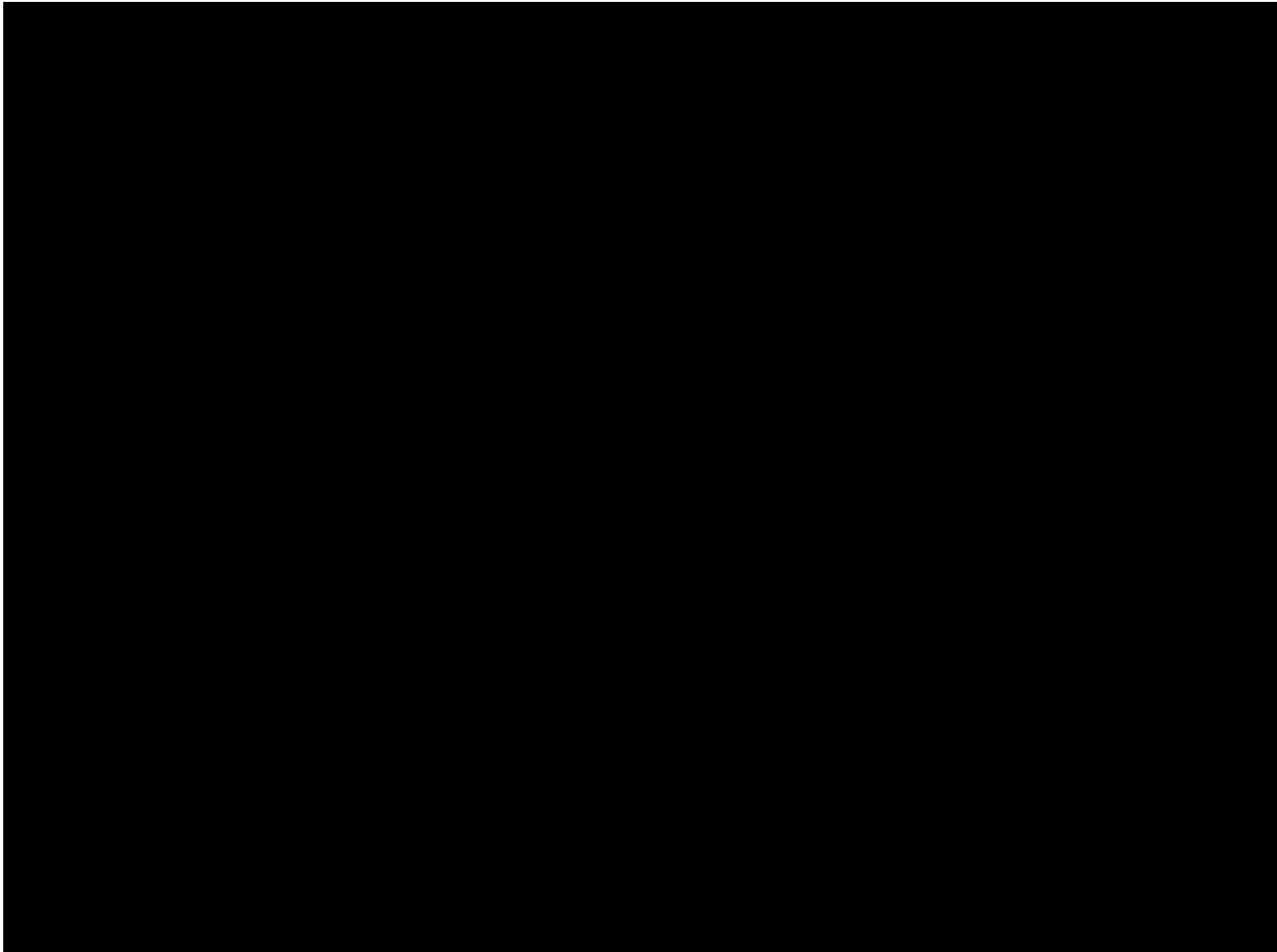
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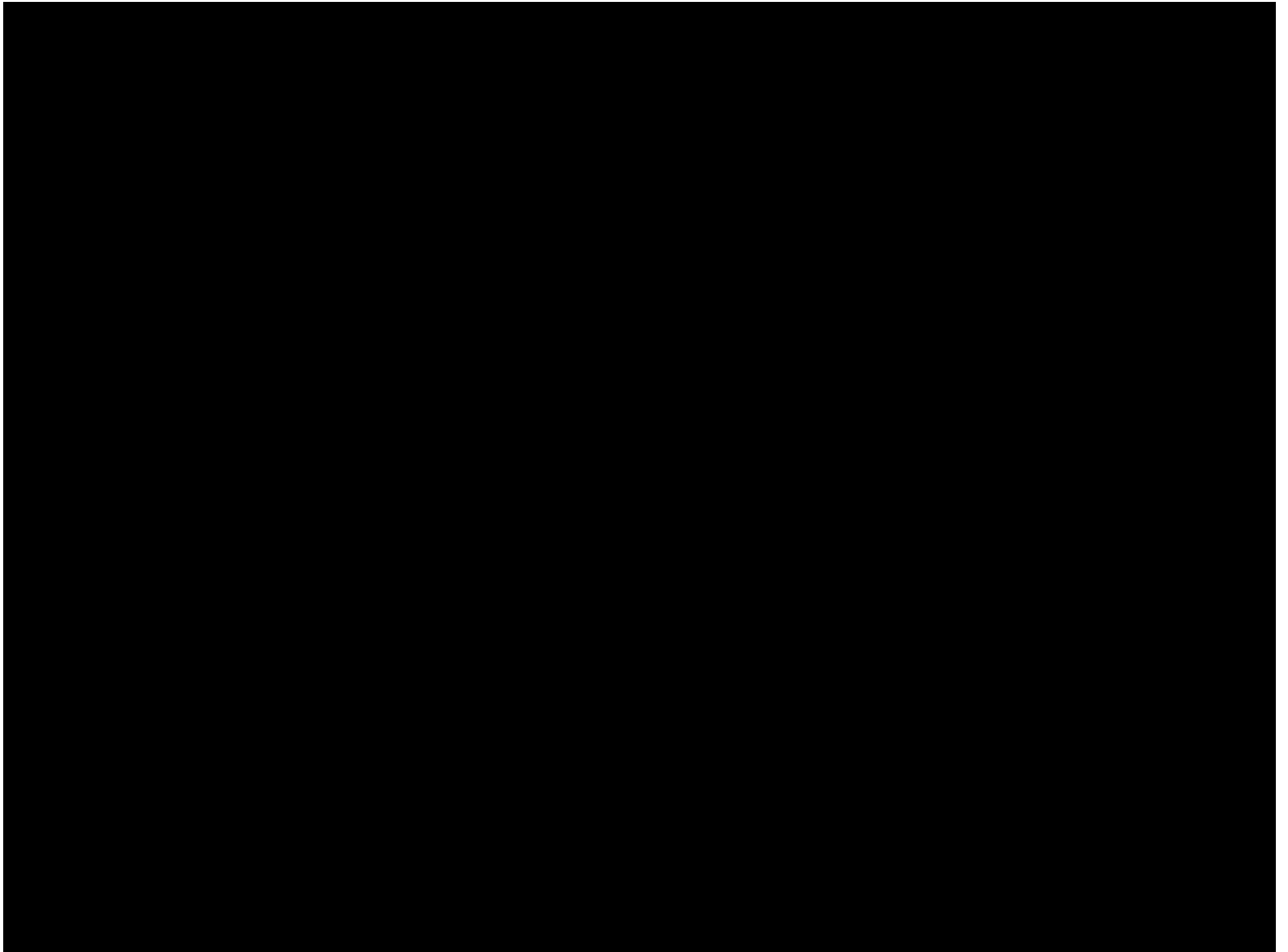
**Exhibit "Q" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

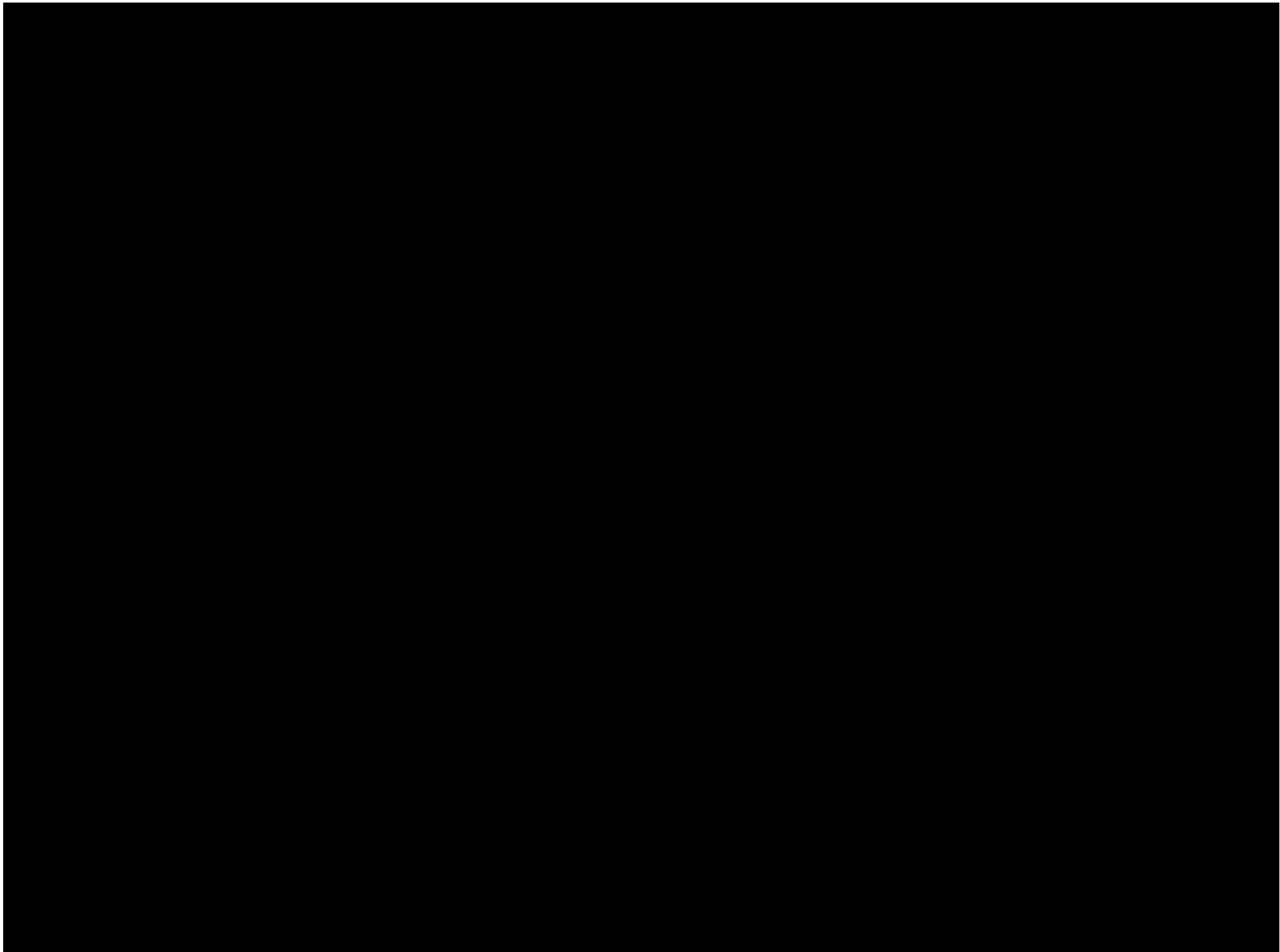
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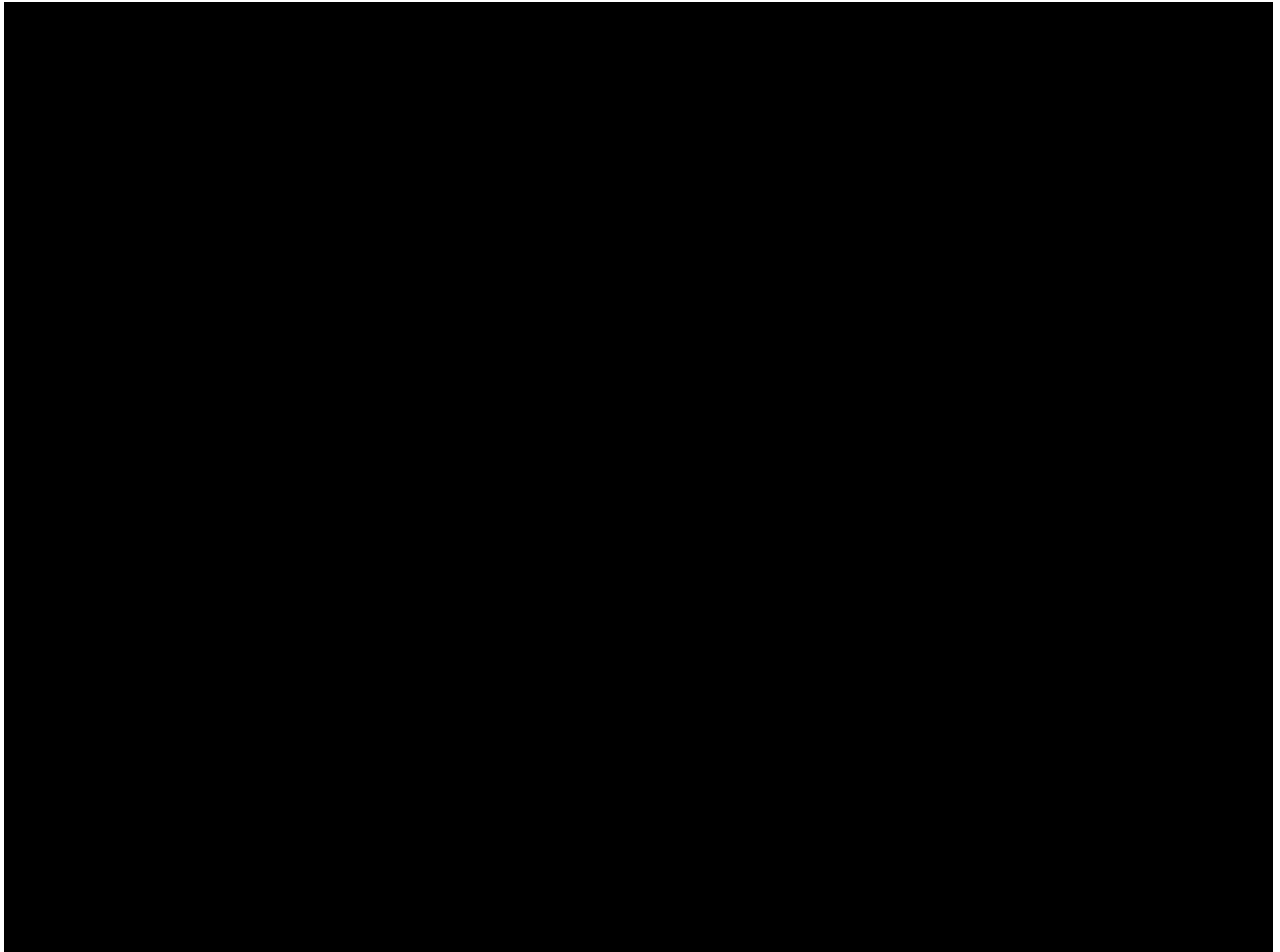
TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

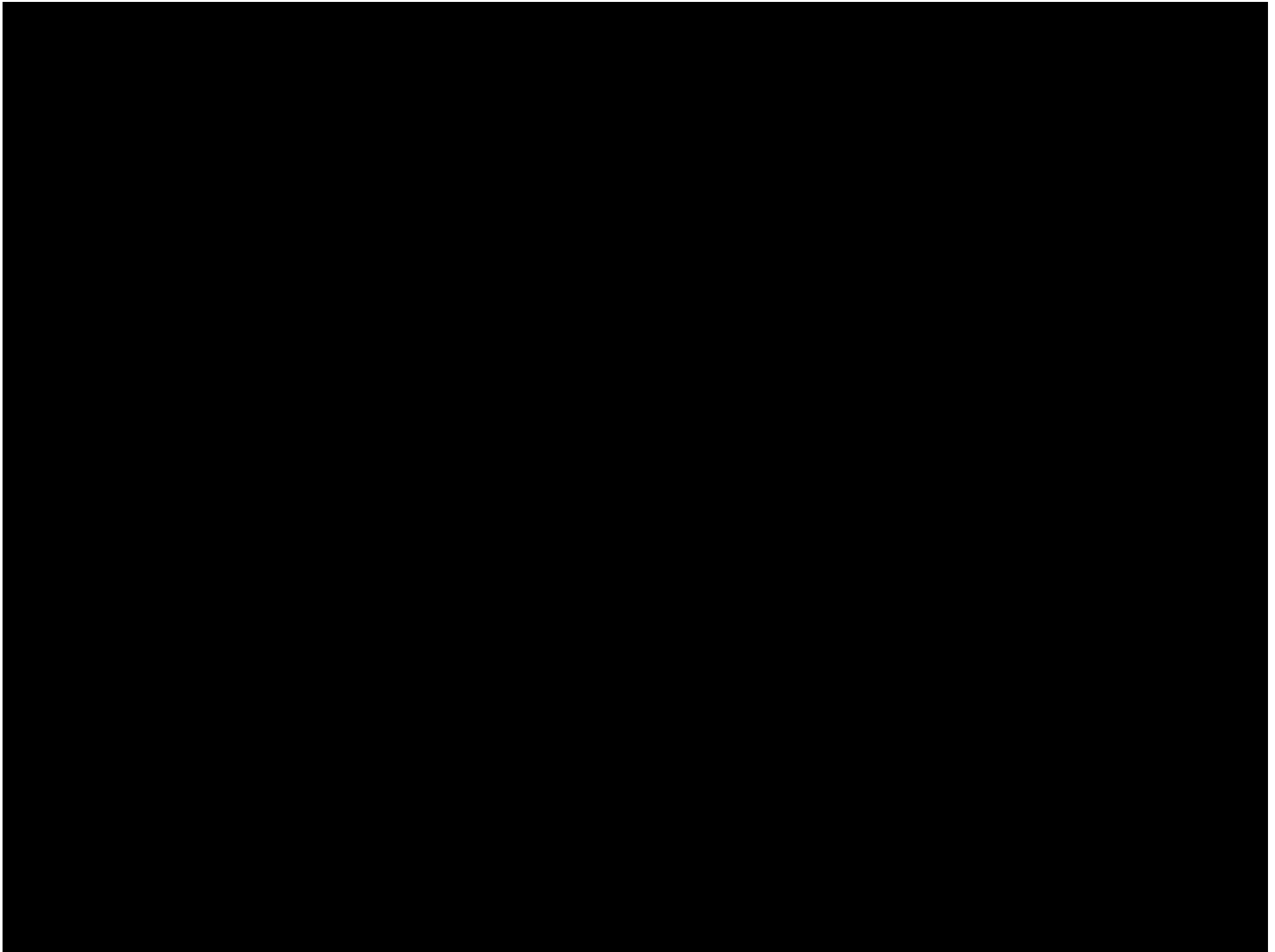


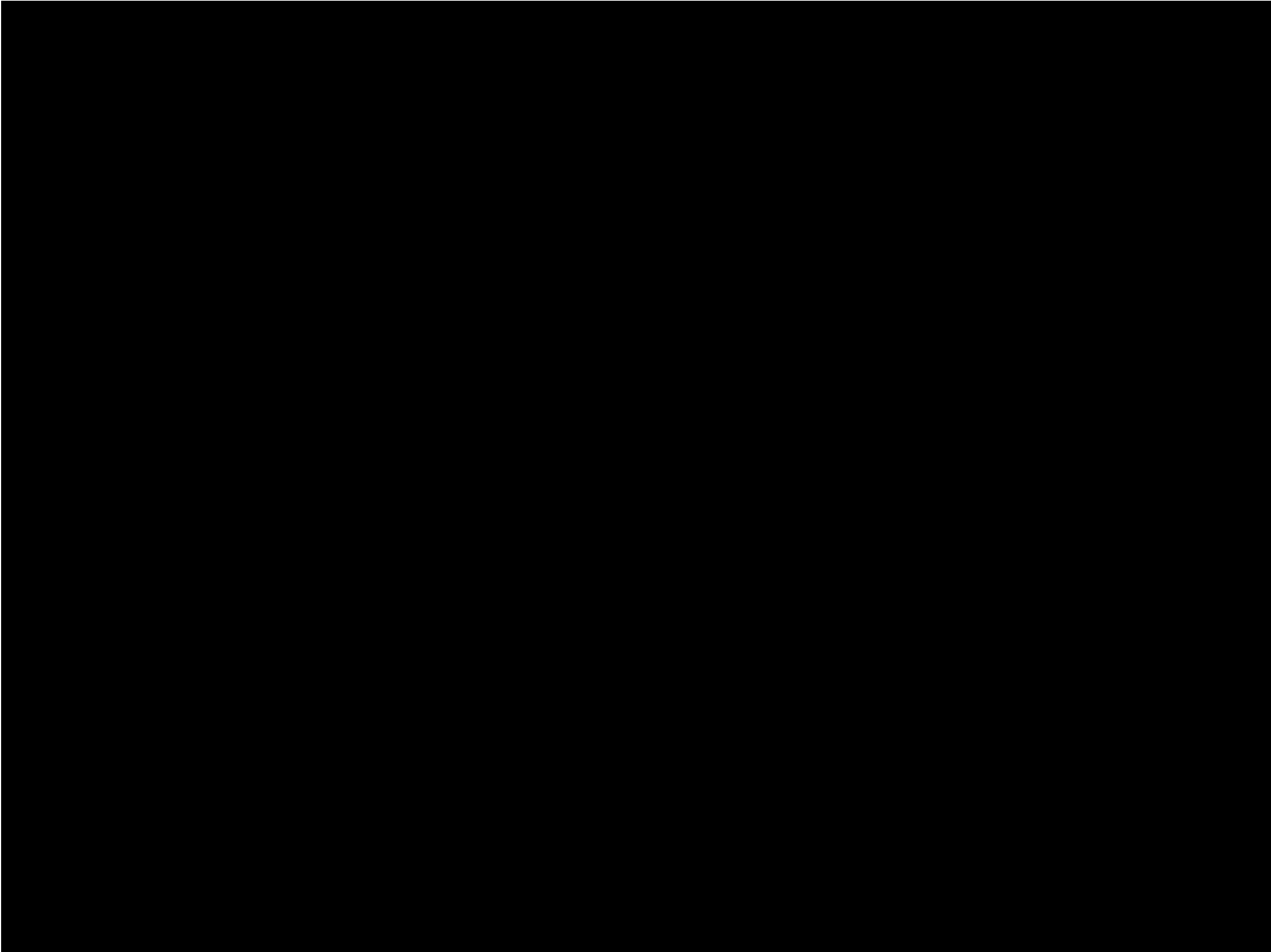


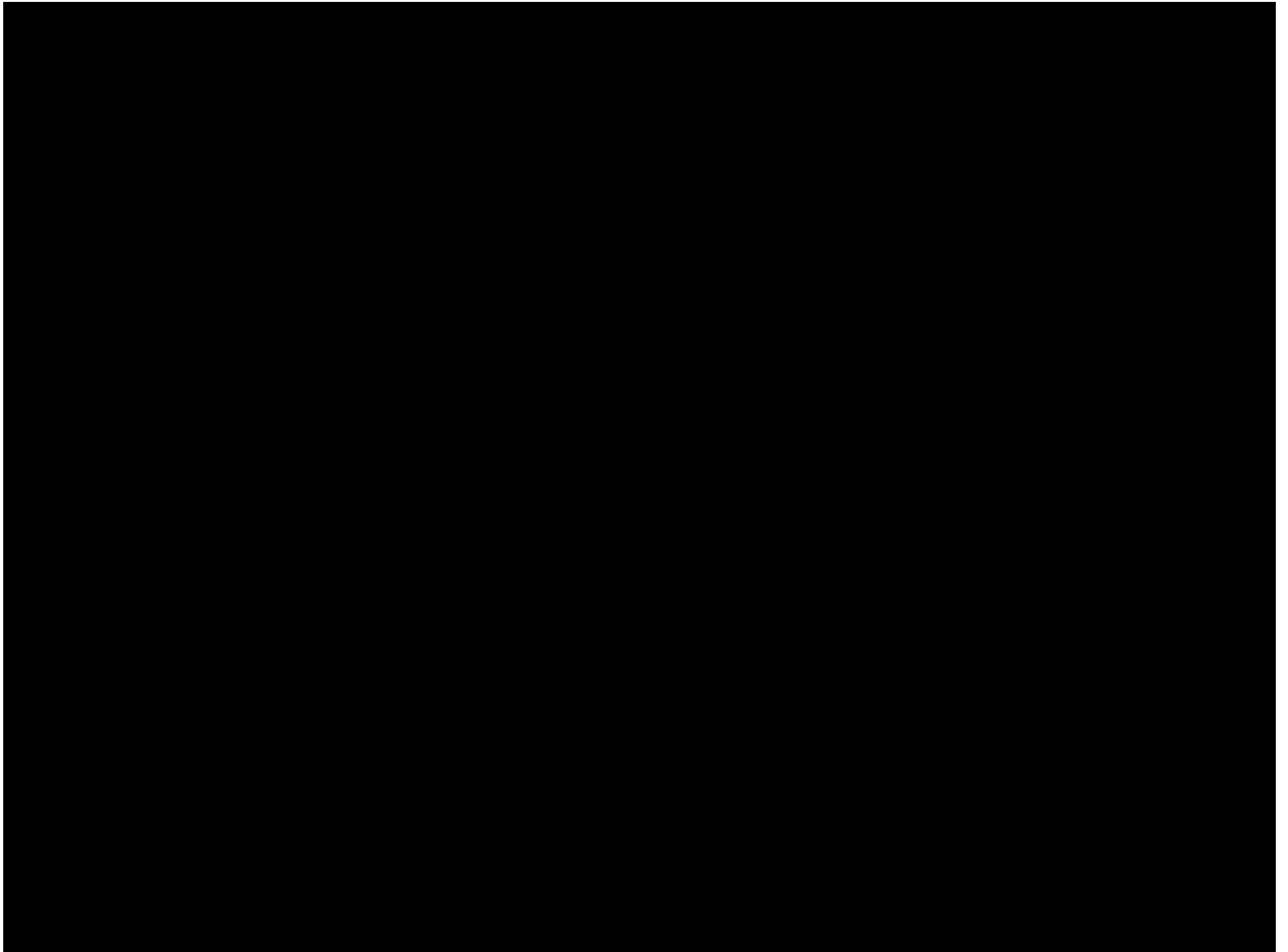


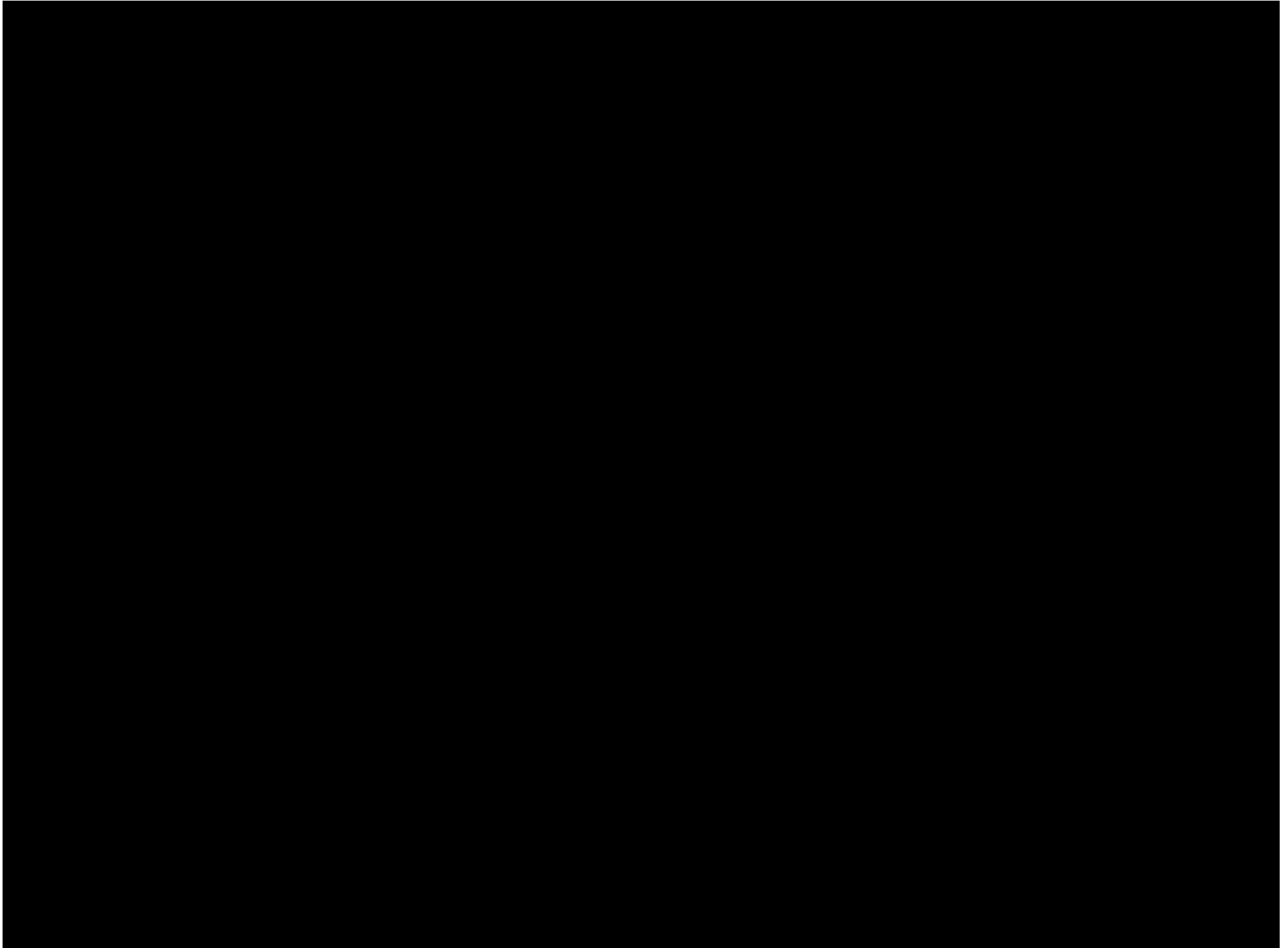


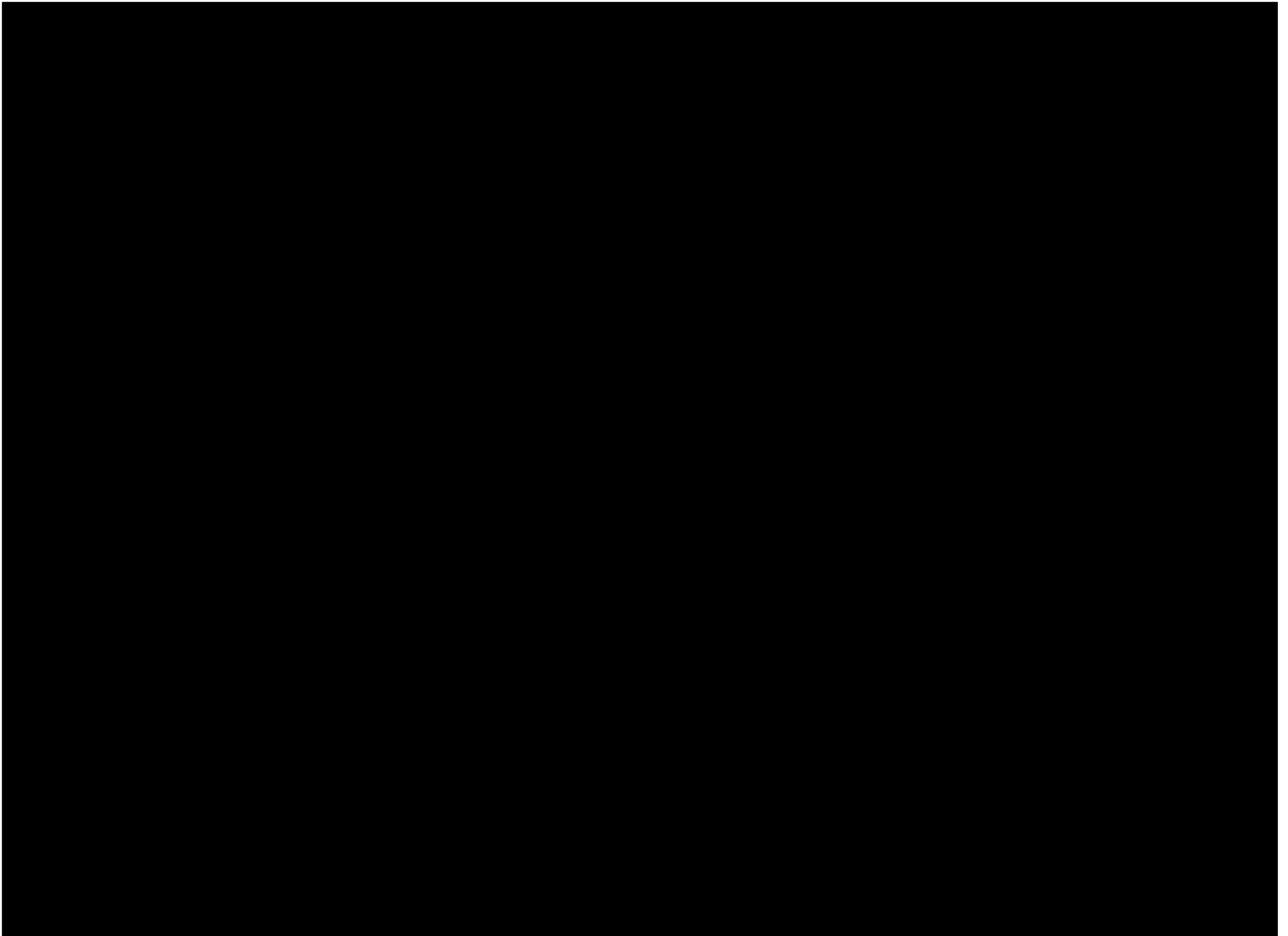


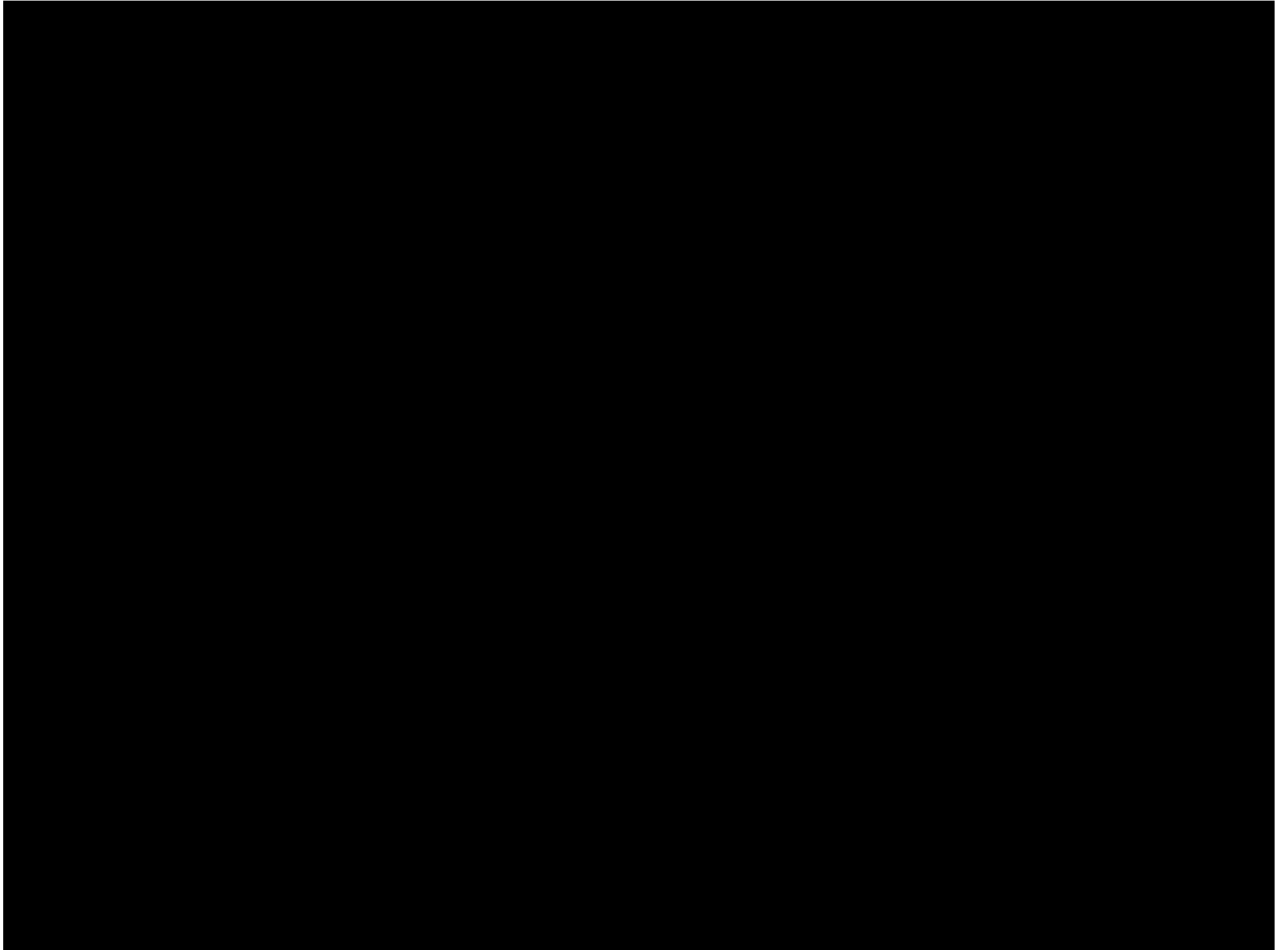


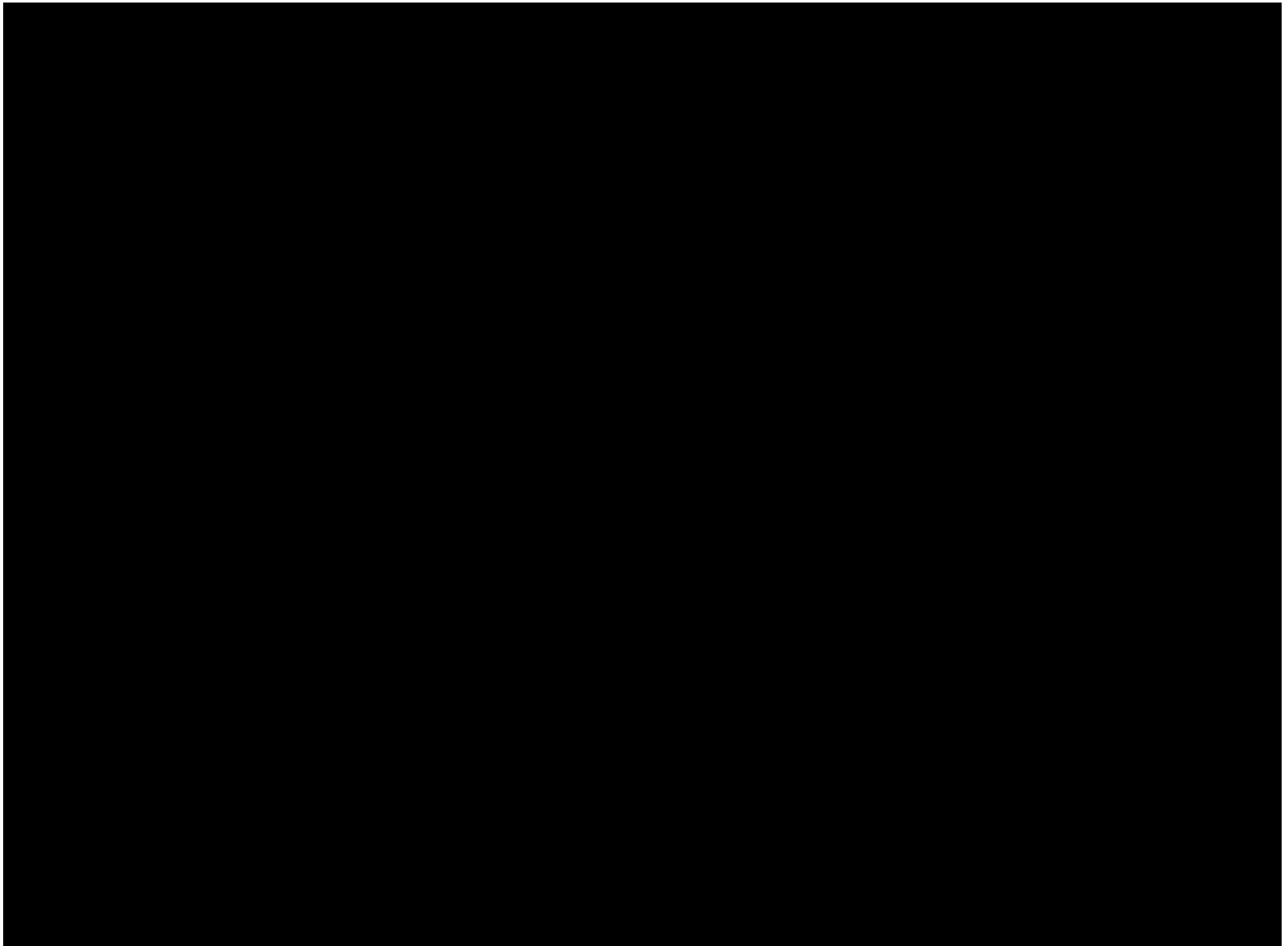


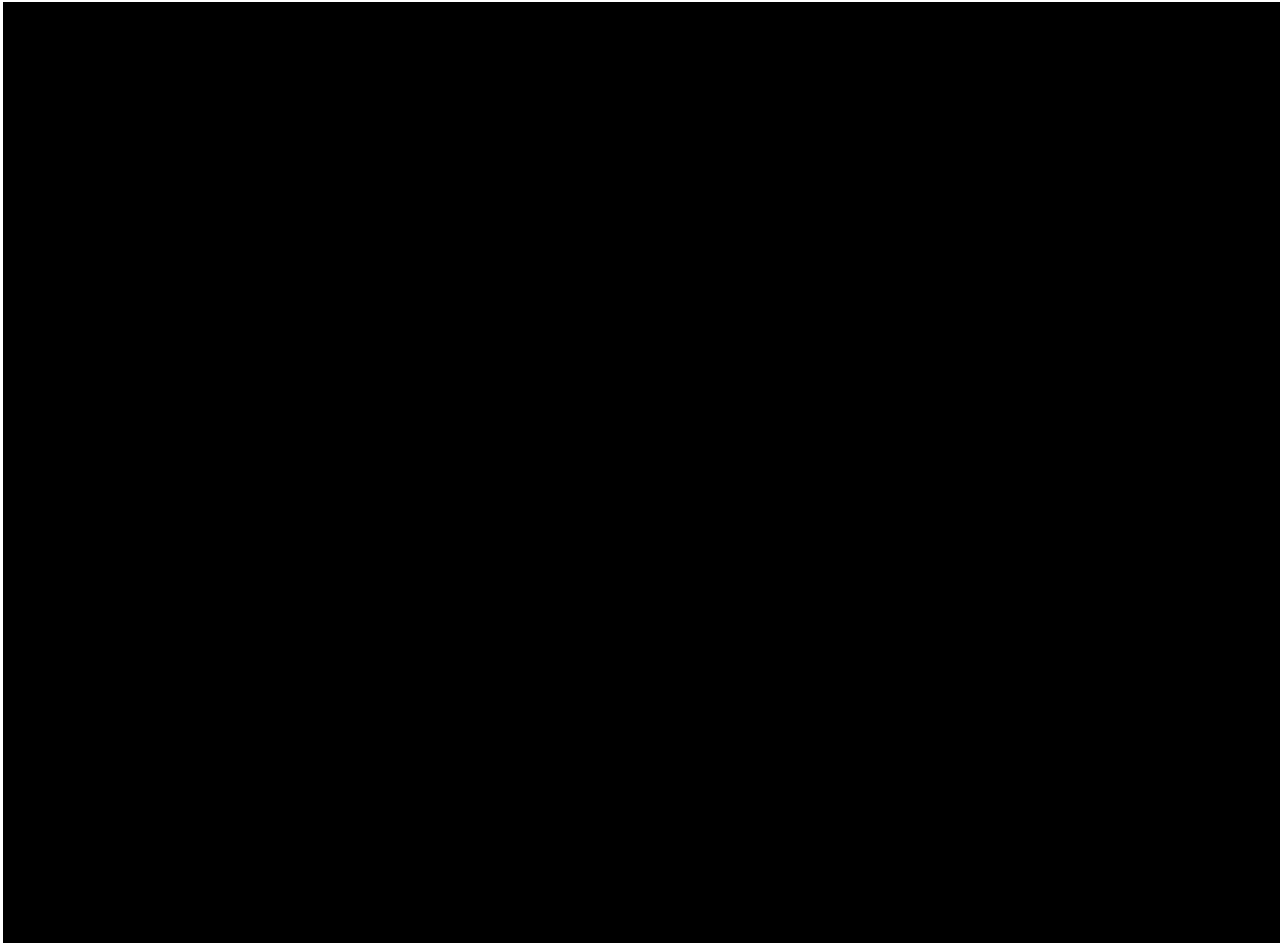


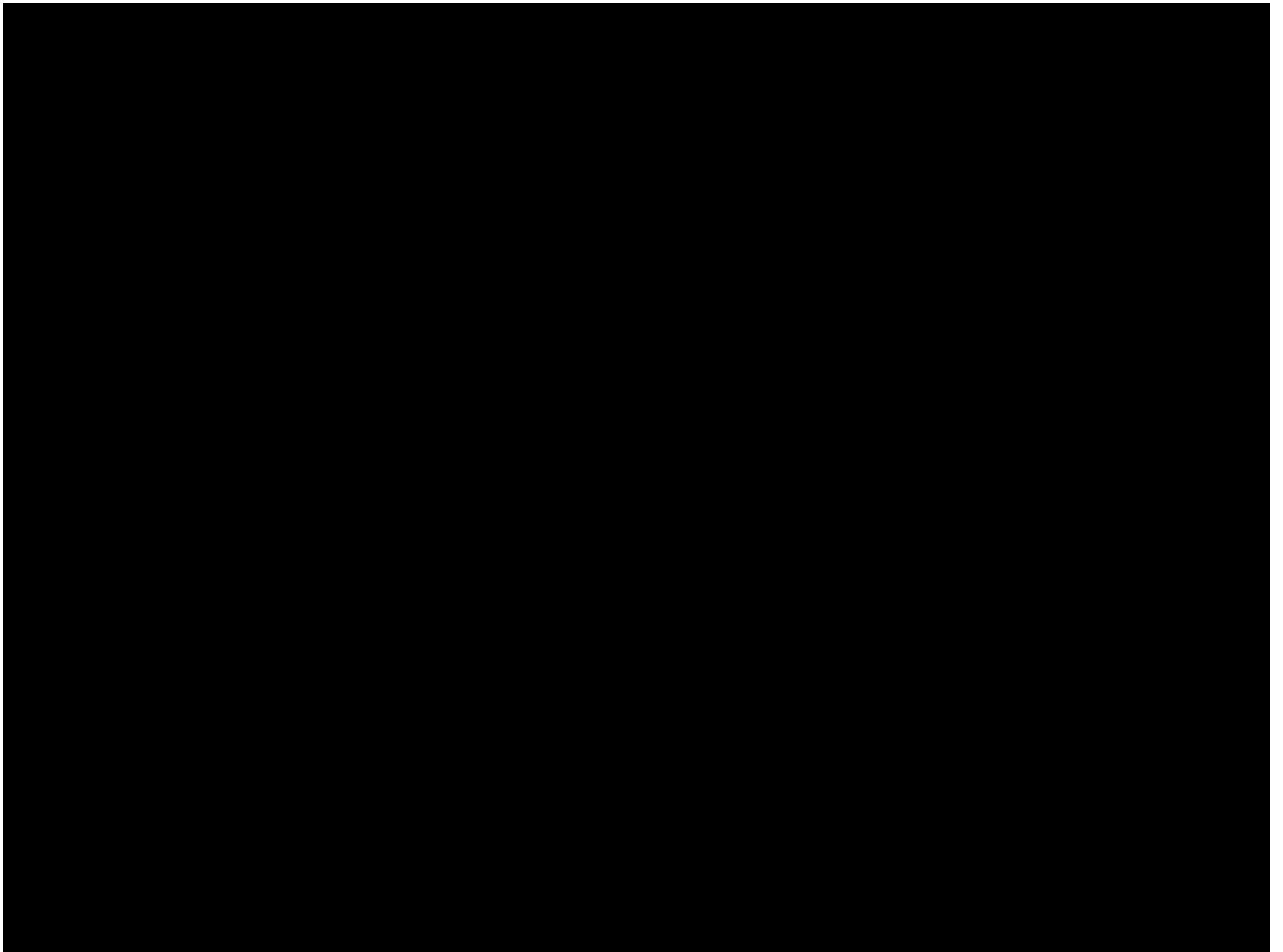


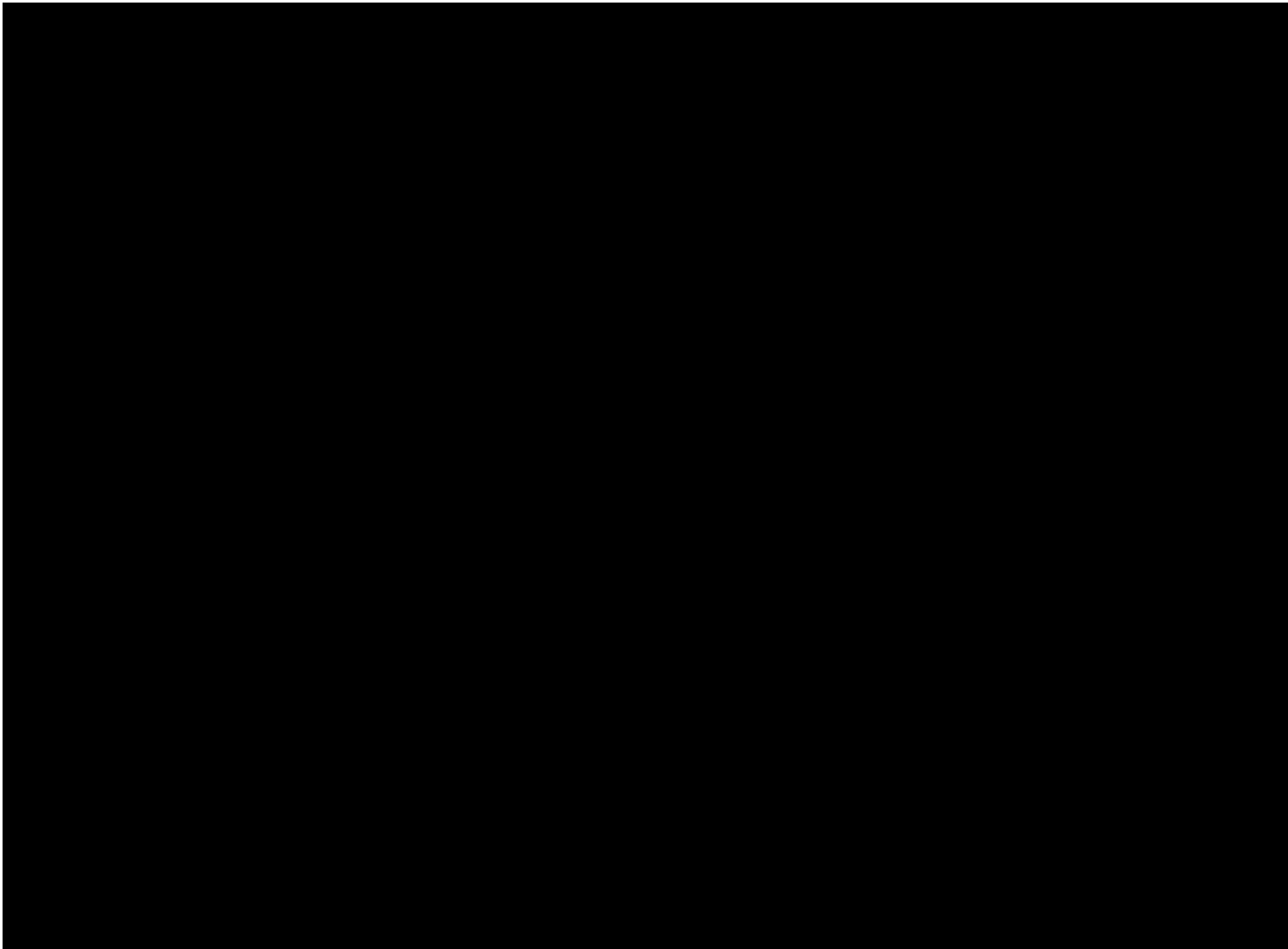


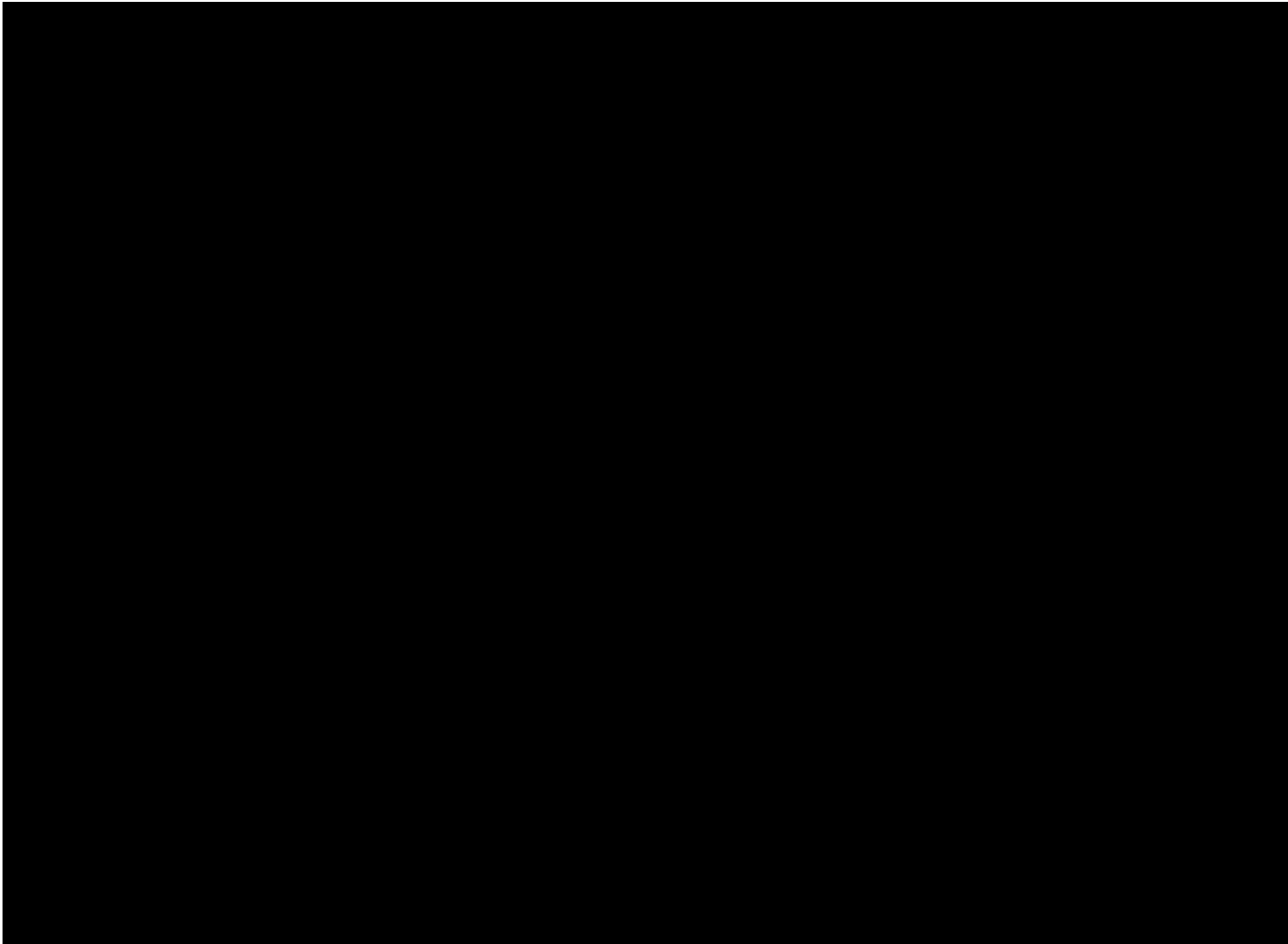


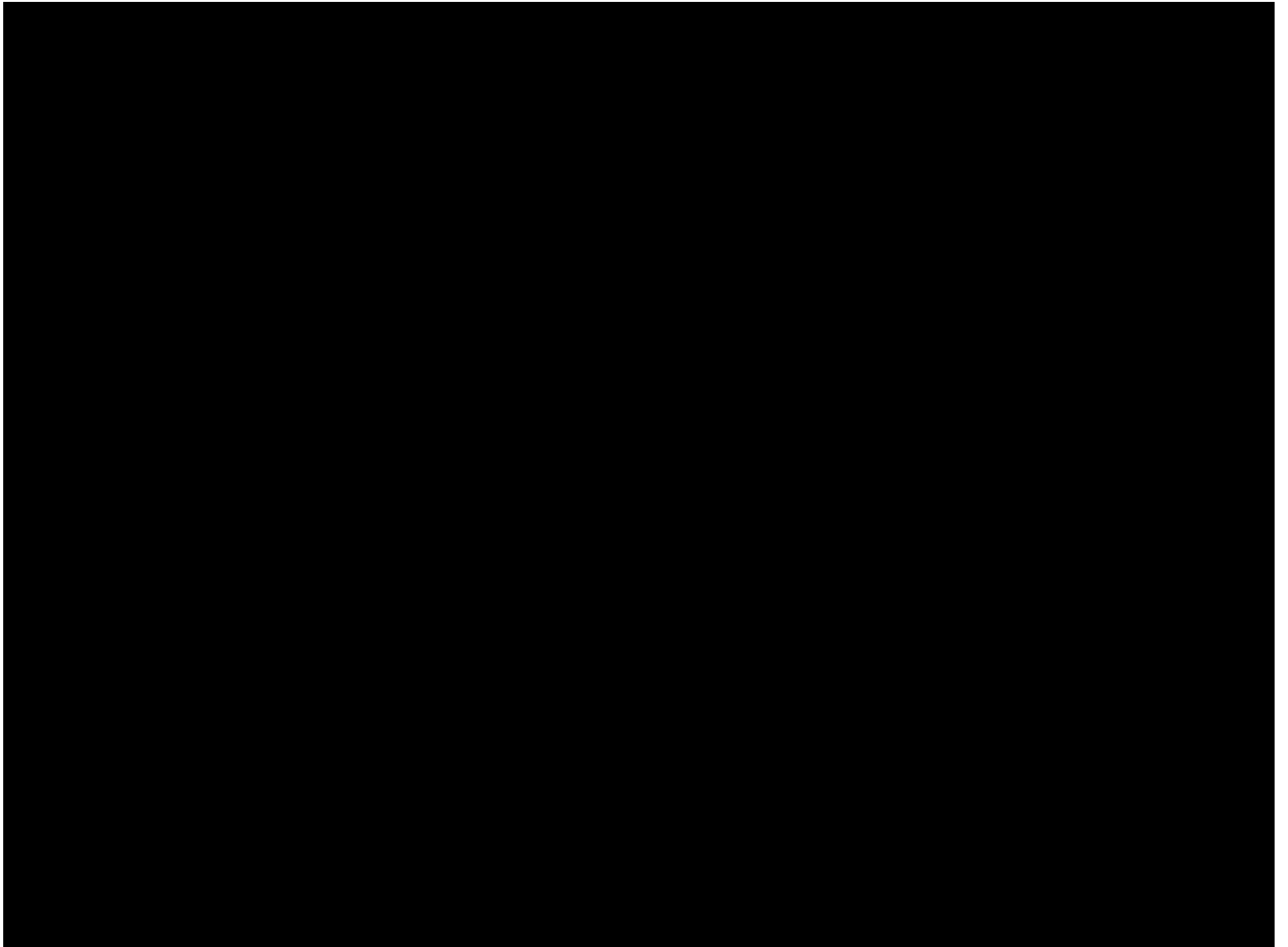


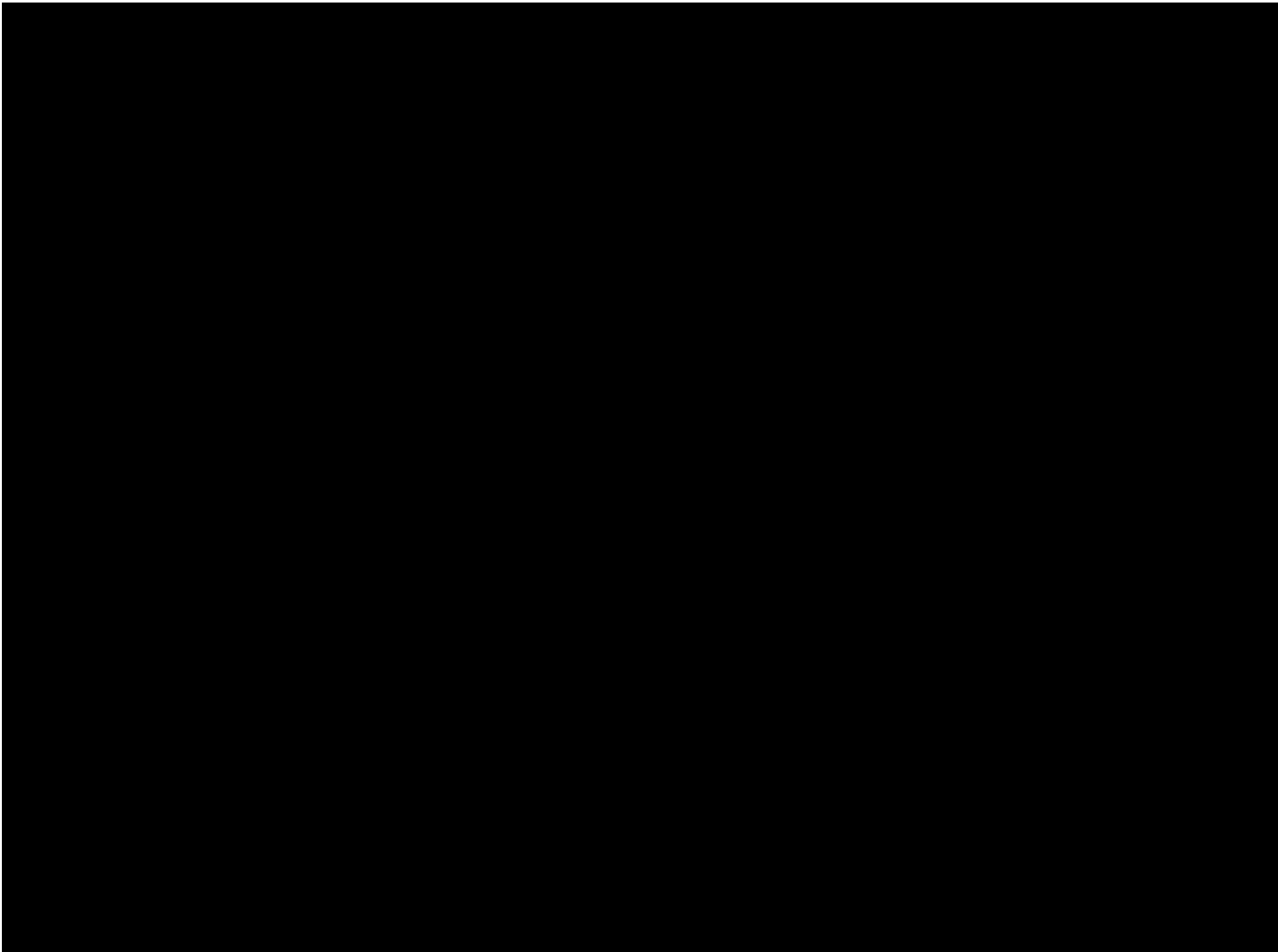


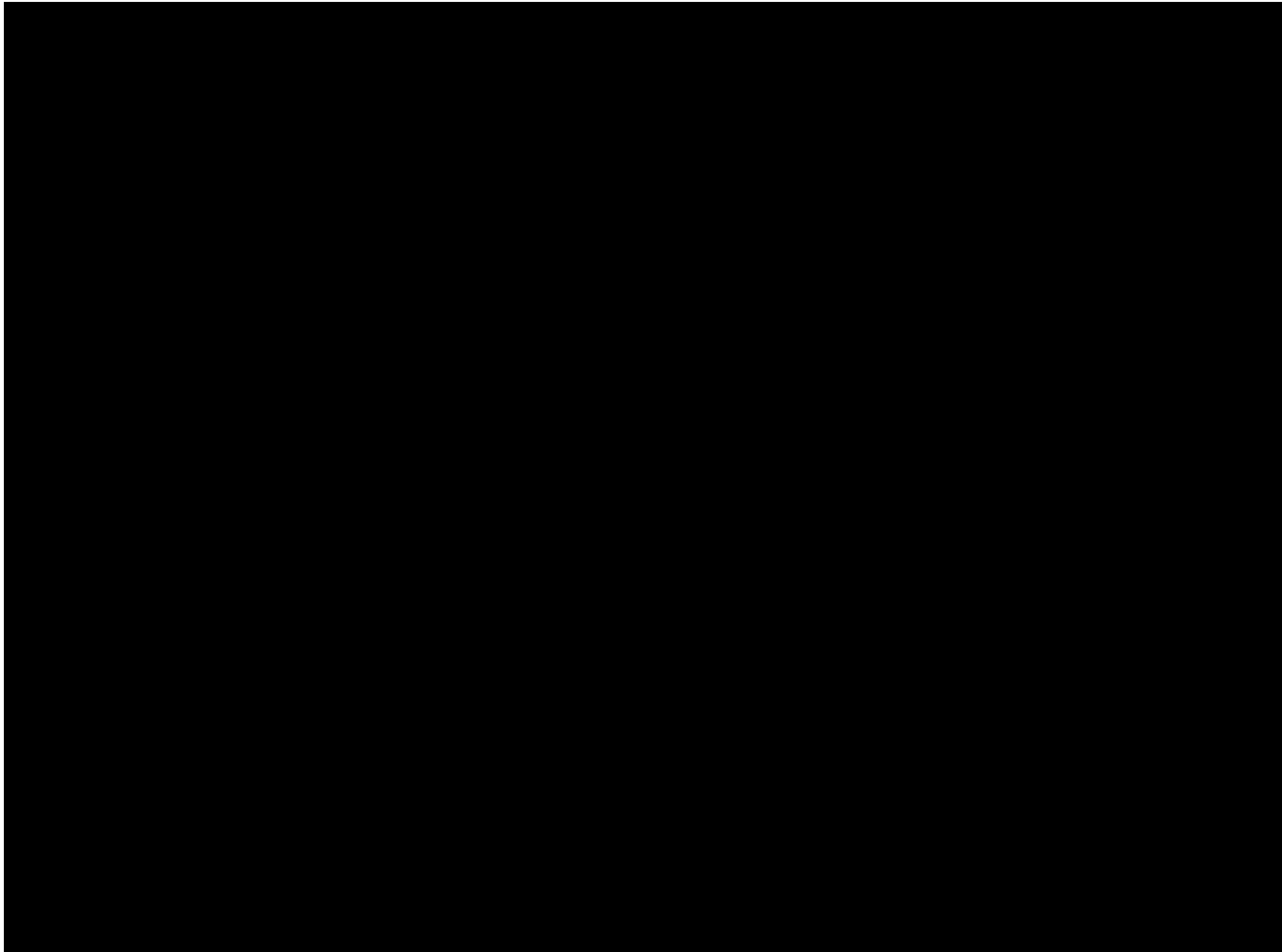


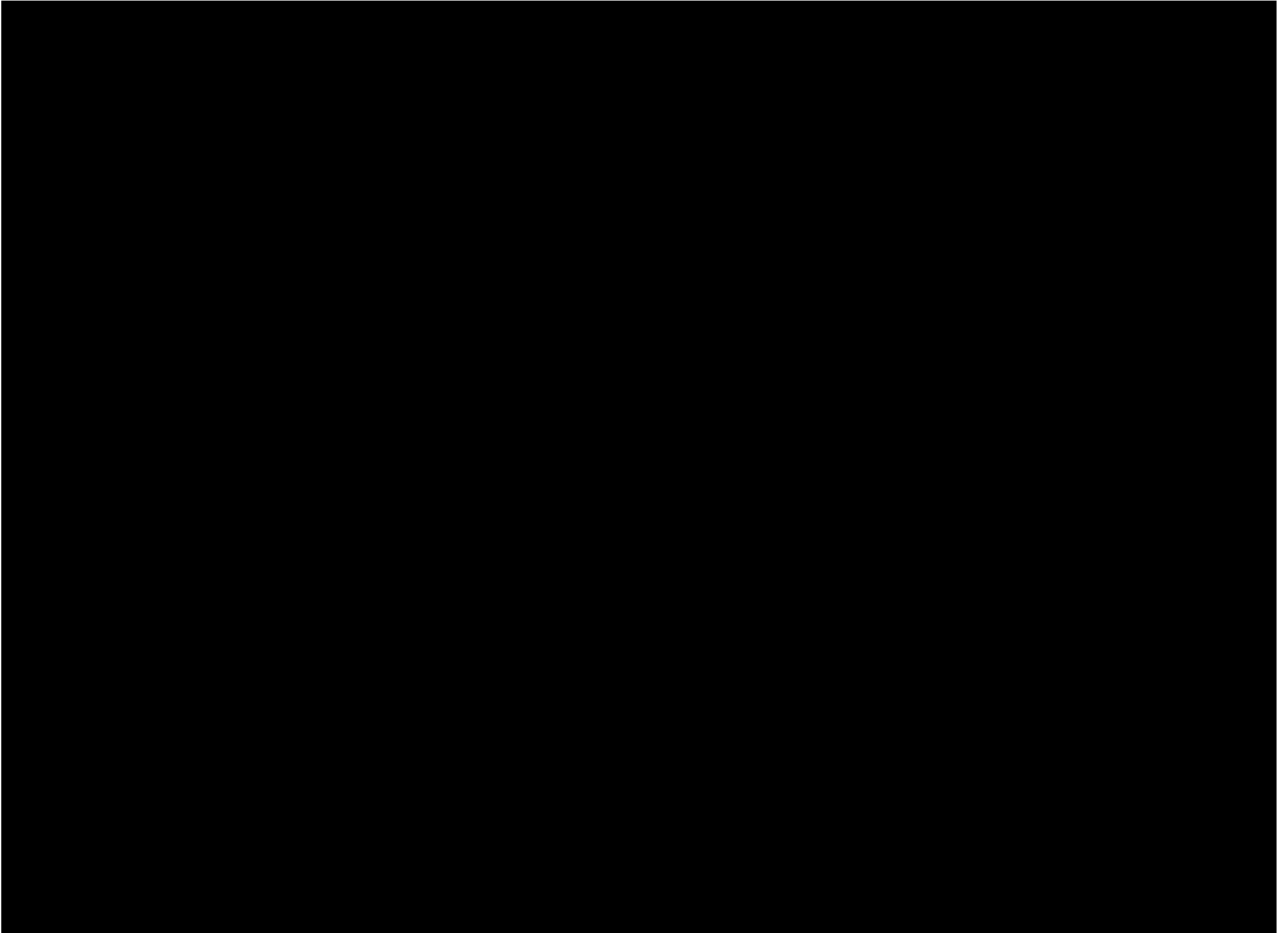


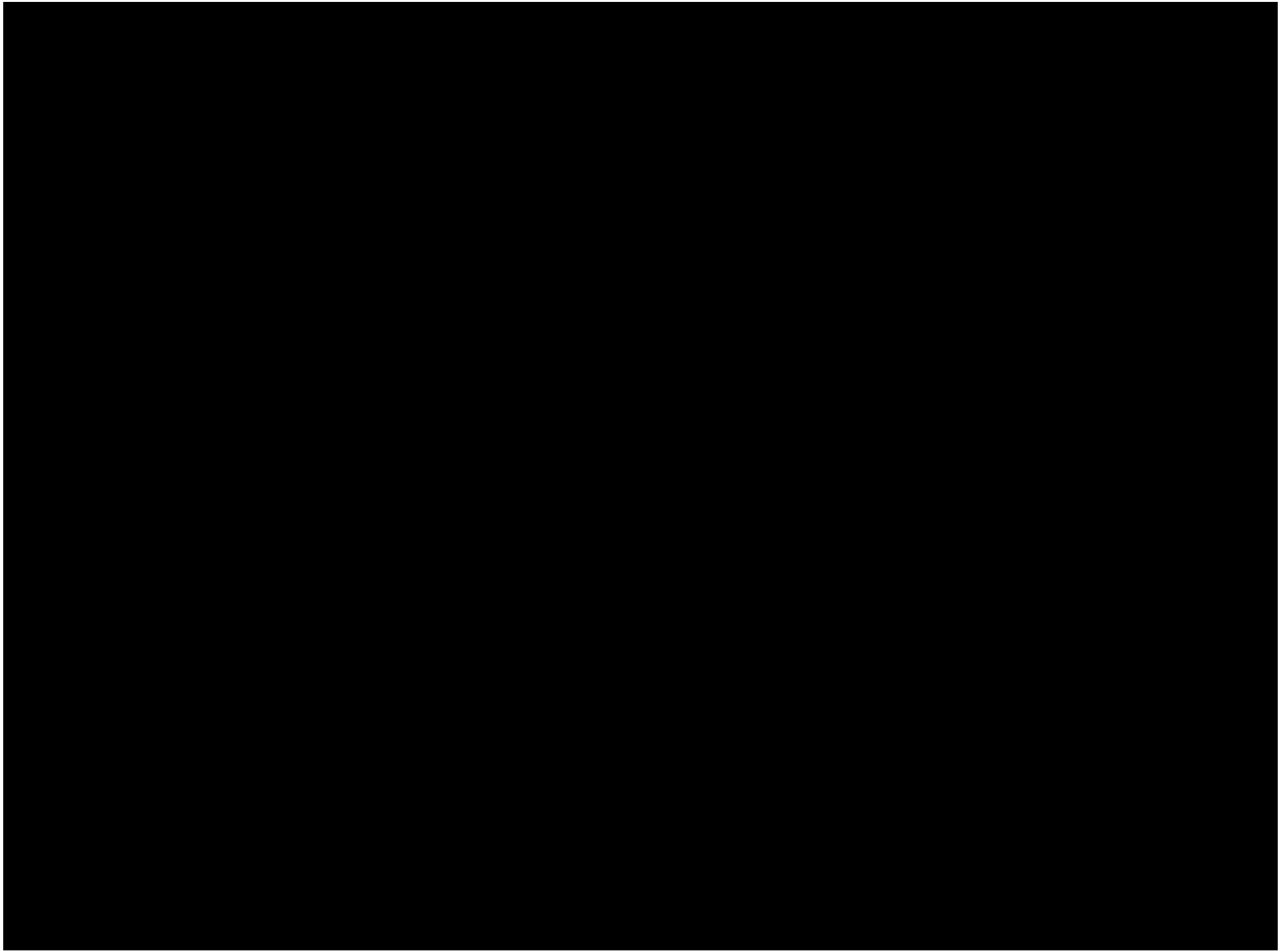


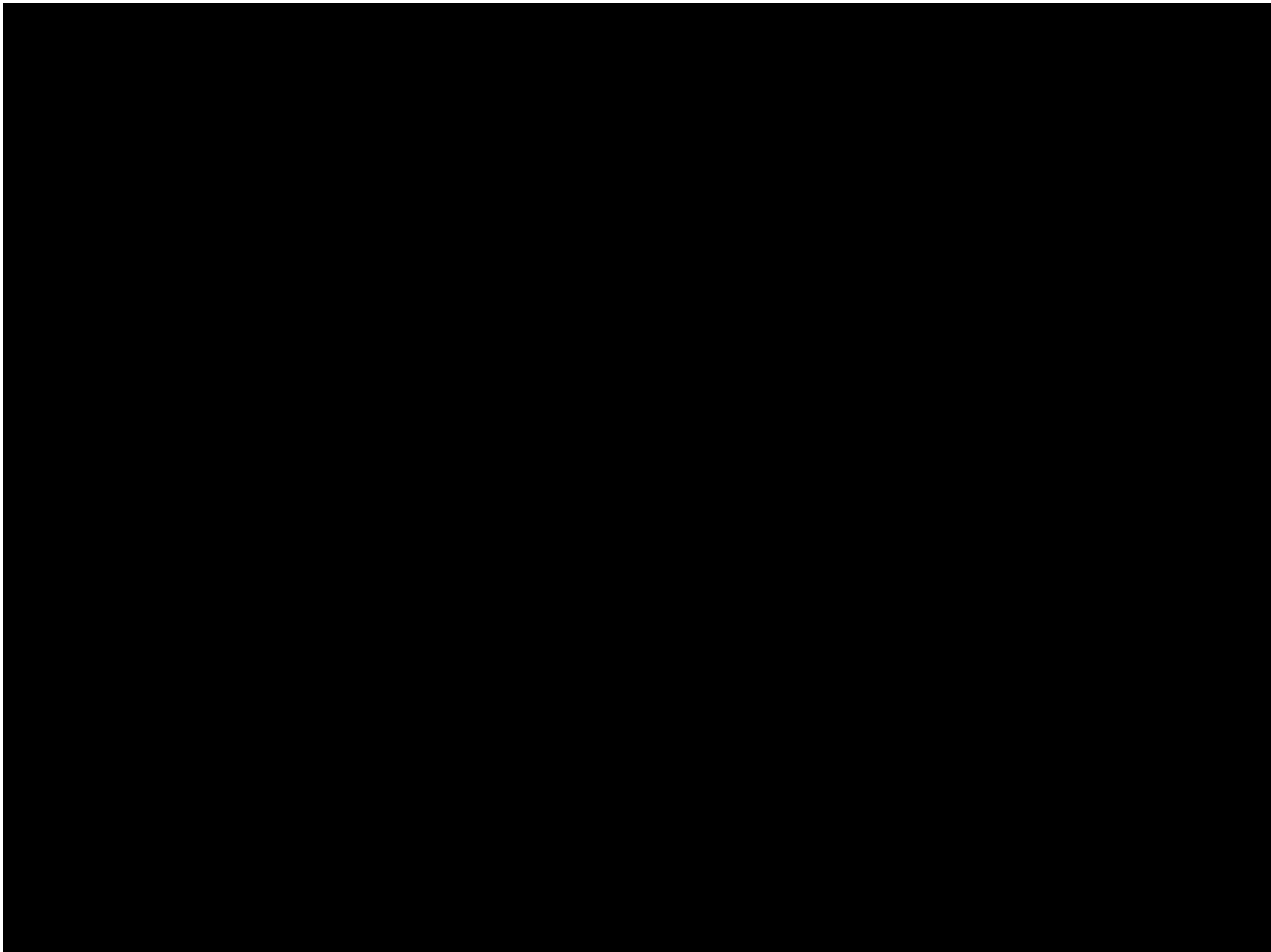


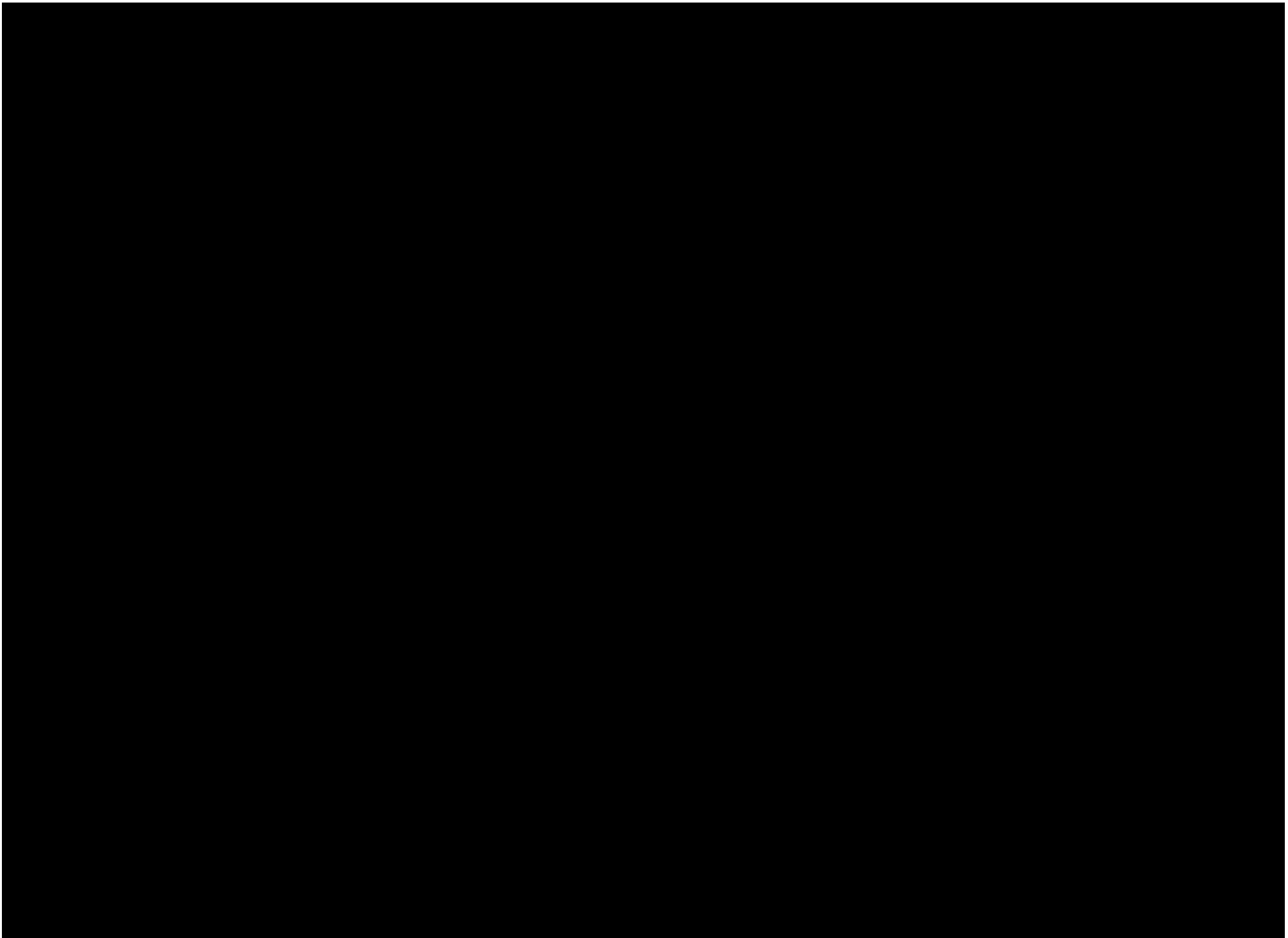


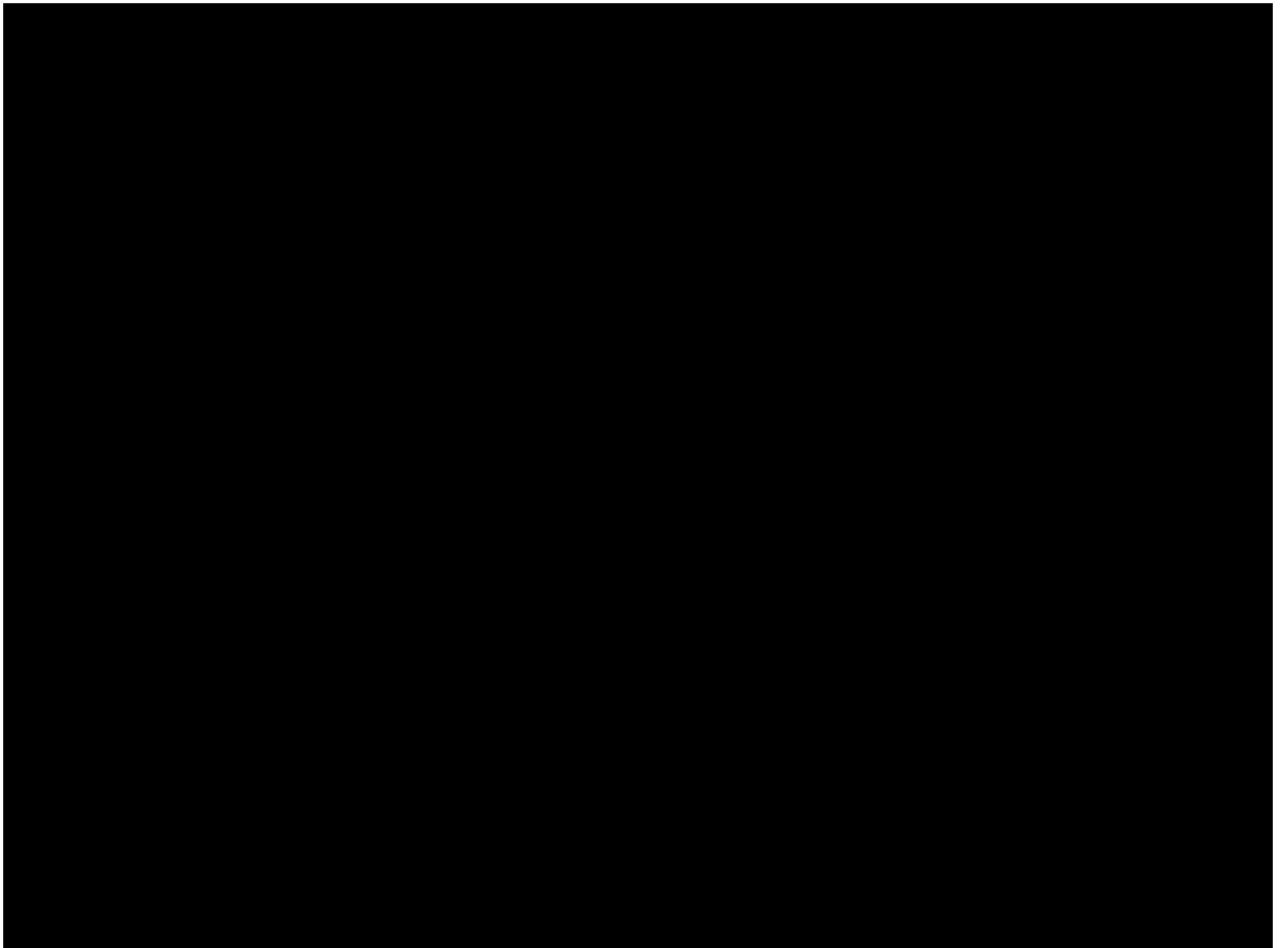


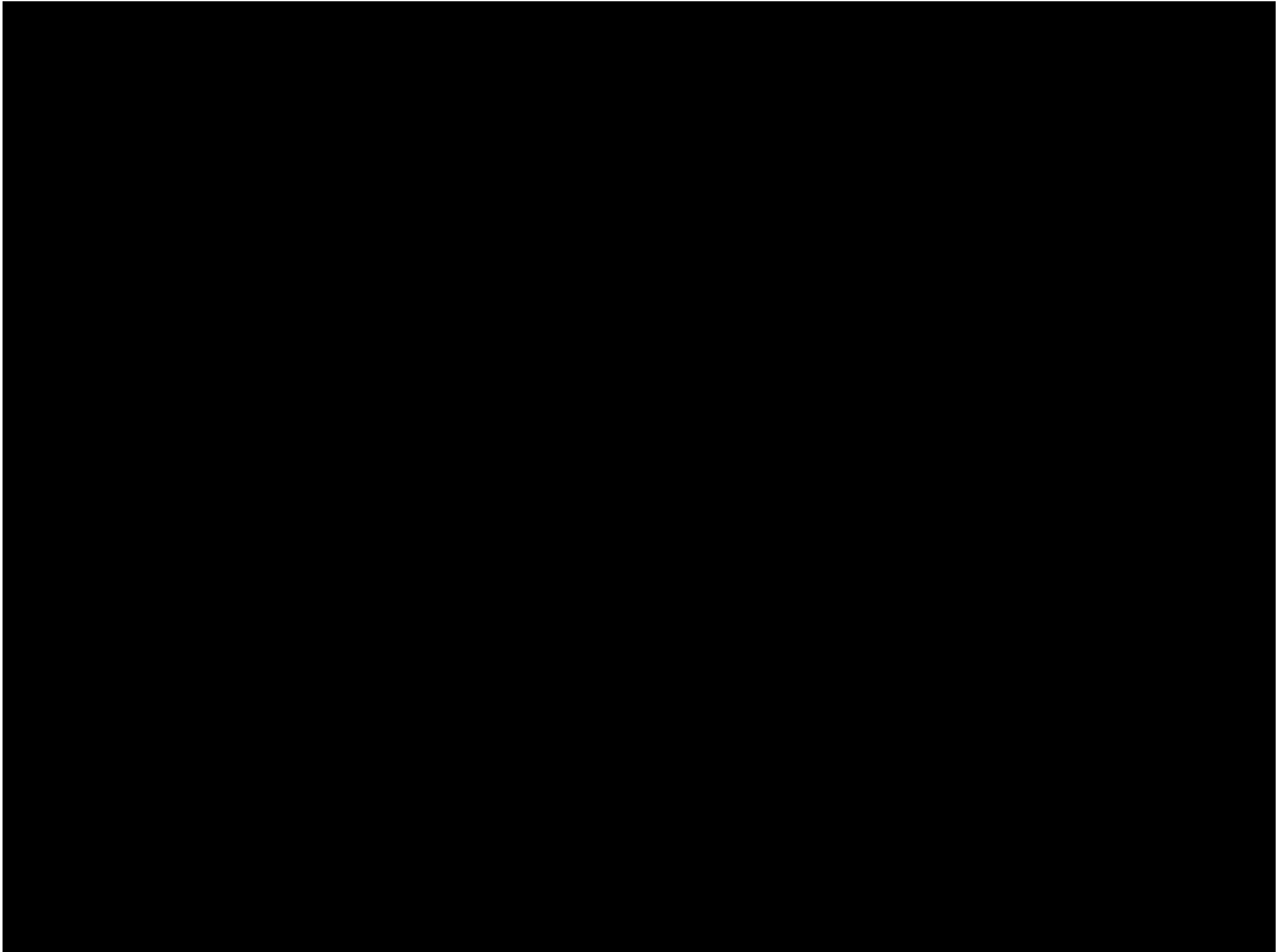


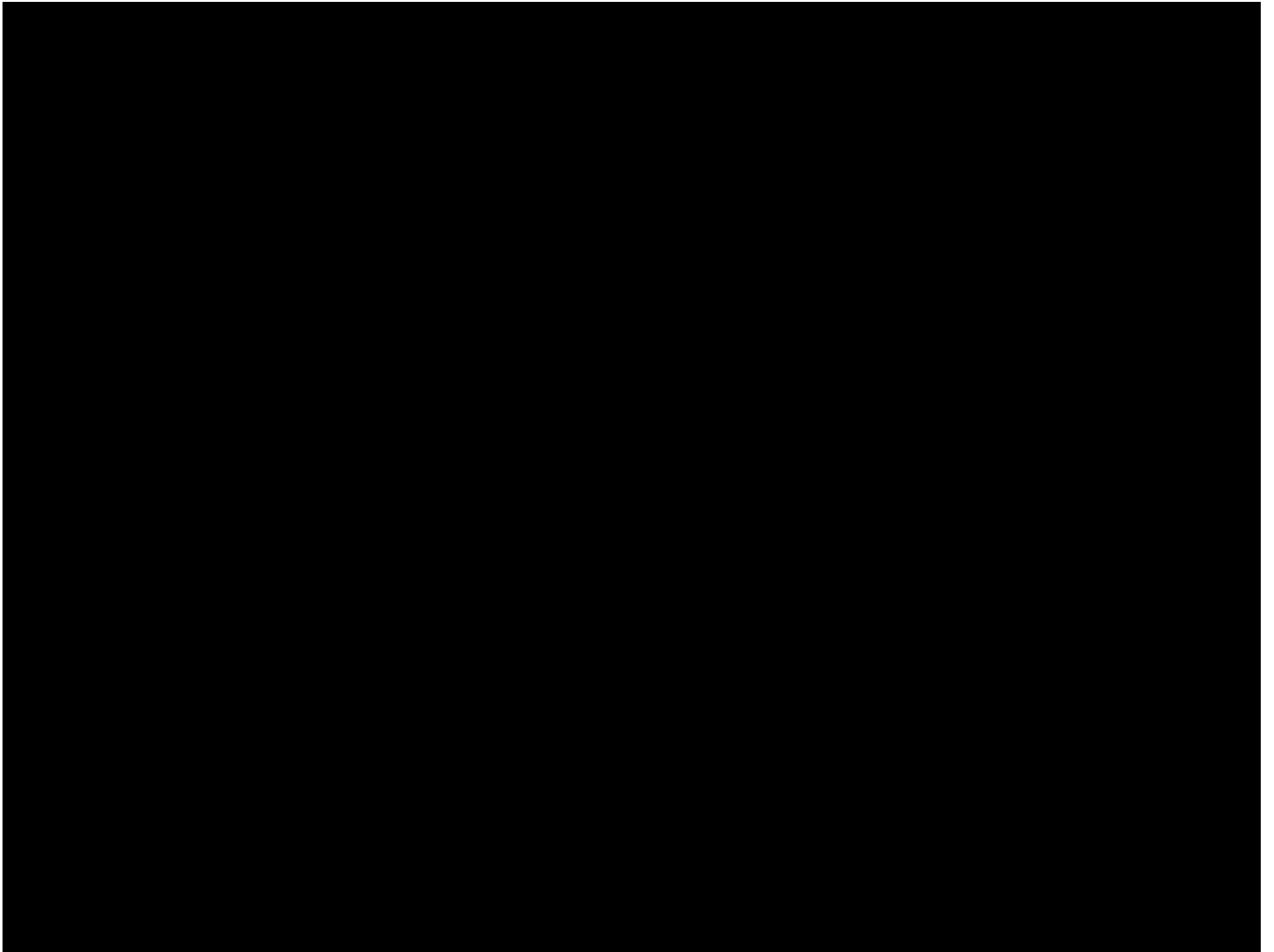




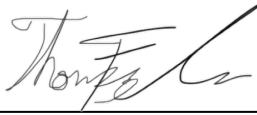








**Exhibit "R" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BZAM to Acquire Final Bell's Canadian Operation, forming 5th Largest Canadian L.P.; Adding Final Bell Holdings International as Strategic Shareholder



NEWS PROVIDED BY

BZAM LTD. →

Dec 06, 2023, 07:30 ET

VANCOUVER, BC and VAN NUYS, Calif., Dec. 6, 2023 /CNW/ - Building on a mutual strategy of delivering the best portfolio of cannabis products to consumers, BZAM Ltd. (the "**Company**" or "**BZAM**") (CSE: BZAM) (US-OTC: BZAMF) has entered into a definitive share exchange agreement dated December 5, 2023, (the "**Agreement**") to acquire Final Bell Canada Inc. ("**FBC**") from Final Bell Holdings International Ltd. ("**FBHI**"), the companies announced today (the "**Transaction**").

Under the terms of the Agreement, FBHI, the sole shareholder of FBC, will receive 90,000,000 common shares of BZAM at a deemed price of \$0.15 per share, representing approximately one-third of the issued and outstanding shares of BZAM (the "**BZAM Shares**") following the closing of the Transaction (the "**Closing**"), which is anticipated to occur on or about December 18, 2023, subject to customary closing conditions. BZAM will also enter into a supply agreement under which FBHI's wholly owned subsidiary, 14th Round Inc., will continue to provide industry leading child-resistant packaging, high-tech vaporization hardware, and pre-roll cones to BZAM.

"This Transaction combines BZAM's cultivation, production, and sales infrastructure with the exceptional portfolio of international brands that Final Bell has brought to market in Canada. FBHI, together with Greg Boone and his team at FBC, have done an incredible job introducing the biggest names in cannabis to Canadian consumers and creating significant value in the process. We are pleased to bring this team and these brands to BZAM," said Matt Milich, Chief Executive Officer of BZAM. "This combination also brings in FBHI as an invaluable strategic shareholder to the Company, which creates additional opportunities for long term growth and value creation."⁽²⁾

"This combination places the combined entity as the 5th largest Canadian L.P. on a proforma basis"⁽¹⁾⁽²⁾ said Robert Meyer, CEO of FBHI. "BZAM's demonstrated prowess in the Canadian marketplace, coupled with our brand portfolio and packaging and hardware innovation are a recipe for continued growth with many competitive advantages."⁽²⁾

"We are proud of the work we have done to bring many of the leading cannabis brands from California to Canada and I am excited to continue the work of developing those brands under the BZAM umbrella with the incredible resources BZAM brings to the table," said Greg Boone, CEO of FBC.

As part of the Transaction, Greg Boone will join BZAM as President and Jennifer Maccarone will join as VP of Operations. FBC's Chief Legal Officer Christy Zhou will assume the same role at BZAM, and Lana MacKenzie will also take on a senior role within BZAM. Matt Milich will remain as CEO of BZAM. In addition, FBHI will be entitled to appoint a new member to BZAM's board of directors.

Further to the Transaction, the combined Company will be the Canadian home of some of the most recognizable international brands in the cannabis industry – including Cookies, Sherbinskis, and Wyld.

Transaction Details

In consideration for all the issued and outstanding common shares of FBC, upon Closing, BZAM will issue 90,000,000 BZAM Shares to FBHI, representing an ownership stake of approximately 33% of the combined Company following Closing. This Transaction does not constitute a

fundamental or significant acquisition under CSE Policy.

In accordance with the terms of the Agreement, FBHI will enter into a contractual lock-up agreement, whereby the BZAM Shares received at Closing shall be subject to a lock-up, with 1/3 of being released on the 4-month, 8-month, and 12-month anniversaries of the date such shares are issued. As part of the Transaction, FBC will retain a promissory note issued to FBHI in the amount of \$4 million, bearing zero percent interest, maturing March 31, 2025, and subordinate to BZAM's current credit facility.

The Transaction is expected to achieve significant cost synergies through the reduction of selling, general and administrative expense, as well as supply chain and distribution integration and optimization.⁽²⁾

Clarus Securities Inc. acted as the exclusive financial advisor to BZAM, with compensation of 3% of the purchase price, equating to 2,700,000 common shares of BZAM, to be issued upon successful completion of the Transaction.

About BZAM Ltd.

BZAM Ltd. (CSE: BZAM) (US-OTC: BZAMF) is a leading Canadian cannabis producer. The BZAM family includes core brands BZAM™, TGO™, ness™, Highly Dutch Organic™, TABLE TOP™, and partner brands Dunn Cannabis, FRESH and Wyld. BZAM operates facilities in BC, Ontario and Quebec, as well as a retail store in Regina, Saskatchewan.

BZAM's Common Shares and certain warrants issued under the indentures dated June 12, 2020, October 23, 2020 and December 10, 2020 currently trade on the CSE under the symbol "BZAM", "BZAM.WR", "BZAM.WA", and "BZAM.WB" respectively. BZAM's Shares trade in the U.S. on the OTCQX under the symbol "BZAMF". For more information on BZAM Ltd., please visit www.bzam.com.

About Final Bell International Ltd.

Final Bell enables innovation at scale for the cannabis industry. Founded by experienced cannabis industry operators, Final Bell offers an owned, end-to-end supply chain solution that allows leading cannabis brands to quickly move products from concept to shelf, across

multiple geographies, while maintaining the quality and experience their customers demand. Its hardware and packaging division, 14TH Round Inc., delivers the most advanced vaporization devices and child-resistant packaging solutions to market.

Notes:

1. Based on estimated retail sales from HyFire Analytics for calendar Q3 2023.
2. This is forward-looking information and based on a number of assumptions. See "Cautionary Statements". This target, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. While BZAM and FBC believe there is a reasonable basis for this target, such target may not be met. Actual results may vary and differ materially from the targets.

Cautionary Statements

*This news release includes statements containing certain "forward-looking information" within the meaning of applicable securities law ("**forward-looking statements**"). Forward looking statements in this release include, but are not limited to, statements about the timing and achievement of closing of the Transaction, statements about the Company becoming the fifth largest Canadian licensed producer, statements about future revenue, statements about cost synergies and overhead reductions, statements about future production and manufacturing, statements about achievement of value for shareholders, statements about reduction in cost of goods sold and general and administrative expenses, statements about the offering of any particular products by the Company in any jurisdiction, statements regarding the future performance or future growth of the Company, statements about future development and delivery of products of the Company, and statements about the level of demand for Company's products. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "should", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties (including market conditions) and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements, including those risk factors described in the Company's most recent Annual Information Form filed with Canadian securities regulators and available on the Company's issuer profile on SEDAR at www.sedar.com. Although the Company believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this news*



release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this news release are made as of the date of this news release. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

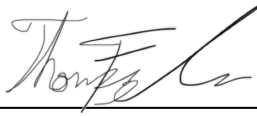
Neither the CSE nor the CSE's Regulation Services Provider (as that term is defined in the policies of CSE) accept responsibility for the adequacy or accuracy of this release.

55209231.3

SOURCE BZAM LTD.

For further information: CONTACT INFORMATION , Matt Milich, CEO, BZAM, mmilich@bzam.com, 778-655-6335; Kay Jessel, Executive Director, Final Bell Holdings International Ltd., ir@finalbell.com, 604-365-6099

**Exhibit "S" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



BZAM TM

BZAM Ltd., formerly The Green Organic Dutchman Holdings Ltd.

Consolidated Financial Statements

For the years ended December 31, 2022 and December 31, 2021



KPMG LLP
100 New Park Place, Suite 1400
Vaughan, Ontario, L4K 0J3
Telephone (905) 265-5900
Fax (905) 265-6390
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BZAM Ltd.

Opinion

We have audited the consolidated financial statements of BZAM Ltd., formerly The Green Organic Dutchman Holdings Ltd., (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2022 and December 31, 2021
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 2(ii) in the financial statements, which indicates that the Entity incurred a net loss from continuing operations of \$36,359 thousand and net cash outflows from operating activities of \$8,994 thousand during the year ended December 31, 2022 and, as of that date, the Entity's accumulated deficit was \$514,201 thousand.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the acquisition-date fair values of long-lived assets and intangible assets acquired through a business combination

Description of the matter

We draw attention to Notes 2(iv)(c), 3(a), and 4 to the financial statements. The Entity measures the consideration transferred, the assets acquired and liabilities assumed in a business combination at their acquisition-date fair values. In connection with the acquisition of BZAM Holdings Inc., the Entity recorded Health Canada Licenses, Distribution Channels and Brands ("intangible assets") of \$22,078 thousand and long-lived assets of \$47,818 thousand.

The Entity's significant assumptions used in determining the acquisition-date fair values of intangible assets include estimated net cash flows attributable to the specific acquired intangible assets, customer attrition rate, and discount rates. The Entity's significant assumptions used in determining the acquisition-date fair values of long-lived assets include estimated construction costs, third party selling prices for land and buildings, current estimated costs to purchase or replace similar assets, and inflation indices.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair values of certain long-lived assets and intangible assets acquired through a business combination as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the assets and the high degree of estimation uncertainty in determining the acquisition-date fair values of certain acquired long-lived assets and intangible assets. In addition, significant auditor judgment and the involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the fair values to possible changes in significant assumptions used.



How the matter was addressed in the audit

The following were the primary procedures we performed to address this key audit matter.

We evaluated the estimated net cash flow attributable to the specific acquired intangible assets by comparing to published reports of industry analysts and peer company analysis.

We compared the estimated customer attrition rate to the expected useful life of similar intangible assets of peer companies.

We involved valuation professionals with specialized skills and knowledge who assisted with the:

- Evaluation of the discount rates by comparing to ranges independently developed using publicly available data for comparable entities
- Evaluation of estimated construction costs by comparing to third party published reports and peer company analysis
- Evaluation of third party selling prices for land and buildings by comparing to publicly available sales transactions
- Evaluation of current estimated costs to purchase or replace similar assets, and inflation indices, such as estimates of normal useful life by asset category, by comparing to publicly available data that was independently sourced to assess appropriateness.

Evaluation of the impairment of non-financial assets of the TGOD cash generating unit

Description of the matter

We draw attention to Notes 2(iv)(b), 3(d), 10 and 11 to the financial statements. During the year, the Entity recorded an impairment charge of \$10,677 thousand related to the TGOD cash generating unit ("CGU"). Non-financial assets (other than biological assets and inventories) are assessed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU exceeds its recoverable amount. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of the TGOD CGU was based on its value in use, which was determined to be greater than its fair value less costs of disposal. The TGOD CGU's value in use was estimated by discounting the probability weighted future cash flows expected to be generated from the continuing use of the TGOD CGU. The significant assumptions used by the Entity in estimating the value in use of the TGOD CGU include estimated cash flows, discount rate, and long-term growth rate. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other non-financial assets in the CGU, excluding biological assets and inventories, on a pro-rata basis.



Why the matter is a key audit matter

We identified the evaluation of the impairment of non-financial assets of the TGOD cash generating unit as a key audit matter. This matter represented a significant risk of material misstatement given the magnitude of the asset values and the high degree of estimation uncertainty in assessing the Entity's significant assumptions. Significant auditor judgment and the involvement of professionals with specialized skills and knowledge were required to evaluate the Entity's use of significant assumptions in assessing the recoverable amount of the CGU.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

Compared the Entity's previous estimated cash flows to the actual historical cash flows generated by the CGU to assess the Entity's ability to accurately predict cash flows.

Evaluated the estimated cash flows by comparing to the Entity's historical results, published reports of industry analysts and peer company analysis.

Evaluated the long-term growth rate by comparing to published industry data.

Involved valuation professionals with specialized skills and knowledge who assisted in evaluating the discount rate used to determine the recoverable amount, by comparing it against a discount rate range that was independently developed using publicly available market data for comparable companies and Entity specific risk factors.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions



are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Pardeep Singh Gill.

Vaughan, Canada
April 28, 2023

BZAM Ltd.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***(expressed in thousands of Canadian dollars, except common shares outstanding.)*

	Notes	As at December 31, 2022	As at December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,650	\$ 4,089
Restricted cash	22	350	219
Refundable sales taxes receivable		-	347
Trade receivables	22	10,256	8,833
Biological assets	12	4,575	3,149
Inventories	13	52,416	20,942
Prepaid expenses and deposits		3,427	1,502
Other current assets	14	1,760	1,841
Due from related parties		487	573
Assets held for sale	5, 7	9,742	13,612
		\$ 87,663	\$ 55,107
Non-current assets			
Property, plant and equipment	10	129,369	117,980
Intangible assets	11	28,325	15,585
Goodwill	4, 11	28,692	3,939
Other assets	14, 20	395	1,735
Total assets		\$ 274,444	\$ 194,346
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 29,511	\$ 17,664
Sales taxes payable		1,540	595
Current portion of loans	8	5,405	2,021
Current portion of lease liabilities	16	1,455	1,049
Loan payable to disposal group	5	—	5,492
Liabilities held for sale	5, 7	3,669	2,570
Current portion of contingent consideration	15	634	—
		42,214	29,391
Non-current liabilities			
Lease liabilities	16	10,611	6,517
Loans	8	27,213	18,204
Contingent consideration	15	16,095	3,423
		53,919	28,144
Total liabilities		\$ 96,133	\$ 57,535
Shareholders' equity			
Share capital	17	578,006	508,504
Contributed surplus	18	109,487	108,836
Deficit		(514,201)	(478,697)
Reserve for foreign currency translations		(1,723)	(969)
Total Shareholders' Equity attributed to BZAM Ltd.		\$ 171,569	\$ 137,674
Non-controlling interests		6,742	(863)
Total Shareholders' Equity		178,311	136,811
Total Liabilities and Shareholders' Equity		\$ 274,444	\$ 194,346
Total number of common shares outstanding	17	157,137,836	74,966,065
Going concern	2		
Commitments and contingencies	20		
Events after the reporting period	26		

The accompanying notes are an integral part of these consolidated financial statements.

Approved and authorized by the Board of Directors on April 28, 2023:

(signed) "Bassam Alghanim"
Director

(signed) "Chris Schnarr"
Director

BZAM Ltd.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS***(expressed in thousands of Canadian Dollars, except per share amounts.)*

	Notes	For the years ended	
		December 31, 2022	December 31, 2021
Continuing operations			
Revenue		\$ 68,802	\$ 39,185
Excise duties		(19,451)	(8,944)
Net revenue		49,351	30,241
Cost of sales		(45,222)	(22,465)
Gross profit before change in fair value of biological assets		4,129	7,776
Realized fair value adjustment on sale of inventories		(23,606)	(8,161)
Unrealized gain on changes in fair value of biological assets	12	26,229	12,118
Gross profit		\$ 6,752	\$ 11,733
Operating expenses			
Sales and marketing expenses		\$ 9,673	\$ 4,186
Research and development expenses		494	528
General and administrative expenses		22,980	20,215
Share based compensation	18	206	3,381
Depreciation and amortization	10, 11	8,634	12,164
Total operating expenses		\$ 41,987	\$ 40,474
Loss from operations		(35,235)	(28,741)
Foreign exchange loss		(603)	(648)
Finance costs		(5,116)	(6,137)
Accretion expense	8	(1,522)	(5,445)
Finance income		20	89
Loss on lease termination		(541)	—
Revaluation gain of contingent consideration	15	38,017	1,851
Loss on disposal of assets		(4)	(63)
Gain on debt settlement	8	1,140	—
Reversal of impairment / (impairment) charge for non-financial assets	10, 11	(29,004)	21,811
Loss on derecognition of investment in joint venture		—	(761)
Impairment loss on remeasurement of HemPoland disposal group	5	(2,489)	(5,118)
Net loss on disposal of subsidiaries	5, 6	(1,166)	—
Loss on assets held for sale		—	(17,688)
Debt modification	8	352	1,187
Acquisition related costs	4	(208)	(317)
Loss before income taxes		(36,359)	(39,980)
Deferred income tax recovery		—	436
Net loss from continuing operations		\$ (36,359)	\$ (39,544)
Discontinued operations			
Net loss from discontinued operations	5	(432)	(2,753)
Net loss from operations		(36,791)	(42,297)

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (CONTINUED)***(expressed in thousands of Canadian Dollars, except per share amounts.)*

	For the years ended	
	December 31, 2022	December 31, 2021
Other comprehensive loss		
Foreign currency translation loss/(gain)	754	1,227
Comprehensive loss	\$ (37,545)	\$ (43,524)
Net loss attributable to:		
BZAM Ltd.	(35,504)	(42,138)
Non-controlling interests	(1,287)	(159)
Comprehensive loss attributable to:		
BZAM Ltd.	(36,258)	(43,365)
Non-controlling interests	(1,287)	(159)
Basic and diluted loss per share	\$ (0.43)	\$ (0.77)
Basic and diluted loss per share - Continuing operations	\$ (0.42)	\$ (0.72)
Weighted average number of outstanding common shares	86,533,945	55,210,913

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(expressed in thousands of Canadian Dollars, except number of shares.)

	Notes	Share Capital		Contributed Surplus							Non-Controlling Interests	Total
		Common Shares ⁽¹⁾	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units	Total Contributed surplus	Reserve for foreign currency translations	Accumulated deficit		
Balance, December 31, 2021		74,966,065	508,504	21,653	10,375	76,768	40	108,836	(969)	(478,697)	(863)	136,811
Issuance of common shares	17[a]	12,797,900	4,209	—	—	—	—	—	—	—	—	4,209
Share based compensation	18[a,c]	—	—	206	—	—	—	206	—	—	—	206
Restricted share units exercised during period - escrowed	17[c]	984	40	—	—	—	(40)	(40)	—	—	—	—
Shares and warrants issued in connection with debt modification	17[b]	50,000	50	—	—	—	—	—	—	—	—	50
Restricted share units exercised during period	17[d]	219,579	615	(616)	—	—	—	(616)	—	—	—	(1)
Warrants issued in connection with Debt modification	8	—	—	—	514	—	—	514	—	—	—	514
Expiry of Warrants	18[b]	—	—	—	(3,466)	3,466	—	—	—	—	—	—
Shares issued to settle accounts payable	17[e]	93,750	75	—	—	—	—	—	—	—	—	75
Share cancellation upon share consolidation	17[g]	(111)	—	—	—	—	—	—	—	—	—	—
Issuance of common shares in relation to acquisition	4	65,522,781	62,247	—	—	—	—	—	—	—	—	62,247
Shares issued in connection with debt repayment	8, 17[f]	3,486,888	2,266	—	—	—	—	—	—	—	—	2,266
Warrants issued in public offering	18[b]	—	—	—	587	—	—	587	—	—	—	587
Acquisition of BZAM Holdings Inc.	4	—	—	—	—	—	—	—	—	—	8,029	8,029
Disposal of Mexico	6	—	—	—	—	—	—	—	—	—	863	863
Comprehensive loss		—	—	—	—	—	—	—	(754)	(35,504)	(1,287)	(37,545)
Balance, December 31, 2022		157,137,836	578,006	21,243	8,010	80,234	—	109,487	(1,723)	(514,201)	6,742	178,311

⁽¹⁾ The Company completed a consolidation of Common Shares on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this table reflect that consolidation.

	Share Capital		Contributed Surplus					Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total	
	Common Shares ⁽¹⁾	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units	Shares to be issued					Total Contributed surplus
	#	\$	\$	\$	\$	\$	\$					\$
Balance, December 31, 2020	48,667,577	468,379	23,258	66,111	11,129	7,972	404	108,874	255	(436,559)	(1,145)	139,804
Issuance of common shares in relation to acquisition	17[h]	12,280,515	19,035	—	—	—	—	—	—	—	—	19,035
Issuance of contingent shares in relation to acquisition	17[i]	8,571,429	—	—	—	—	—	—	—	—	—	—
Issuance of common shares	17[j]	2,103,546	9,322	—	—	—	—	—	—	—	—	9,322
Share based compensation	18[a,c]	—	—	3,381	—	—	—	3,381	—	—	—	3,381
Exercise of warrants	17[k]	2,419,860	8,684	—	(1,125)	—	—	(1,125)	—	—	—	7,559
Expiry of stock options		—	—	(4,102)	—	4,102	—	—	—	—	—	—
Expiry of warrants	18[b]	—	—	—	(54,881)	54,881	—	—	—	—	—	—
Restricted share units exercised during period - escrowed	17[l]	31,493	1,276	—	—	6,656	(7,932)	(1,276)	—	—	—	—
Restricted share units exercised during period	17[o]	193,790	584	(584)	—	—	—	(584)	—	—	—	—
Shares issued to settle accounts payable	17[m]	424,171	704	(300)	—	—	(404)	(704)	—	—	—	—
Shares and warrants issued in connection with debt modification	17[n]	273,684	520	—	270	—	—	270	—	—	—	790
Comprehensive loss		—	—	—	—	—	—	—	(1,227)	(42,138)	(159)	(43,524)
Elimination of non-controlling interest on disposal of Denmark		—	—	—	—	—	—	—	3	—	441	444
Balance, December 31, 2021		<u>74,966,065</u>	<u>508,504</u>	<u>21,653</u>	<u>10,375</u>	<u>76,768</u>	<u>40</u>	<u>108,836</u>	<u>(969)</u>	<u>(478,697)</u>	<u>(863)</u>	<u>136,811</u>

⁽¹⁾ The Company completed a consolidation of Common Shares on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this table reflect that consolidation.

An unlimited number of common shares are authorized for issue.

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in thousands of Canadian dollars)

	Notes	For the years ended	
		December 31, 2022	December 31, 2021
OPERATING ACTIVITIES			
Net loss from operations		\$ (36,791)	\$ (42,297)
Items not affecting cash:			
(Reversal of impairment) / Impairment of property, plant and equipment	10	19,643	(17,765)
Reversal of impairment of intangible assets		9,363	(4,046)
Loss on assets held for sale		—	17,688
Impairment loss on remeasurement of disposal group		2,489	5,118
Share based compensation	18	206	3,381
Depreciation of property, plant and equipment	10	6,973	12,037
Amortization of intangible assets	11	1,661	1,716
Realized fair value adjustment on sale of inventories		15,419	8,161
Unrealized gain on change in fair value of biological assets	12	(26,229)	(12,118)
Foreign exchange loss		603	—
Accretion expense	8	1,522	5,445
Revaluation gain of contingent consideration	15	(38,017)	(1,851)
Loss (gain) on disposal of assets	10	4	63
Loss on derecognition on investment in joint venture		—	761
Loss on disposal of subsidiary	5, 6	1,166	—
Deferred financing costs expensed		—	750
Deferred income tax recovery		—	(804)
Write-down of deposit		—	1,564
Gain on debt settlement		(1,140)	—
Loss on lease termination		541	—
Provision recorded on inventory	13	11,507	—
Debt modification	8	(352)	(1,187)
Changes in non-cash operating working capital items	19	22,438	5,346
Net cash used in operating activities		\$ (8,994)	\$ (18,038)
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,124)	(9,121)
Net proceeds from the disposition of the Valleyfield Assets		—	25,512
Net cash inflow on deposits	14[b]	450	5,761
Proceeds on disposal of assets	10	2,003	1,698
Transfer to/(from) restricted cash	22[c]	219	403
Cash acquired from business combination	4	1,210	307
Net cash inflow on sale of investment		—	1,242
Proceeds on disposal of HemPoland, net	5	2,191	—
Additions to intangible assets	11	—	(6)
Net cash provided from investing activities		\$ 4,949	\$ 25,796
FINANCING ACTIVITIES			
Proceeds from issuance of shares, net of share issue costs	17	4,796	9,322
Proceeds from borrowings, net of costs	8	6,120	6,790
Proceeds from the exercise of stock options and warrants		—	7,559
Interest received		20	55
Interest paid on lease liabilities	16	(1,201)	(535)
Interest paid on debt		(3,942)	(4,496)
Principal payments of lease liabilities	16	(532)	(704)
Principal payments of debt	8	—	(32,200)
Net proceeds/(repayments) of borrowings under the Revolver Loan	8	1,583	766
Net cash provided/(used) by financing activities		\$ 6,844	\$ (13,443)
Net cash inflow (outflow)		\$ 2,799	\$ (5,685)
Net effects of foreign exchange		(2,238)	(597)
Cash, beginning of period		4,089	11,212
Cash related to assets held for sale		—	(841)
Cash and cash equivalents, end of period		\$ 4,650	\$ 4,089

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

1. NATURE OF ACTIVITIES

BZAM Ltd. (“Company”), formerly The Green Organic Dutchman Holdings Ltd., was incorporated on November 16, 2016, under the *Canada Business Corporations Act* (“CBCA”). On January 25, 2023 the Company’s board of directors (the “Board”) authorized a change in the Company’s name from “The Green Organic Dutchman Holdings Ltd.” to “BZAM Ltd.” (the “Name Change”). The Name Change took effect at the open of the market on February 23, 2023. The Company is a reporting issuer domiciled in Canada whose common shares (the “Common Shares”) are publicly traded on the Canadian Securities Exchange (“CSE”) under the symbol “BZAM” and on the OTCQX under the symbol “BZAMF”. The Company also has three classes of warrants listed on the CSE under the symbols “BZAM.WR”, “BZAM.WA” and “BZAM.WB”. The Company’s head office is located at 200 Burrard Street, Suite 1570, Vancouver, BC, V6C 3L6 and its registered office is located at Suite 402, 5520 Explorer Road, Mississauga, ON, L4W 5L1. These consolidated financial statements for the years ended December 31, 2022 and December 31, 2021 (“Consolidated Financial Statements”) include the financial statements of BZAM Ltd. and its subsidiaries from the date the Company gained control of each subsidiary through to the date of disposition (if applicable).

The Company’s wholly-owned Canadian subsidiaries, The Green Organic Dutchman Ltd. (“TGOD”), Galaxie Brands Corporation (“Galaxie”) and BZAM Holdings Inc. (“BZAM Holdings”) are licensed producers under the *Cannabis Act* (Canada) and hold licences to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and sell such cannabis products within Canada to provincially authorized retailers or distributors and federally licensed entities. The Company owns cannabis cultivation facilities near Hamilton, Ontario (the “Hamilton Facility”), in Edmonton, Alberta (the “Edmonton Facility”), in Midway, British Columbia, in Maple Ridge, British Columbia (the “Maple Ridge Facility”). The Company also has leases for and operating licences with facilities holding cultivation and processing licences in Puslinch, Ontario (the “Puslinch Facility”), Saanichton, British Columbia (the “Saanichton Facility”) and Pitt Meadows, British Columbia (the “Pitt Meadows Facility”), and had a presence in Valleyfield, Québec (the “Québec Facility”) until December 31, 2022. It moved its Québec operations to Vaudreuil, Québec, in January 2023.

In addition to its Canadian operations, the Company, through its subsidiaries and strategic investments, is pursuing a limited international growth strategy, and has established strategic partnerships for the distribution of cannabis derived medical products primarily focused in Germany.

On November 8, 2022, the Company filed articles of amendment to effect a consolidation (the “Consolidation”) of all of the issued and outstanding Common Shares. Pursuant to the Consolidation, shareholders of the Company received one post-Consolidation Common Share for every ten pre-Consolidation Common Shares they held (the “Consolidation Ratio”). The Consolidation Ratio also applied to the Common Share purchase warrants (the “Warrants”). Accordingly, effective as of the Consolidation date, the holders of Warrants will be entitled to receive one post-Consolidation Common Share on the exercise of ten Warrants. The Consolidation also applied to the stock options and restricted share units outstanding, which were consolidated at the Consolidation Ratio with the exercise price being adjusted to reflect the Consolidation. The number of Common Share amounts discussed within these Consolidated Financial Statements reflect this Consolidation.

2. BASIS OF PRESENTATION

[i] Statement of compliance

These Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These Consolidated Financial Statements were approved and authorized for issue by the Board on April 28, 2023.

[ii] Going concern

These Consolidated Financial Statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

As of December 31, 2022, the Company had positive working capital of \$45,449 (inclusive of non-cash contingent consideration of \$634) (December 31, 2021 - \$25,716) and an accumulated deficit of \$514,201 (December 31, 2021 - \$478,697). For the year ended December 31, 2022, the Company has incurred a net loss from continuing operations of \$36,359 (December 31, 2021 - \$39,544), inclusive of a non-cash impairment charge of \$29,004 (December 31, 2021 - reversal of previously recognized impairment charges of \$21,811). During the year ended December 31, 2022, the Company used cash in operating activities of \$8,994 (year ended December 31, 2021 - \$18,038) resulting primarily from the loss from operations of \$35,235 (year ended December 31, 2021 - \$28,741) offset by items not affecting cash such as changes in fair value of biological assets, depreciation, amortization and share based compensation. The Company has insufficient cash on

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hand to fund its planned operations. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient revenues and positive cash flows from its operating activities and/or obtain sufficient funding to meet its obligations, neither of which is guaranteed to occur. Achieving such revenues, positive cash flows from operating activities or funding may be influenced by matters that are not in the Company's control, and as such, there is no certainty that such revenues, cash flows, or funding will be realized. In addition, the Company currently does not have any commitments in place that would provide the level of revenues, cash flows, or funding required to provide sufficient funding to meet its obligations.

The Company will need to obtain further funding in the form of asset sales, debt, equity or a combination thereof to continue operations for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If positive operating cash flows are not achieved, debt obligations are not repaid, or adequate funding is not available, the Company will be required to delay, reduce or cease the scope of any or all of its operations. In addition, the terms of the renewed secured revolving credit facility (the "Revolver Loan") require the Company to satisfy various affirmative and negative covenants and to meet certain future financial tests. A failure to comply with these covenants, including a failure to meet the financial tests, would result in an event of default under the Revolver Loan and if not cured would allow the lender to accelerate the repayment of the debt, which could materially and adversely affect the business, results of operations and financial condition of the Company. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

These Consolidated Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from operating and/or financing activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these Consolidated Financial Statements should such events impair the Company's ability to continue as a going concern.

[iii] Basis of measurement

These Consolidated Financial Statements have been presented in thousands of Canadian dollars (unless otherwise noted) on a historical cost basis, except for certain financial instruments that are measured at fair value and biological assets which are recorded at fair value less costs to sell. The Company's functional currency is Canadian dollars.

[iv] Use of estimates and judgments

The preparation of these Consolidated Financial Statements requires the use of estimates and judgments that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effected.

(a) *Biological assets and inventory*

In calculating the fair value less costs to sell of the biological assets, management is required to make a number of judgments and estimates, including estimating the stage of growth of the cannabis plants up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plants. In calculating inventory values, management is required to determine an estimate of indirectly attributable production costs and net realizable value of inventory items.

(b) *Impairment, estimated useful lives, depreciation and amortization of property, plant and equipment and intangible assets*

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, residual values, and depreciation rates. The depreciation and amortization methods are judgments based on the Company's assessment of the pattern of use of the assets. The estimate of useful lives and residual values are based on the Company's intended use of the assets. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions.

(i) *Cash generating units:*

Judgment is required to assess the Company's determination of cash generating units for the purpose of impairment testing.

(ii) *Impairment of non-financial assets:*

The process to calculate the recoverable amount of each cash generating unit ("CGU") requires use of valuation methods such as the discounted cash flow method which uses significant assumptions of key variables including estimated cash flows, discount rates and long-term growth rate. The Company applies judgment when determining which methods are most

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appropriate to estimate that value in use and fair value less costs of disposal for each CGU. Please see Notes 10 and 11 for details of the estimates and judgment applied by the Company in connection with the impairment of non-financial assets.

(c) ***Business combinations***

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition based on the facts and circumstances of the transaction in relation to the criteria listed in IFRS 3 Business Combinations. Determining the purchase price of a business combination, including any acquisition-related contingent consideration, and determining the allocation of the purchase price requires estimation of the fair value of the non-cash consideration and fair value of the assets acquired and liabilities assumed. Market based and appraisal values are used. The Company's significant assumptions used in determining the acquisition-date fair values of intangible assets include estimated net cash flows attributable to the specific acquired intangible assets, customer attrition rate, and discount rates. The Company's significant assumptions used in determining the acquisition-date fair values of long-lived assets include estimated construction costs, third party selling prices for land and buildings, current estimated cost to purchase or replace similar assets, and inflation indices.

(d) ***Share based compensation***

Estimates are used to determine the fair value of stock options and restricted stock units of the Company. The Company typically uses a Black Scholes pricing model to determine the valuations. Refer to Notes 17 and 18 for further information.

(e) ***Warrants***

Estimates are used to determine the fair value of warrants issued by the Company. The Company typically uses a Black Scholes pricing model to determine the valuations. Refer to Notes 17 and 18 for further information.

(f) ***Leases***

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Estimates are used to determine the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate for new leases.

(g) ***Assets held for sale***

The determination as to whether a disposal group meets the requirements to be classified as held for sale, and the assets and liabilities to be included within that disposal group, requires management to exercise judgement when making these determinations. Management must also exercise judgment when determining at which date all of the criteria are satisfied to be classified as held for sale. Management must also use estimates when determining the fair value less costs to sell of the disposal group to assess if the carrying value of the disposal group is greater than its recoverable amount.

[v] Basis of consolidation

These Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intercompany balances and transactions are eliminated upon consolidation and preparation of these Consolidated Financial Statements. The Company's primary controlled subsidiaries are as follows:

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Major subsidiary	Percentage ownership	Functional currency
The Green Organic Dutchman Ltd. ("TGOD")	100%	Canadian Dollar
Medican Organic Inc. ("Medican")	100%	Canadian Dollar
Galaxie Brands Corporation ("Galaxie")	100%	Canadian Dollar
TGOD Europe B.V.	100%	European Euro
BZAM Holdings Inc.	100%	Canadian Dollar
BZAM Cannabis Corp.	58%	Canadian Dollar
Folium Life Science Inc.	80%	Canadian Dollar
BZAM Management Inc.	100%	Canadian Dollar
1005099 Manitoba Ltd.	100%	Canadian Dollar

All shareholdings are of ordinary shares or other equity. Other subsidiaries, while included in the Consolidated Financial Statements, are not material and have not been included in the table above.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The Company measures the consideration transferred, the assets acquired, and liabilities assumed in a business combination at their acquisition-date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred, and the services are received, except for the costs to issue debt or equity securities which are recognized according to specific requirements. The excess of the consideration transferred to obtain control, over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Contingent consideration for a business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(b) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is recognized on a declining basis using the following rates:

Building	2.5 - 5%
Furniture and fixtures	5 - 33%
Production equipment	7 - 100%
Building and leasehold improvements	5 - 20%, or straight line over the lease term if applicable
Computer equipment	20 - 100%
Automobiles	7 - 30%

Residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at least once each financial year and adjusted, if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Land is not depreciated.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item at the date of disposal and recognized in profit or loss.

Assets and construction in progress are transferred to building, production equipment, and building improvements when available for use and depreciation of the asset commences at that point.

(c) Intangible assets

Finite-lived intangible assets are recorded at cost less accumulated amortization and impairment losses. Amortization is provided on a straight-line basis over the following term:

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Health Canada Licences	7 - 20 years, in accordance with the estimated useful life of buildings
Technology Licences	6 years
Website	10 years
Customer Relationships	10 years
Distribution Channels	10-20 years
Brands	10-20 years
Other acquired rights	3-5 years

The estimated useful lives and amortization methods of intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Company does not currently have any intangible assets with indefinite useful lives.

(d) Impairment of non-financial assets

Non-financial assets (other than biological assets and inventories) are assessed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU exceeds its recoverable amount. Goodwill is tested for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). Goodwill arising from a business combination is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal, and its value in use. If the carrying amount of an asset or CGU exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset or CGU exceeds its recoverable amount. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other non-financial assets in the CGU, excluding biological assets and inventories, on a pro-rata basis. Impairment losses in respect of goodwill are not subsequently reversed. For other non-financial assets excluding biological assets and inventories, an impairment loss is subsequently reversed only to an amount that is the lesser of the revised estimate of recoverable amount, and the carrying amount, net of depreciation or amortization, that would have been recorded at the date of the reversal had no impairment loss been recognized previously. The Company currently has four CGUs being (i) cannabis related activities from production at the Hamilton Facility and Québec Facility, ("TGOD CGU") (ii) the cannabis manufacturing productions at the Puslinch Facility ("Galaxie CGU"), (iii) the newly acquired BZAM Holdings ("BZAM CGU") and (iv) other strategic international investments. For the year ended December 31, 2022, the Company recorded an impairment in relation to the TGOD CGU.

(e) Goodwill

Goodwill represents the excess of the price paid for a business combination over the net fair value of the identifiable assets acquired and liabilities assumed in the business combination and is subsequently measured at historical cost less accumulated impairment losses, if any. Goodwill is not depreciated.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell at harvest, which becomes the initial cost of the harvested cannabis. Any subsequent post-harvest costs, such as depreciation, processing and packaging the inventories to a finished state, are capitalized to inventory as they are incurred to the extent that the aggregated cost of the inventory item is less than its net realizable value and are subsequently recorded within cost of sales related to inventory production costs in the consolidated statement of loss and comprehensive loss. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis.

(g) Biological assets

While the Company's biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are capitalized using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. Direct and indirect costs of biological assets include the direct cost of seeds and growing materials, and indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included. Certain direct and indirect costs of biological assets, excluding depreciation, are capitalized as they are incurred, and are subsequently recorded in inventories on the consolidated statement of financial position after the biological assets are harvested, and subsequently recorded within the line item 'cost of sales' on the consolidated statement of loss and comprehensive loss in the period that the related product is sold or impaired. The unrealized gain on changes in fair value

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of biological assets are recorded in a separate line on the consolidated statement of loss and comprehensive loss. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position.

(h) Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows the five-step model:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligations are satisfied.

Revenue from the direct sale of cannabis products for a fixed price is recognized when the Company transfers control of the good to the customer, which is at the point of shipment for medical cannabis and at the point of delivery for recreational cannabis.

Revenue earned in Canada includes excise duties, which the Company pays as principal, but excludes sales taxes collected on behalf of tax authorities. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, revenue is stated net of expected price discounts, allowances for customer returns and certain promotional activities and similar items. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices.

Under certain revenue arrangements, the Company provides production or licensing services. For these revenue arrangements, the Company earns a manufacturing or licensing fee, which is recognized as revenue net of associated costs as the Company acts as an agent in the arrangement. The Company does not control pricing or bear inventory, or credit risk associated with the goods in these arrangements, and as such is acting as an agent in these arrangements.

(i) Financial instruments

[i] Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

[ii] Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified and measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (“OCI”). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets, if applicable. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI. Changes in fair value are recognized in OCI and are never recycled to profit and loss, even if the asset is sold or impaired.

Financial Liabilities

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

[iii] Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company may enter into transactions whereby it transfers assets recognized in its statements of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguish and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Transaction Costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

[iv] Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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(j) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortized costs, debt investments measured at FVOCI, and contract assets – the Company had no debt investment measured at FVOCI and no contract assets as at December 31, 2022 and December 31, 2021.

When determining whether the credit risk of a financial asset has increased significantly and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Company’s historical experience and informed credit assessment and including forward looking information.

(k) Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is usually evidenced by but not limited to, the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost, inclusive of transaction costs. Subsequent to initial recognition, the Company includes in its consolidated financial statements the Company’s share of the income and expenses of equity accounted investees until the date on which significant influence ceases. In accordance with IFRS, the investee’s most recent available financial statements are used in the application of the equity method. The Company does not recognize losses exceeding the carrying value of its interest in the associate.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee. Unrealized losses arising from transaction with equity-accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee, but only to the extent there is no evidence of impairment.

(l) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred. Subsequent to initial recognition, capitalized development expenditures are measured at costs less accumulated amortization and impairment losses.

(m) Taxes

Income tax expense is comprised of current and deferred tax. It is recognized in net loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current taxes

Current tax comprises the expected tax payable or receivable on the taxable earnings for the period and any adjustments to the tax payable or receivable in respect of previous years. Taxable earnings may differ from earnings as reported in the consolidated statement of loss and comprehensive loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company’s receivables and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

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Refundable sales tax receivable

The Company recognizes receivables for refundable input tax credits for various value added taxes paid in conjunction with the laws governing each jurisdiction where the credits are claimed.

(n) Share based compensation

The Company measures equity settled share based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share based payments granted to non-employees, the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share based compensation is transferred from share based reserve to share capital.

(o) (o) Earnings/(Loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. In a period of losses, the options and warrants are excluded for the determination of dilutive net loss per share because their effect is antidilutive.

(p) Related party transactions

Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is the amount of consideration paid/payable or received/receivable as established and agreed to by the related parties.

(q) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies at the reporting date are remeasured to the functional currency of the subsidiary in which the transactions are recorded at the exchange rate at the reporting date and the date they are settled. Non-monetary items that are based on historical cost in the functional currency of the subsidiary in which the amounts are recorded are translated into Canadian dollars using the exchange rate at the date of the transaction. Foreign currency gains and losses due to translating foreign currency transactions are reported in the consolidated statement of loss and comprehensive and loss on a net basis. The effect of currency translation adjustments on cash and cash equivalents is presented separately in the statements of cash flows and separated from investing and financing activities when deemed significant.

(r) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the month during which the transactions occurred. These foreign currency differences are recognized in other comprehensive income in the reserve for foreign currency translations.

(s) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale (or disposal group) are measured at each reporting period at the lower of their carrying amount and fair value less costs to sell ("FVLCS"), except for inventories, biological assets, deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are measured in accordance with the Company's other accounting policies, as applicable.

An impairment loss is recognized for any initial or subsequent write-down of the assets held for sale (or disposal group) to FVLCS. A gain is recognized for any subsequent increases in FVLCS of assets held for sale (or disposal group), but not in

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excess of any cumulative impairment loss previously recognized for the asset's (or disposal group's) carrying value. A gain or loss not previously recognized by the date of the sale of the non-current assets (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(t) New accounting pronouncements or policies adopted in 2022

The Company adopted the following new standards and amendment to standards effective January 1, 2022. These changes did not have a material impact on these Consolidated Financing Statements.

i. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

ii. Amendments to IFRS 3, Business Combinations - Updating a Reference to the Conceptual Framework.

IFRS 3 Business Combinations specifies how an entity should account for the assets and liabilities it acquires when it obtains control of a business. IFRS 3 requires an entity to refer to the Conceptual Framework for Financial Reporting (Conceptual Framework) to determine what constitutes an asset or a liability. Originally, IFRS 3 required an entity to refer to the version of the Conceptual Framework that existed when IFRS 3 was developed. The amendments updated the reference to the Conceptual Framework. They also added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Without the exception, an entity would have recognised some liabilities on the acquisition of a business that it would not recognise in other circumstances. Immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain.

The amendments to are effective for business combinations occurring in reporting periods starting on or after 1 January 2022 with earlier application permitted.

iii. Amendments to IAS 16, Property, Plant and Equipment: Proceeds before intended use, prohibiting reducing the cost of property, plant and equipment by proceeds while bringing an asset to capable operations.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments are effective for reporting periods beginning on or after 1 January 2022. Earlier application of the amendments was permitted.

(u) New standards, interpretations and amendments not yet adopted by the Company

A number of new standards are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these Consolidated Financial Statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements:

i. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – (Amendments to IAS 12)

The amendment narrowed the scope of certain recognition exceptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognized deferred tax for all temporary differences related to leases and

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decommissioning obligations and recognized the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments in the Company's consolidated financial statements.

ii. Definition of Accounting Estimates – (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*.

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

iii. Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS 2 Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS 2 Practice Statement 2 Making Material Judgments)*. The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and,
- c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

iv. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020 the IASB published 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' which clarify the Standard's guidance on whether a liability should be classified as either current or non-current.

IAS 1 requires an entity that has an unconditional right to delay settlement of a liability for at least 12 months from the end of the reporting period, then it can be classified as non-current, if not it is classified as current. Some preparers have found this statement confusing and consequently similar liabilities have been classified differently, making comparisons by investors difficult.

The IASB therefore issued amendments to IAS 1 to clarify its previously issued guidance and rectify the above issue.

The amendments elaborate on guidance set out in IAS 1 by:

- a. clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period
- b. stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability
- c. adding guidance about lending conditions and how these can impact classification
- d. including requirements for liabilities that can be settled using an entity's own instruments.

The amendments are effective for annual periods beginning on or after January 1, 2024 with early adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

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v. *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*

In September 2022, the IASB issued amendments to IFRS 16, adding requirements for accounting for a sale and leaseback after the date of the transaction.

The IASB has now issued additional guidance in IFRS 16 on accounting for sale and leaseback transactions. Previously IFRS 16 only included guidance on how to account for sale and leaseback transactions at the date of the transaction itself. However, the Standard did not specify any subsequent accounting when reporting on the sale and lease back transaction after that date.

As a result, without further requirements, when the payments include variable lease payments there is a risk that a modification or change in the leaseback term could result in the seller-lessee recognising a gain on the right of use they retained even though no transaction or event would have occurred to give rise to that gain.

Consequently, the IASB decided to include subsequent measurement requirements for sale and leaseback transactions to IFRS 16.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If the amendments are applied in an earlier period, this should be disclosed. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

vi. *Non-current Liabilities with Covenants (Amendments to IAS 1)*

In November 2022, the IASB issued some amendments to IAS 1 that aim to improve disclosures about long-term debt with covenants.

IAS 1 requires an entity to classify debt as current if it is unable to avoid settling the debt within 12 months after the reporting date. However, the entity may need to comply with covenants during that same period, which may question whether the debt should be classified as non-current. For example, a long-term debt may become current if the entity fails to comply with the covenants during the 12-month period after the reporting date.

The amendments set out in 'Non-current Liabilities with Covenants (Amendments to IAS 1)' state that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements.

The IASB want these amendments to enable investors to understand the risk that such debt could become repayable early and therefore improving the information being provided on the long-term debt.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If the amendments are applied in an earlier period, this should be disclosed. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

vii. *IFRS 17, Insurance Contracts, a replacement of IFRS 4, Insurance Contracts*

IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 is also applied. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

4. BUSINESS COMBINATION

Acquisition of BZAM Holdings Inc.

On October 18, 2022, the Company entered into a share exchange agreement (the "BZAM Agreement") to purchase all of the issued and outstanding shares of BZAM Holdings Inc. ("BZAM", the "BZAM Transaction"). BZAM is a licensed producer of cannabis and cannabis related products focused on manufacturing and distribution. Pursuant to the terms of the BZAM Agreement, upon closing of the BZAM Transaction on November 3, 2022, the Company paid an aggregate purchase price of \$113,570 (the "Purchase Price"). The Purchase Price was comprised of: (a) 65,522,781 Common Shares valued at \$62,247; (b) a contingent consideration valued at \$50,552 (the "BZAM Contingent Milestone Shares"), subject to the achievement of certain net revenue and earnings before interest, taxes, depreciation and amortization targets over the twelve months ending December 31, 2023; and (c) 1,120,226 Common Shares (the "BZAM Milestone shares") valued at \$71

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subject to the issuance of the Galaxie Contingent Milestone shares. Contingent consideration of up to \$52,601 in BZAM Contingent Milestone Shares could be payable based on performance of the business during the one year following the transaction closing.

The Company elected to measure the non-controlling interest in the BZAM Holdings Inc. subsidiaries at the proportionate share of BZAM Holdings Inc. interest in the subsidiaries identifiable net assets.

The Company's initial allocation of the Purchase Price is as noted in the table below. As the BZAM Transaction is within the measurement period, management will continue to finalize the allocations in relation to any subsequent working capital adjustments. The measurement period is the period from the acquisition date to the date complete information about facts and circumstances that existed as of the acquisition date is received. The measurement period cannot extend beyond one year from date of acquisition. The table below summarizes the estimated fair value of the assets acquired and the liabilities assumed as at the acquisition date:

	<u>Note</u>	<u>Number of Common Shares</u>	<u>Common Share price</u>	<u>Amount</u>
Consideration paid/payable				
Common Shares issued	(i)	65,522,781	\$0.950	62,247
Contingent consideration				51,323
Total consideration paid/payable				113,570
Net assets acquired				
Cash and cash equivalents				1,210
Restricted cash				350
Trade receivables				7,994
Other current assets				989
Prepaid expenses and deposits				1,416
GST receivable				1,263
Inventories				30,072
Property, plant and equipment	9			47,818
Assets held for sale				5,573
Brands	10			3,130
Distribution Channels	10			13,400
Health Canada Licences	10			5,548
Goodwill	10			28,692
Accounts payable and accrued liabilities				(8,868)
Lease liabilities	15			(8,598)
Loans	8			(8,391)
NCI				(8,028)
Total identifiable net assets acquired				113,570
(i) Closing price of the Common Shares on November 3, 2022, being the date of closing the BZAM Transaction.				

The licence acquired is subject to amortization over a period equivalent to the useful life of the BZAM Facilities which have a useful life of 7 to 20 years. The licence consists of BZAM's cultivation, processing, and sales licenses.

Brands acquired under the BZAM Transaction include Table Top, Ness, BZAM, BZAM x Dunn, FRESH, Snackbar and SuperFlower, which are products for distribution in the recreational adult-use market. Such brands are subject to amortization with estimated useful lives of 14 years.

The distribution channels represent a significant intangible asset, which is used to deliver products to customers. The distribution channels include a network of wholesalers and retailers. These channels provide a competitive advantage to the Company, allowing it to reach a broad customer base. The Company expects the distribution channels will continue to provide a competitive advantage and generate future economic benefits. However, changes in market conditions, customer preferences, or technological advancements could impact the Company's ability to realize the expected benefits from these distribution channels. The distribution channels are amortized over their useful lives, which are estimated to be 14 years.

The primary reason for the acquisition and the goodwill is attributed to the achievement of synergies expected from integrating BZAM Holdings and the Company. Goodwill is calculated as the excess of the consideration paid in comparison to the net assets identified as at acquisition date. Goodwill is not tax deductible.

The BZAM Contingent Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, this contingent consideration was revalued to \$16,095, resulting in a gain on revaluation of \$34,457 for the year ended December 31, 2022. The primary reason for the decline in the carrying value of the contingent consideration from the date of recognition to December 31, 2022 is the decline the market price of the

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Common Shares as the contingent consideration is contracted to be settled in Common Shares. The BZAM Contingent Milestone Shares are to be released no later than January 31, 2024.

The BZAM Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, the contingent consideration for the BZAM Milestone Shares was revalued to \$314, resulting in a gain on revaluation of \$457 for the year ended December 31, 2022. The BZAM Milestone Shares were released on January 23, 2023 (see Note 26b).

The Company recognized \$208 in transaction costs recorded in the acquisition related costs line in the consolidated statement of loss and other comprehensive loss in connection with the BZAM Transaction.

From the date of acquisition, BZAM Holdings Inc. contributed \$8,912 of revenue and \$8,546 to the net loss before operations of the Company.

Acquisition of Galaxie

On October 29, 2021, the Company entered into a share purchase agreement (the “Galaxie Definitive Agreement”) to purchase all of the issued and outstanding shares of Galaxie (the “Galaxie Transaction”). Galaxie is a licensed producer of cannabis and cannabis related products focused on product innovation, branding, manufacturing, and distribution. Pursuant to the terms of the Galaxie Definitive Agreement, upon closing of the Galaxie Transaction on November 17, 2021, the Company paid an aggregate purchase price of \$24,270 (the “Galaxie Purchase Price”). The Galaxie Purchase Price was comprised of: (a) 8,000,000 Common Shares valued at \$12,400 (the “Escrow Shares”); (b) 4,000,000 Common Shares valued at \$6,200 (the “Indemnity Escrow Shares”); (c) 280,515 Common Shares valued at \$435 related to the Underlying Shares (as defined below); and (d) up to 8,571,428 Common Shares valued at \$5,235 (the “Contingent Milestone Shares”), subject to the achievement of certain financial targets over the twelve months ending December 31, 2022.

The Escrow Shares are subject to an escrow agreement with Computershare Investor Services Inc., as escrow agent, (the “Escrow Agent”) whereby one sixth of these shares will be released every four months with the first release starting March 17, 2022. The Indemnity Escrow Shares and Contingent Milestone Shares were placed into an indemnity escrow account with the Escrow Agent, to be released no later than December 31, 2023 and January 31, 2023, respectively, subject to earlier release pursuant to the escrow release terms of an indemnity escrow agreement.

All issued and outstanding options to acquire shares of Galaxie (the “Galaxie Options”) vested prior to the closing of the Galaxie Transaction. Each holder of vested Galaxie Options had the option of exercising its Galaxie Options into underlying shares of Galaxie (the “Underlying Shares”). The Underlying Shares were converted into Common Shares at the closing of the Galaxie Transaction based upon the terms set forth in the Galaxie Definitive Agreement. A total of 280,515 Common Shares were issued to holders of Galaxie Options in exchange for the issued and outstanding Underlying Shares. Total consideration issued to the former shareholders of Galaxie was 20,571,428 Common Shares with a fair value of \$23,835, with an additional 280,515 Common Shares being issued to holders of Galaxie Options with a fair value of \$435.

The Company’s final allocation of the Galaxie Purchase Price is as noted in the table below. There were no adjustments made to this purchase price allocation between the initial measurement and the final measurement. The table below summarizes the estimated fair value of the assets acquired and the liabilities assumed as at the acquisition date:

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	Note	Common Shares issued	Common Share price	Amount
Consideration paid				
Common Shares issued	(i)	12,280,515	\$1.55	19,035
Contingent consideration	(ii)	8,571,428		5,235
Total consideration transferred				24,270
Net assets acquired				
Cash and cash equivalents				307
Trade receivables				1,366
Prepaid expenses and deposits				117
Due from related party				503
Inventories				1,172
Accounts payable and accrued liabilities				(2,490)
Property, plant and equipment				14,308
Brands				2,783
Health Canada Licence				4,432
Customer contracts				2,650
Goodwill				3,939
Lease liabilities				(3,665)
Loans				(1,152)
Total identifiable net assets acquired				24,270

(i) Closing price of TGOB Common Shares as at acquisition date

(ii) Recorded at fair value, which was determined using the Black-Scholes Pricing Model.

The licence acquired is subject to amortization over a period equivalent to the useful life of the Puslinch Facility which has a useful life of 20 years. The licence consists of Galaxie's cultivation, processing, and sales license.

Brands acquired under the Galaxie Transaction include Cruzy, which offers a range of high potency products for distribution in the recreational adult-use market, and GRx, which offers high potency CBD products to medical patients. Such brands are subject to amortization with estimated useful lives of 10 years.

The primary reason for the acquisition and the goodwill is attributed to the achievement of synergies expected from integrating Galaxie and the Company to produce cannabis extracts, including cannabis concentrates for consumers. Goodwill is calculated as the excess of the consideration paid in comparison to the net assets identified as at acquisition date. Goodwill is not tax deductible.

The Contingent Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2021, the contingent consideration was revalued to \$3,423, resulting in a gain on revaluation of \$1,812 for the year ended December 31, 2021. The Contingent Milestone Shares were to be released no later than January 31, 2023. Subsequent to year the Contingent Milestone shares were released (see Note 26b)

The Company recognized \$317 in transaction costs recorded in the acquisition related costs line in the consolidated statement of loss and other comprehensive loss in connection with the Galaxie Transaction.

5. DISPOSAL OF HEMPOLAND

On September 6, 2022, the Company completed the sale of HemPoland S.p.a. Z.o.o. ("HemPoland"), its wholly owned hemp cultivation and extraction business based in Poland, for net proceeds of \$6,810 which included \$1,350 in cash and a \$5,460 loan forgiveness for amounts owed to HemPoland by the Company.

As at December 31, 2022 and 2021, the HemPoland assets and liabilities held for sale were as follows:

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	Disposal Group	
	For the years ended	
	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ -	841
Refundable sales taxes receivable	-	57
Trade receivables	-	446
Prepaid expenses and deposits	-	167
Inventories	-	3,035
Property, plant and equipment	-	1,589
Intangible assets	-	1,985
Loan receivable from the Company	-	5,492
Assets held for sale	\$ -	13,612
Accounts payable and accrued liabilities	\$ -	695
Lease liabilities	-	1,409
Loans	-	466
Liabilities held for sale	\$ -	2,570

The financial results of HemPoland which are also included as net loss from discontinued operations on the consolidated statement of loss and comprehensive loss are as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Revenue	\$ 1,926	\$ 6,270
Gross profit	\$ 305	\$ 2,330
Expenses	\$ 1,124	\$ 5,398
Loss from discontinued operations	\$ (819)	\$ (3,068)
Income Tax Recovery	\$ 387	\$ 315
Loss from discontinued operations, net of tax	\$ (432)	\$ (2,753)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)

Cash flows from (used in) discontinued operations:

	For the years ended	
	December 31, 2022	December 31, 2021
Net cash provided by/(used in) operating activities	\$ (147)	\$ 1,339
Net cash provided used in investing activities	(46)	(188)
Net cash provided used in financing activities	(410)	(519)
Net cash (outflows) inflows for the year	\$ (603)	\$ 632

Loss on Disposal

During the year ended December 31, 2022, the Company recognized an impairment loss on the remeasurement of the HemPoland disposal group to the lower of its carrying amount and its fair value less costs to sell of \$2,489 (December 31, 2021 - \$5,118). The loss during the year ended December 31, 2022 was recognized as a result of management's estimate of the fair value less costs to sell during the year ended prior to disposition. Upon final disposition of the disposal group, the Company recognized a loss on disposal of \$831 as noted below.

	HemPoland
Proceeds from Sale	6,810
Less: Net assets at Disposal	(5,938)
Add: Reclassification of foreign currency translation reserve applicable to HemPoland	(1,703)
Loss on Disposal	(831)

The reclassification of the foreign currency translation reserve applicable to HemPoland represents the cumulative foreign currency differences previously included in shareholders' equity since the date of acquisition.

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6. DISPOSAL OF MEXICO

On November 23, 2022, the Company completed the sale of its 50% shareholding in The Green Organic Dutchman, S. de R.L de C.V. (“Mexico”) for net proceeds of \$0. As a result of the disposal a loss on disposal of \$335 was recognized.

7. ASSETS HELD FOR SALE

Galaxie Assets

As at December 31, 2022, management was committed to a plan to sell the certain assets and liabilities acquired by the Company as part of the Company’s acquisition of Galaxie during the year ended December 31, 2022. Accordingly, the Company has presented these assets and liabilities (which belong to the TGOD operating segment (Note 9)) as held for sale. Efforts to sell the assets have commenced and a sale is expected within the next twelve months.

Impairment losses of \$3,656 for write-downs of the assets to the lower of their carrying amount and fair value less costs to sell have been recognized for the year ended December 31, 2022 (year ended December 31, 2021, \$Nil). The impairment losses have been applied to reduce the carrying amount of property, plant and equipment, and intangible assets.

As at December 31, 2022, the assets and liabilities were stated at fair value less costs to sell and comprised of the following:

Property, plant and Equipment	1,916
Intangible Assets	2,253
Assets held for sale	4,169

Lease Liability	3,669
Liabilities held for sale	3,669

Measurement of fair values

The fair value less costs to sell of these assets and liabilities was estimated to be \$500 using a market approach (level 2 on the fair value hierarchy), from a non-binding competitive offer which provided reliable information to determine the fair value of the assets.

Maple Ridge Facility

As at December 31, 2022, management was committed to a plan to sell the Company’s cultivation facilities and equipment located at the Maple Ridge Facility that were acquired as part of the Company’s acquisition of BZAM Holdings. Accordingly, the Company reclassified these assets (which belong to the BZAM operating segment) as held for sale as at December 31, 2022. Efforts to sell the Maple Ridge Facility have commenced and a sale was expected within the next twelve months of reclassifying the assets held for sale. The assets were sold subsequent to December 31, 2022 (Note 26d).

As at December 31, 2022, these assets were stated at fair value less costs to sell and comprised of the following:

Land	1,020
Facilities and capital improvements	3,740
Production and cultivation equipment	448
Furniture and fixtures	221
Computer equipment	144
Assets held for sale	5,573

Measurement of fair values

The fair value less costs to sell of the assets and liabilities was estimated to be \$5,573. Fair value of the land was estimated using a direct comparison approach using third party selling prices for comparable properties. For facilities and capital improvements, the cost approach was used where fair value was estimated based on the cost to produce assets of similar nature. The other assets were measured using the replacement cost new approach where the cost of acquiring similar assets were used to estimate the fair values of these assets.

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The following tables illustrate the continuity schedule and presentation of the Company's loans:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Opening Balance	\$ 20,225	\$ 40,755
Additions	6,200	7,000
Addition through business combination	8,391	1,152
Deferred financing fee	(644)	(1,000)
Accretion	1,522	5,445
Debt modification	(352)	(1,187)
Principal payments	(4,307)	(32,200)
Effects of movements in foreign exchange	—	(33)
Reclassification to liabilities held for sale	—	(473)
Net proceeds related to the borrowing from and to the Revolver Loan	1,583	766
Ending Balance	\$ 32,618	\$ 20,225

	December 31, 2022	December 31, 2021
Loans	\$ 32,618	\$ 20,225
Current portion	(5,405)	(2,021)
Long term portion	\$ 27,213	\$ 18,204
Revolver Loan	\$ 25,018	\$ 19,045
Promissory notes to related parties	2,600	1,180
Mortgage	5,000	—
	\$ 32,618	\$ 20,225

Revolver Loan

On April 22, 2020, the Company closed its Revolver Loan with a commercial lender for gross proceeds of up to \$30,000 of which \$10,000 was funded on April 22, 2020 and carries a conventional competitive rate. The Revolver Loan was secured by a second lien over the assets of the Company with a first lien over substantially all of the cannabis and cannabis derived inventories and Canadian trade receivables.

On May 27, 2020, the Company executed an amendment with the lender of the Revolver Loan which extended the original term by six months to October, 2021 and allowed the Company to receive \$3,000 in gross proceeds from the \$20,000 revolving component subject to the same terms of the first \$10,000 previously advanced by this lender. In consideration of this, a total of 50,000 warrants exercisable into common shares of the Company were issued to the lender on May 22, 2020 exercisable at \$5 per share for 48 months from the date of issuance. The Company received this \$3,000 on July 7, 2020.

On October 1, 2020, the Company agreed with this lender of the Revolver Loan to extend the maturity date for the Revolver Loan to December 31, 2021 in exchange for common share purchase warrants of the Company to purchase 50,000 common shares of the Company at a price of \$3 per share, expiring November 2, 2025.

On August 10, 2021, the lender provided a further \$3,000 term portion advance to the Company under the current facility. The Company incurred \$60 of costs related to the transaction.

On September 29, 2021, the Revolver Loan was amended and restated where the lender agreed to provide an additional advance of \$1,000, extend the Revolver Loan maturity to June 30, 2023, and reduce the overall Revolver Loan limit from \$30,000 to \$25,000 total, in exchange for \$520 worth of Common Shares of the Company. As part of the debt modification on September 29, 2021, the Company agreed to a financial covenant requiring achievement of positive EBITDA monthly by March 31, 2022, as well as provide \$6,000 from the net proceeds of sales from HemPoland.

On November 29, 2021, the Revolver Loan was amended and restated where the lender agreed to provide an additional advance of \$3,000, increasing the term portion of the Revolver Loan from \$17,000 to \$20,000, in exchange for transaction fees of \$150, and 300,000 warrants entitling the holder to purchase one Common Share for a period of 60 months at a price

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of \$1.40 per warrant. As part of the November 29, 2021, amendment, the lender agreed to modify the financial covenants noted above. Furthermore, the timing of the financial covenant requiring achievement of positive EBITDA (as defined by the lender) on a monthly basis was extended to April 30, 2022 as well as the net proceeds to be used from the sale of the HemPoland decreased from \$6,000 to \$4,000 to repay amounts borrowed under the Revolver Loan.

On March 10, 2022, the Company entered into a second amendment to the Amended and Restated Agreement (the “Second Amendment”) whereby the Revolver Loan was amended to increase the overall Revolver Loan limit from \$25,000 to \$30,000, allow certain eligible inventory to be included as collateral to the Revolver Loan, and relax certain covenants set forth in the Amended and Restated Agreement relating to the Revolver Loan. As consideration for the Second Amendment, the Company issued 50,000 Common Shares measured at total value of \$50 to the lender.

On April 29, 2022, the Company entered into a third amendment to the Amended and Restated Agreement (the “Third Amendment”), whereby the Revolver Loan was amended to increase the overall Revolver Loan limit from \$30,000 to \$34,000, increase the term portion of the Revolver Loan from \$20,000 to \$24,000, amend the EBITDA financial covenant to take effect June 30, 2022, remove the covenant requiring a \$6,000 prepayment through funds raised by public issuance of equity securities in the Company, remove the covenant requiring a \$4,000 prepayment through funds raised by the sale of HemPoland, and introduce certain prepayment fees in the combined amount of 2% of any prepayments, subject to the satisfaction of the various conditions set out therein.

On November 3, 2022, the Company entered into a fourth amendment to the Amended and Restated Agreement (the “Fourth Amendment”) to incorporate the assets of BZAM into the security collateral and, amongst other things: (i) remove the reduction of the limit to the revolving portion of the credit facility as a result of prepayment on the term portion of the credit facility; (ii) amend the EBITDA financial covenant to take effect on the month of April 2023; and (iii) extend the maturity date of the credit facility to March 24, 2024. All other terms of the Amended and Restated Agreement not specifically amended remains the same as before. As consideration for the Fourth Amendment, the Company issued to the lender 700,000 warrants to purchase Common Shares at a price of \$0.95 per Common Share for a period of 60 months.

All amendments were accounted for as modifications, not extinguishments of debt.

The Revolver Loan is secured by a first lien over the Hamilton Facility, Edmonton Facility and assets of the Company, including a lien over substantially all of the cannabis and cannabis derived inventories and Canadian trade receivables. As the accounts receivable balance eligible for collateral increases, additional credit is available to the Company up to \$10,000.

As at December 31, 2022, the total principal balance outstanding related to the Revolver Loan was \$26,805. All covenants within the Amended and Restated Agreement were met.

BZAM Transaction

As a result of the BZAM Transaction the following loans were acquired:

(i) A \$5,000 loan (the “BZAM Loan”) held by BZAM Cannabis Corp. (the “Borrower”) which commenced on May 31, 2021 and is secured against the Borrower’s Edmonton Facility property. The BZAM Loan bears interest at 10.00% per annum and matures on May 31, 2026. Interest is calculated and compounded monthly and payable monthly on the last day of each month. The loan may be prepaid on 30 days’ notice and will include a prepayment fee. The prepayment fee is equal to the greater of (i) three months interest, and (ii) the aggregate amount of the agent’s and lenders’ cost of funds incurred as a result of the prepayment. The loan may be renewed beyond the maturity date for a fee of 2% of the outstanding principal amount owing should the lender agree. Security for the loan includes: (i) a first mortgage over the BCC Property, (ii) a general assignment of rents and leases in respect of the BCC Property, (iii) a general security agreement over all Company’s present and after acquired personal property, and (iv) a corporate guarantee of BZAM Management Inc.

(ii) Various loans for \$3,391. These loans bore an interest rate of 6% and were due on demand in 2023. On November 29, 2022, the Company settled these loans with Common Shares. The Company issued 3,486,888 Common Shares with a fair value of \$2,251. On settlement of these loans the Company recognized a gain on settlement of \$1,140 in the statement of loss and comprehensive loss.

Accordingly, as at December 31, 2022, these loans no longer existed.

Promissory notes from related parties

In connection with the acquisition of all of the issued and outstanding shares of Galaxie on November 17, 2021 (the “Galaxie Acquisition”), the Company assumed shareholder loans with principal note balances totaling \$1,300 (the “Promissory

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Notes”). The fair value of the shareholder loans at acquisition date was determined to be \$1,152, based on the time to maturity. The Promissory Notes are subordinate to the Revolver Loan. On May 17, 2022, Promissory Note #1 and Promissory Note #3, with a total principal note balance of \$900 were repaid in full from the consideration for the Puslinch Facility building improvements sale and leaseback (Note 10). Promissory Note #2 remained outstanding as shown below at December 31, 2022, and was repaid in full via Common Shares in January 2023 (see Note 26a).

On October 3, 2022 and October 6, 2022, the Company received funds totalling \$2,200 under a demand promissory note with a company controlled by the majority shareholder of BZAM Holdings Inc. prior to the Company’s acquisition of BZAM (“Former Majority BZAM Shareholder”), Stone Pine Capital Ltd. (the “Stone Pine Promissory Note”). The promissory note bore interest at a rate of 12% per annum and demand could only occur after December 1, 2022. The promissory note is subordinated to the Revolver Loan. The note was repaid in full in Common Shares in January 2023 (see Note 26a).

	Principal note balance	Amortized Cost	Agreement Date	Maturity Date	Terms
Promissory Note #2	\$ 400	400	2021-10-28	2022-01-31	No interest to maturity, 10% interest compounded monthly if note not repaid in full at maturity
Stone Pine Promissory Note	2,200	2,200	2022-09-26	On Demand	On demand no earlier than December 1, 2022. 12% interest
Total Promissory Notes to related parties	\$ 2,600	2,600			

9. SEGMENTED INFORMATION

The Company’s business activities are conducted through two reportable operating segments which both consist of the production and distribution of cannabis and related products and report to two chief decision makers, the Company’s CEO and CFO. Segment performance is based on two operating segments comprising of the subsidiaries before the BZAM Transaction (“TGOD”) and the subsidiaries acquired as part of the BZAM Transaction (“BZAM”). (There is no comparative information in the table below as BZAM was acquired on November 3, 2022).

[i] Revenue, gross profit and select expenses by segment is as follows:

	For the year ended December 31, 2022			
	TGOD	BZAM	Adjustments and Eliminations	Total
Revenue	\$ 60,128	\$ 8,912	\$ (238)	\$ 68,802
Gross profit	\$ 12,175	\$ (5,185)	\$ (238)	\$ 6,752
Operating expenses, excluding stock-based compensation, depreciation and amortization	\$ 29,106	\$ 4,041	\$	\$ 33,147
Share based compensation	\$ 206	\$ —	\$	\$ 206
Depreciation and amortization	\$ 8,380	\$ 254	\$	\$ 8,634
Impairment charge for non-financial assets	\$ (31,493)	\$ —	\$	\$ (31,493)
Other non-operating income (expense) (excluding impairment)	\$ 31,303	\$ (934)	\$	\$ 30,369
Net loss	\$ (28,007)	\$ (8,546)	\$ (238)	\$ (36,791)

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column. The write-downs of inventories to net realizable value, disposals of items in property, plant and equipment, and impairments of property, plant and equipment, intangible assets and goodwill recorded during the year were within the TGOD operating segment.

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[ii] Property, plant and equipment is as follows:

	<u>December 31, 2022</u>
TGOD	\$ 82,311
BZAM	47,058
	<u>\$ 129,369</u>

[iii] Intangible assets and goodwill is as follows:

	<u>December 31, 2022</u>
TGOD	\$ 6,535
BZAM	50,482
	<u>\$ 57,017</u>

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10. PROPERTY, PLANT AND EQUIPMENT

Cost:	Land	Buildings	Furniture and fixtures	Production equipment	Leasehold improvements	Computer equipment	Automobiles	Construction in progress	Right-of- use assets	Total
Balance, December 31, 2021	\$ 2,775	\$ 63,086	\$ 420	\$ 65,734	\$ 9,920	\$ 1,374	\$ 294	\$ -	\$ 7,134	\$ 150,737
Additions	—	—	1	332	35	54	—	—	2,212	2,634
Additions from the BZAM Transaction	5,290	13,430	44	6,740	8,612	3,877	1,039	—	8,786	47,818
Disposals	—	—	—	(251)	(9,259)	—	(35)	—	—	(9,545)
Lease Termination	—	—	—	—	—	—	—	—	(2,513)	(2,513)
Reclassification to assets held for sale (Galaxie assets)	—	—	—	(152)	—	—	—	—	(3,665)	(3,817)
Balance, December 31, 2022	\$ 8,065	\$ 76,516	\$ 465	\$ 72,403	\$ 9,308	\$ 5,305	\$ 1,298	\$ —	\$ 11,954	\$ 185,314
Accumulated depreciation and impairment:										
Balance, December 31, 2021	\$ —	\$ 8,417	\$ 143	\$ 22,124	\$ 452	\$ 845	\$ 227	\$ —	\$ 549	\$ 32,757
Depreciation	—	2,789	51	8,279	299	431	32	—	718	12,599
Disposals	—	—	—	(109)	(6,364)	—	(29)	—	—	(6,502)
Impairment	—	5,800	24	4,024	6,198	42	4	—	3,551	19,643
Lease Termination	—	—	—	—	—	—	—	—	(651)	(651)
Reclassification to assets held for sale (Galaxie assets)	—	—	—	(93)	—	—	—	—	(1,808)	(1,901)
Balance, December 31, 2022	\$ —	\$ 17,006	\$ 218	\$ 34,225	\$ 585	\$ 1,318	\$ 234	\$ —	\$ 2,359	\$ 55,945
Net book value, December 31, 2022	\$ 8,065	\$ 59,510	\$ 247	\$ 38,178	\$ 8,723	\$ 3,987	\$ 1,064	\$ —	\$ 9,595	\$ 129,369

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Cost:	Land	Buildings	Furniture and fixtures	Production equipment	Leasehold improvements	Computer equipment	Automobiles	Construction in progress	Right-of-use assets	Total
Balance, December 31, 2020	\$6,855	\$61,205	\$390	\$65,714	\$698	\$1,352	\$366	\$250,019	\$7,273	\$393,872
Additions	—	—	7	586	—	—	38	57	2,039	2,727
Additions from business combination	—	—	159	1,180	9,259	45	—	—	3,665	14,308
Disposals	—	—	—	(965)	—	—	(51)	(2,782)	(3,616)	(7,414)
Transfers	—	5,037	—	1,473	—	—	—	(6,510)	—	—
Derecognition of investment in joint venture	—	—	—	(683)	—	—	—	—	—	(683)
Reclassification to assets held for sale (Valleyfield)	(4,080)	(1,472)	(14)	(244)	(37)	—	—	(240,784)	—	(246,631)
Reclassification to assets held for sale (HemPoland)	—	(1,574)	(114)	(1,245)	—	(21)	(54)	—	(2,078)	(5,086)
Effects of movements in foreign exchange and other	—	(110)	(8)	(82)	—	(2)	(5)	—	(149)	(356)
Balance, December 31, 2021	\$2,775	\$63,086	\$420	\$65,734	\$9,920	\$1,374	\$294	\$	\$7,134	\$150,737
Accumulated depreciation and impairment:										
Balance, December 31, 2020	\$	\$40,061	\$236	\$42,479	\$504	\$1,097	\$277	\$160,484	\$1,471	\$246,609
Transfers	—	2,014	—	42	—	—	—	(2,056)	—	—
Depreciation	—	2,380	35	8,388	90	171	28	—	945	12,037
Disposals	—	—	—	(261)	—	—	(1)	(1,806)	(926)	(2,994)
Derecognition of investment in joint venture	—	—	—	(52)	—	—	—	—	—	(52)
Impairment (reversal of impairment)	—	(34,632)	(79)	(27,771)	(109)	(401)	(56)	45,283	—	(17,765)
Reclassification to assets held for sale (Valleyfield)	—	(1,274)	(13)	(207)	(33)	—	—	(201,904)	—	(203,431)
Reclassification to assets held for sale (HemPoland)	—	(125)	(34)	(467)	—	(20)	(20)	—	(882)	(1,548)
Effects of movements in foreign exchange and other	—	(7)	(2)	(27)	—	(2)	(1)	(1)	(59)	(99)
Balance, December 31, 2021	\$	\$8,417	\$143	\$22,124	\$452	\$845	\$227	\$	\$549	\$32,757
Net book value, December 31, 2021	\$2,775	\$54,669	\$277	\$43,610	\$9,468	\$529	\$67	\$	\$6,585	\$117,980

Impairment of property, plant and equipment

On May 17, 2022, the Company sold its leasehold improvements acquired through the Galaxie Acquisition at the Puslinch Facility for gross proceeds of \$3,000 (net proceeds \$2,900). The net proceeds were paid \$1,940 in cash, \$900 repayment of promissory notes owed and \$60 set-off for other amounts owing to the purchaser. During the year ended December 31, 2022, the Company tested the leasehold improvements for impairment and recognized an impairment loss of \$6,183.

As a result of the classification to held for sale for specific assets in Galaxie, a further impairment loss was recognized for those assets of \$1,681 for the year ended December 31, 2022. An impairment loss of \$1,922 was also recognised in the same period for some of the remaining Galaxie assets that are not part of the sale and where there would be no future economic benefits to be realized.

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The Company performs tests for impairment of its property, plant and equipment, a non-financial asset, when there are indicators of impairment. For the TGOD CGU, the events and circumstances that led to the impairment loss in the TGOD CGU was the reduction in the TGOD CGU's forecasted revenues as a result of changes to the Company's internal operational plans.

As a result of the impairment assessment at December 31, 2022, the TGOD CGU, yielded a lower recoverable amount in comparison to the carrying value of its net assets. The recoverable amount of the TGOD CGU was based on its value in use, which was determined to be greater than its fair value less costs of disposal. The TGOD CGU's value in use was estimated by discounting the probability weighted future cash flows expected to be generated from the continuing use of the TGOD CGU using level 3 inputs.

The following table indicates the year-to-date non-cash impairment charges recognized by the Company for its TGOD CGU.

Period ending	Recoverable amount [Value in Use]	Carrying Amount	Impairment for the year then ended
December 31, 2022	\$ 108,507	119,184	10,677
Total impairment for the year ended, December 31, 2022:			10,677
	Recoverable amount [Value in Use]	Carrying Amount	Impairment (recovery) for the period then ended
Valleyfield Assets	\$ 43,200	\$89,675	46,475
TGOD CGU	\$ 181,903	\$113,617	(68,286)
Total impairment recovery for the year ended, December 31, 2021:			(21,811)

The significant assumptions used by the Company in estimating the value in use of the TGOD CGU include:

- **Estimated cash flows:** Estimated cash flows were projected based on industry and market trends in addition to the Company's own internal sources. Estimated cash flows are primarily driven by estimated sales volumes, selling prices and operating costs. The projections were extended for a total of five years (and a terminal period). The present value of future cash flows was estimated using an expected cash flow approach;
- **Long-term growth rate:** A long-term growth rate has been determined as an inflationary rate for the country in which the CGU operates estimated by management. The long-term growth rate used by management was calculated as 3%; and
- **Discount rate:** The discount rate is estimated based on the Company's weighted average cost of capital ("WACC") in which the Company's cost of equity and cost of debt are proportionately weighted. The inputs into the WACC are based on the Company's specific borrowing rate, over 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for risk premium to reflect both the increased risk of investing in equities generally and the unsystematic risk on the specified CGU. The discount rate calculated and used by management in calculating the recoverable amount for the TGOD CGU during the year ended December 31, 2022 was 15.5% (December 31, 2021 – 16.5%).

The non-cash impairment charges were allocated pro rata on the basis of the carrying amount of each non-financial asset, excluding biological assets, inventories and certain other assets already recorded at approximate fair values in the CGU. The non-cash impairment charges specific to property, plant and equipment for the year ended December 31, 2022 was \$9,857, all of which were related to the TGOD CGU. Refer to Note 11 for non-cash impairment charge for intangible assets.

During the year ended December 31, 2021, the Company completed the sale of the majority of its assets in Valleyfield, Quebec, including all of the industrial and agricultural land, main hybrid greenhouse, rooftop greenhouse, all support buildings and certain related equipment (the "Valleyfield Assets"). As a result of the reclassification of the Valleyfield Assets held for sale, the Company performed an impairment analysis as at March 31, 2021 on its cannabis related activities from production in Canada (the Canadian cash generating unit ("Canadian CGU")). As a result of this impairment assessment, the Company determined that the Valleyfield Assets met the criteria to be tested for impairment separately from the Canadian CGU. The Company tested the Valleyfield Assets for impairment first, then subsequently tested the Canadian CGU for an impairment reversal. The Company recognized a \$46,475 impairment loss at March 31, 2021 associated with the Valleyfield Assets recognized in property, plant and equipment, and a \$68,286 reversal of previously recognized impairment losses on the Canadian CGU of which \$64,240 was allocated to property, plant and equipment and \$4,046 allocated to intangible assets. The net impact in the year ended December 31, 2021 to property, plant and equipment was a reversal of impairment of \$17,765.

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A continuity of the intangible assets is as follows:

	Health Canada Licences	Technology Licences	Website	Distribution Channels	Brands	Other acquired rights	Goodwill	Total
Cost:								
Balance, December 31, 2021	\$ 10,302	\$ 2,613	\$ 400	\$ —	\$ 2,783	\$ 2,667	\$ 3,939	\$22,704
Additions from the BZAM Transaction	\$ 5,548	\$ —	\$ —	\$ 13,400	\$ 3,130	\$ —	\$ 28,692	\$50,770
Reclassification to assets held for sale (Galaxie assets)	(4,432)	—	—	—	—	—	—	(4,432)
Balance, December 31, 2022	\$ 11,418	\$ 2,613	\$ 400	\$ 13,400	\$ 5,913	\$ 2,667	\$ 32,631	\$69,042
Accumulated amortization and impairment:								
Balance, December 31, 2021	\$ 1,752	\$ 1,186	\$ 179	\$ —	\$ 15	\$ 48	\$ —	\$ 3,180
Amortization for the period	584	413	63	160	176	265	—	1,661
Impairment	2,406	113	18	—	2,887	—	3,939	9,363
Reclassification to assets held for sale (Galaxie assets)	(2,179)	—	—	—	—	—	—	(2,179)
Balance, December 31, 2022	\$ 2,563	\$ 1,712	\$ 260	\$ 160	\$ 3,078	\$ 313	\$ 3,939	\$12,025
Net book value, December 31, 2022	\$ 8,855	\$ 901	\$ 140	\$ 13,240	\$ 2,835	\$ 2,354	\$ 28,692	\$57,017

	Health Canada Licences	Technology Licences	Website	Distribution Channels	Brands	Other acquired rights	Goodwill	Total
Cost:								
Balance, December 31, 2020	\$5,870	\$3,065	\$400	\$5,869	\$1,048	\$1,388	—	\$17,640
Additions	—	6	—	—	—	—	—	6
Additions from business combination	4,432	—	—	—	2,783	2,650	3,939	13,804
Reclassification to assets held for sale	—	(484)	—	(5,562)	(993)	(1,242)	—	(8,281)
Transfers	—	61	—	—	—	(61)	—	—
Effect of movements in foreign exchange	—	(35)	—	(307)	(55)	(68)	—	(465)
Balance, December 31, 2021	\$10,302	\$2,613	\$400	\$ —	\$2,783	\$2,667	\$3,939	\$22,704

Accumulated amortization and impairment:								
Balance, December 31, 2020	\$4,262	\$2,106	\$297	\$943	\$169	\$930	—	\$8,707
Amortization for the period	260	488	53	305	69	325	—	1,500
Reclassification to assets held for sale	—	(287)	—	(1,192)	(213)	(1,153)	—	(2,845)
Reversal of impairment	(2,770)	(1,105)	(171)	—	—	—	—	(4,046)
Effect of movements in foreign exchange	—	(16)	—	(56)	(10)	(54)	—	(136)
Balance, December 31, 2021	\$1,752	\$1,186	\$179	\$ —	\$15	\$48	\$ —	\$3,180
Net book value, December 31, 2021	\$8,550	\$1,427	\$221	\$ —	\$2,768	\$2,619	\$3,939	\$19,524

Impairment of intangible assets and goodwill

During the year ended December 31, 2022, the Company recognized non-cash impairment charges within its TGOD CGU as described in Note 10, of which \$821 related to intangible assets.

During the year ended December 31, 2022, an impairment loss of \$1,975 was recognized on classification to held for sale of the Galaxie assets. An impairment loss of \$2,627 was also recognized for the brands that would be discontinued by the

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Company as a result of the sale of the Galaxie assets. Goodwill of \$3,939 relating to the Galaxie CGU was also impaired due to the sale of the specific Galaxie assets.

During the year ended December 31, 2021, the Company recognized an impairment recovery within its TGOD CGU as described in Note 10, of which \$4,046 related to intangible assets.

12. BIOLOGICAL ASSETS

As at December 31, 2022, the Company's biological assets consisted of cannabis seeds and cannabis plants. The continuity of the Company's biological assets is as follows:

	Capitalized cost	Biological asset fair value adjustment	Amount
Balance, December 31, 2021	\$ 1,482	\$ 1,667	\$ 3,149
Unrealized gain on changes in fair value of biological assets	—	26,229	26,229
Production costs capitalized	8,857	—	8,857
Transfer to inventories upon harvest	(9,015)	(24,645)	(33,660)
Balance, December 31, 2022	\$ 1,324	\$ 3,251	\$ 4,575

	Capitalized cost	Biological asset fair value adjustment	Amount
Balance, December 31, 2020	\$ 1,374	\$ 610	\$ 1,984
Unrealized gain on changes in fair value of biological assets	—	12,118	12,118
Production costs capitalized	7,367	—	7,367
Transfer to inventories upon harvest	(7,259)	(11,061)	(18,320)
Balance, December 31, 2021	\$ 1,482	\$ 1,667	\$ 3,149

The Company measures its biological assets at their fair values less estimated costs to sell. This is determined using a model which estimates the expected harvest yields in grams for plants currently being cultivated, and then adjusts that amount for the estimated net selling price per gram, waste and also for any additional costs to be incurred, such as post-harvest cost.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy, were used by management as part of this model:

- Estimated net selling price per gram – calculated as the expected approximate future per gram selling prices of the Company's cannabis products.
- Stage of growth – represents the weighted average number of weeks out of the estimated week growing cycle that biological assets have reached as of the measurement date based on historical experience. The Company accretes fair value on a straight-line basis according to the stage of growth and estimated costs to complete cultivation.
- Yield by plant – represents the expected number of grams of finished cannabis inventories which are expected to be obtained from each harvested cannabis plant based on historical experience.

The inter-relationship between these aforementioned unobservable inputs and the fair-value of the biological assets is such that the carrying value of the biological assets as at December 31, 2022 and December 31, 2021 would increase (decrease) if any of these inputs were to be higher (lower).

Other unobservable, level 3 inputs into the biological asset model include estimated post-harvest costs, costs to complete and wastage. These additional level 3 inputs are not considered to be significant.

The following table quantifies each significant unobservable input, and provides the impact of a 10% increase or decrease in each input would have on the fair value of biological assets:

	As at December 31, 2022	As at December 31, 2021	Impact of 10% change as at December 31, 2022	Impact of 10% change as at December 31, 2021
Estimated net selling price per gram (1)	\$1.16 to \$5.33	\$1.83 to \$4.79	\$ 738	\$ 535
Estimated stage of growth	8 to 9 weeks	8 to 9 weeks	\$ 411	\$ 824
Estimated yield of agricultural produce by plant (2)	78 to 149 grams	80 to 100 grams	\$ 492	\$ 357

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- (1) The estimated net selling price per gram is based on expected market price less excise duties.
- (2) The estimated yield varies based on the Company's historical experience adjusted for future changes, if any.

The Company's estimates are, by their nature, subject to change. Changes in the significant assumptions described will be reflected in future changes in the gain or loss on biological assets. There were no changes between fair value hierarchy levels during the year ended December 31, 2022.

13. INVENTORIES

The Company's inventories include the following as of December 31, 2022 and December 31, 2021:

	As at December 31, 2022	As at December 31, 2021
Raw Materials and Packaging	\$ 7,069	\$ 2,617
Work-in-progress	39,121	14,946
Finished Goods	6,226	3,379
Total Inventories	\$ 52,416	\$ 20,942

During the year ended December 31, 2022, inventories expensed directly to cost of sales were \$32,419 (year ended December 31, 2021 - \$21,581).

During the year ended December 31, 2022, a write-down of inventory of \$11,507 was recognized as an expense including \$8,187 relating to fair value adjustment and \$3,320 expensed directly in cost of sales (year ended December 31, 2021 - \$0).

14. OTHER ASSETS

A summary of the Company's other assets is presented as follows:

	Notes	As at December 31, 2022	As at December 31, 2021
Term deposits held as letter of credit collateral	20,14[b], 22	133	935
Term deposits not held as letter of credit collateral		100	100
Other	14[a]	1,922	2,541
		2,155	3,576
Less: Current portion		(1,760)	(1,841)
Non current portion		395	1,735

[a] Other

Other comprises of deposits paid for goods and services \$876 (December 31, 2021 - \$1,317), \$950 of other amounts receivable from various non-trade debtors (December 31, 2021 - \$1,224) and \$96 of other assets (December 31, 2021 - \$nil).

[b] Deposits reimbursed

During the year ended December 31, 2022, a letter of credit with a value of \$450 was cancelled and the corresponding GIC of \$452 (after interest) held as collateral was converted to cash. A letter of credit of \$350 in respect of the lease for the office space of the Company's headquarters was also cancelled and the deposit paid to the landlord as part of the terms for terminating the lease.

15. CONTINGENT CONSIDERATION

Galaxie Contingent Consideration

As part of the purchase price paid in connection with the Galaxie Acquisition in November 2021, the Company issued up to 8,571,429 Common Shares valued at the date of closing of the Galaxie Acquisition at \$5,235 (the "Milestone Shares"). The Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, the Milestone Shares were revalued to \$320 resulting in a gain on revaluation of \$3,103 for the year ended December 31, 2022. Management estimates that only 1,142,857 of the Milestone Shares are expected to remain issued. The Milestone

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Shares are to be released no later than January 31, 2023, subject to the achievement of certain financial targets (See Note 26b).

BZAM Contingent Consideration

As part of the purchase price paid or payable in connection with the BZAM Transaction in November 2022, the Company recognized contingent consideration payable valued at the date of closing of the BZAM Transaction at \$50,552. The BZAM Contingent Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, the BZAM Contingent Milestone Shares were revalued to \$16,095 resulting in a gain on revaluation of \$34,457 for the year ended December 31, 2022. The Contingent Milestone Shares are to be released no later than January 31, 2024, subject to the achievement of certain financial targets.

BZAM Milestone Shares

As part of the purchase price paid or payable in connection with the BZAM Transaction in November 2022, the Company recognised contingent consideration payable of 1,120,226 Common Shares, being the BZAM Milestone Shares, valued at the date of closing of the BZAM Transaction at \$771. The BZAM Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, the BZAM Milestone Shares were revalued to \$314 resulting in a gain on revaluation of \$457 for the year ended December 31, 2022. The 1,120,226 BZAM Milestone Shares were released on January 23, 2023 (see Note 26b).

16. LEASES

Below is a summary of the activity related to the Company's lease liabilities:

		For the year ended December 31, 2022	For the year ended December 31, 2021
Opening Balance	\$	7,566	\$ 5,570
Additions	16[a]	2,212	2,049
Additions from business combination		8,598	3,665
Interest on lease liabilities		1,164	535
Interest payments on lease liabilities		(1,174)	(535)
Principal payments on lease liabilities		(149)	(704)
Extinguishment of lease liabilities	16[b]	(2,482)	(1,687)
Reclassification to liabilities held for sale		(3,669)	(1,235)
Foreign exchange differences		—	(92)
Closing Balance	\$	12,066	\$ 7,566
Current portion lease liabilities	\$	1,455	\$ 1,049
Long-term portion lease liabilities	\$	10,611	\$ 6,517

[a] New leases

Puslinch Lease

In connection with the Galaxie Acquisition, the Company acquired a 20-year lease on the land on which the Puslinch Facility is located, which commenced on December 1, 2020. On May 17, 2022, the Company entered into a sale and leaseback transaction for the leasehold improvements at the Puslinch Facility which was added to the existing 20-year lease.

5520 Explorer Drive lease

On December 18, 2022, the Company entered into a lease for new office space after terminating the lease for the previous headquarters. The lease term is until December 31, 2026.

[b] Leases terminated

Valleyfield lease

In connection with the Québec Facility disposition in Q2 2021, the Company entered into a two-year lease for 80,000 square feet, representing cultivation, processing and manufacturing spaces in the Québec Facility. On September 24, 2021, the lease was terminated and modified to an operating agreement in conjunction with the landlord obtaining its own Health Canada licence.

6205 Airport Road lease

The lease for the Company headquarters was terminated on December 15, 2022.

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	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Balance - beginning of period ⁽¹⁾	74,966,065	\$508,504	48,667,577	\$468,379
Issuance of Common Shares [a], [j]	12,797,900	4,209	2,103,546	9,322
Shares issued in connection with debt modification [b], [n]	50,000	50	273,684	520
Restricted share units exercised during period - escrowed [c], [l]	984	40	31,493	1,276
Issuance of common shares in relation to acquisition 4, [h]	65,522,781	62,247	12,280,515	19,035
Issuance of contingent shares in relation to acquisition [i]	—	—	8,571,429	—
Exercise of warrants [k]	—	—	2,419,860	8,684
Shares issued to settle accounts payable [e], [m]	93,750	75	424,171	704
Shares issued in connection with debt repayment [f]	3,486,888	2,266	—	—
Restricted share units exercised during period [d], [o]	219,579	615	193,790	584
Share cancellation [g]	(111)	—	—	—
Balance - end of period	157,137,836	\$578,006	74,966,065	\$508,504

The Company completed a consolidation of Common Shares on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio. (Note 1)

⁽¹⁾ Includes 8,571,429 shares that were issued contingent upon certain milestones being achieved in 2022 related to the Galaxie Acquisition.

[i] Authorized

An unlimited number of Common Shares.

[ii] Issued capital

- a) During the year ended December 31, 2022, 90,400 Common Shares were issued under the Company's at-the-market prospectus supplement dated December 2, 2020 (the "ATM Supplement"), for gross proceeds of \$105 (net proceeds of \$102). On December 22, 2022, 12,707,500 Common Shares were issued under the Company's prospectus supplement to the short-form base shelf prospectus dated November 27, 2020, for gross proceeds of \$5,083 (net proceeds of \$4,693 with \$587 being allocated to 12,707,500 warrants that were issued together with each common share).
- b) During the year ended December 31, 2022, 50,000 Common Shares were issued to the lender of the Revolver Loan measured at total value of \$50 related to the modification (see Note 8).
- c) During the year ended December 31, 2022, 984 Common Shares of the Company were issued to former shareholders of HemPoland as a result of the conversion of 984 escrowed restricted share units ("RSUs"), with a total value of \$40, issued to such former shareholders. There are no proceeds related to the conversion of such escrowed RSUs.
- d) During the year ended December 31, 2022, 219,579 Common Shares of the Company, with a total value of \$615, were also issued to certain employees and directors of the Company pursuant to the vesting of RSUs. There are no proceeds related to the conversion of such RSUs.
- e) During the year ended December 31, 2022, 93,750 Common Shares were issued to settle \$75 in accounts payable balances.
- f) During the year ended December 31, 2022, 3,486,888 Common Shares were issued to settle outstanding BZAM minority shareholder loans (see Note 8).
- g) During the year ended December 31, 2022, 111 total fractional shares were cancelled in connection with the 10:1 share consolidation the Company enacted on November 8, 2022, whereby ten Common Shares were converted to one new Common Share.
- h) On November 17, 2021, 12,280,515 Common Shares were issued as part of the closing of the Galaxie Acquisition.
- i) As part of the closing of the Galaxie Acquisition, 8,571,429 Common Shares were held in an indemnity escrow account (the "Indemnity Escrow Account") upon closing of the acquisition, to be released to the former shareholders of Galaxie (the "Vendors") contingent upon achievement of certain financial milestones by December 31, 2022. On January 23, 2023, 1,142,857 Common Shares were issued to the Vendors, with the remaining 7,428,571 Common Shares held in the Indemnity Escrow Account returned to treasury and cancelled (See Note 25b – *Events After the Reporting Period*).
- j) During the year ended December 31, 2021, 2,103,546 Common Shares were issued under the Company's ATM Supplement, for gross proceeds of \$9,611 (net proceeds of \$9,322).
- k) During the year ended December 31, 2021, 2,419,860 Common Shares of the Company were issued as a result of the

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exercise of 2,419,860 previously issued warrants of the Company. The weighted average exercise price was \$3.10 per warrant, for aggregate gross proceeds of \$7,559.

- l) During the year ended December 31, 2021, 31,493 Common Shares of the Company were issued as a result of the conversion of 31,493 escrowed restricted share units ("RSUs") issued in connection with the HemPoland consideration. There are no proceeds related to the conversion of such escrowed RSU's.
- m) During the year ended December 31, 2021, 424,171 Common Shares of the Company were issued to settle \$704 of outstanding accounts payable.
- n) On September 30, 2021, 273,684 Common Shares of the Company were issued to the lender of the Revolver Loan in connection to the amendments to the agreement.
- o) During the year ended December 31, 2021, 193,790 Common Shares of the Company were issued as a result of the exercise of 193,790 previously issued equity settled RSUs of the Company that were issued at a weighted average fair value of \$3.00 per RSU. There are no proceeds related to the exercise of RSUs.

18. CONTRIBUTED SURPLUS

[a] Share based payments

For the year ended December 31, 2022, the Company recorded negative \$142, in non-cash share-based compensation expense pursuant to the grant of stock options (year ended December 31, 2021 - \$2,339).

The following is a summary of the changes in options issued pursuant to the Company's employee stock option plan ("ESOP"):

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	2,460,800	\$ 10.14	2,433,940	\$ 17.40
Granted	8,027,899	0.92	1,003,500	2.62
Cancelled/Expired	(1,980,500)	4.48	(976,640)	20.44
Outstanding, end of period	8,508,199	\$ 2.75	2,460,800	\$ 10.14
Exercisable, end of period	1,546,549	\$ 10.95	783,633	\$ 20.84

The Company completed a consolidation of Common Shares on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this note reflects this consolidation.

Grant date	Options Outstanding #	Options Exercisable #	Exercise Price \$	Weighted Average remaining contractual life of outstanding options in years
June 25, 2018 - December 14, 2018	95,500	95,500	\$30.80-\$69.10	0.48-0.95
January 8, 2019 - August 21, 2019	225,500	225,500	\$26.70-\$51.30	1.02-1.64
November 18, 2019	36,400	36,400	\$8.30	1.88
March 13, 2020 - December 21, 2020	693,533	604,324	\$2.60-\$5.10	2.20-2.98
March 12, 2021 - August 13, 2021	346,533	209,459	\$3.00-\$3.60	3.20-3.62
December 2, 2021 - November 25, 2022	7,110,733	375,366	\$0.69-\$1.40	3.92-4.90
Balance, December 31, 2022	8,508,199	1,546,549		4.35

In determining the amount of share-based compensation, the Company uses the Black-Scholes option pricing model to establish the fair value as at the grant date of options granted. Stock options granted during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

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	Weighted average for the year ended December 31, 2022	Weighted average for the year ended December 31, 2021
Risk-free interest rate	3.20%	0.78%
Expected dividend yield	Nil	Nil
Expected annualized volatility	105%	85.00%
Expected life of options (years)	3.50	3.49
Black-Scholes value of each option	\$0.61	\$0.15

Volatility was estimated by using the historical volatility of the Company. The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based upon the Canada government bonds with a remaining term nearest to the expected life of the options.

[b] Reserve for warrants

The following table reflects the continuity of warrants:

	Number of warrants #	Weighted Average Exercise Price \$	Amount, net of warrant issue costs \$
Balance, December 31, 2021	16,059,144	4.70	10,375
Warrants issued under prospectus supplement	12,707,500	0.50	587
Issuance of warrants in connection with debt	700,000	0.95	514
Warrants expired in the period	(2,060,751)	10.00	(3,466)
Balance, December 31, 2022	27,405,893	2.23	8,010

	Number of warrants #	Weighted Average Exercise Price \$	Amount, net of warrant issue costs \$
Balance, December 31, 2020	23,081,506	13.70	66,111
Warrants issued in the period	300,000	1.40	270
Warrants exercised in the period	(2,419,860)	3.10	(1,125)
Warrants expired in the period	(4,902,502)	48.00	(54,881)
Balance, December 31, 2021	16,059,144	4.70	10,375

As at December 31, 2022, the following warrants were outstanding:

Expiry Date	Exercise Price \$	Number of Warrants #
April 1, 2023	3.90	300,000
April 13, 2023	3.90	150,000
April 27, 2023	3.80	1,081,305
May 27, 2024	5.00	50,000
June 12, 2024	5.00	4,571,250
October 23, 2025	3.00	2,487,335
November 2, 2025	3.00	850,000
December 10, 2025	3.50	4,208,503
November 29, 2026	1.40	300,000
November 3, 2027	0.95	700,000
December 22, 2027	0.50	12,707,500
		27,405,893

[c] Restricted share units

Under the Company's RSU plan (the "RSU Plan"), RSUs may be granted up to a fixed maximum of 10,000,000 Common Shares, which entitle the holder to receive one Common Share without payment of additional consideration at the end of the restricted period, as determined by the Board at the time of the grant. The RSUs vest in tranches based on certain performance conditions being met, with share-based compensation expense being recognized from grant date to the expected performance completion date.

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As at December 31, 2022, 350,375 (December 31, 2021 – 4,651,040) shares of the Company were reserved for issuance under the RSU Plan. For the year ended December 31, 2022, the Company recorded \$348 in non-cash share-based compensation related to RSU compensation (year ended December 31, 2021 – \$742).

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Number of Units	Weighted Fair Value	Number of Units	Weighted Fair Value
Outstanding - beginning of period	465,104	3.00	124,384	3.30
Granted	365,000	0.72	617,010	3.00
Exercised	(219,579)	2.80	(193,790)	3.00
Forfeited	(260,150)	3.00	(82,500)	3.00
Outstanding, end of period	350,375	0.77	465,104	3.00

The accounting fair value of the equity settled RSUs as at the grant date is calculated using the number of RSUs expected to be earned multiplied by the grant date fair market value of a share of the Company's stock. Each reporting period, the number of RSUs that are expected to be earned is re-determined and the fair value of these RSUs is amortized over the remaining requisite service period less amounts previously recognized.

[d] Employee Stock Purchase Plan

The Company has established an employee stock purchase plan which created a reserve of 3,000,000 Common Shares that may be issued from treasury. As at December 31, 2022, no securities were issued under this plan.

19. SUPPLEMENTARY CASH FLOW INFORMATION

The changes in non-cash working capital items are as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Prepaid expenses and deposits	\$ (447)	\$ 89
Refundable sales taxes receivable	364	(244)
Trade receivables	6,843	2,110
Capitalized cost of biological assets	9,173	7,151
Inventories	(6,430)	(10,029)
Deferred financing costs	—	—
Deferred revenue	—	(150)
Due from related parties	86	(70)
Other current assets	1,050	(1,007)
Other assets	182	1,782
Accounts payable and accrued liabilities	9,409	5,119
Sales taxes payable	2,208	595
Total	\$ 22,438	\$ 5,346

20. COMMITMENTS AND CONTINGENCIES

The Company has the following gross contractual obligations as at December 31, 2022, which are expected to be payable in the following respective periods:

	Carrying amount	Total	Contractual cash flows - 12 months ending ⁽¹⁾					Thereafter
			December 2023	December 2024	December 2025	December 2026	December 2027	
	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	29,511	29,511	29,511	-	-	-	-	-
Sales taxes payable	1,540	1,540	1,540	-	-	-	-	-
Loans	32,618	41,274	10,110	25,456	500	5,208	-	-
Liabilities held for sale	3,669	10,581	480	480	490	600	600	7,931
Lease liabilities	12,066	18,619	2,016	2,046	1,932	1,944	1,870	8,811
Total contractual obligations	79,404	101,525	43,657	27,982	2,922	7,752	2,470	16,742

⁽¹⁾ Contractual cash flows include expected interest payable until the maturity date.

Please see Note 15 for contingent consideration obligations.

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[a] Construction agreements

In prior years, the Company entered into agreements with the City of Hamilton to facilitate the construction of the Hamilton Facility. Pursuant to these agreements, as at December 31, 2022, the Company had letters of credit in the amount of \$133 which may be drawn upon in the event of breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates (“GIC”) securing the letters as collateral. The Company has pledged corresponding GICs as collateral, which have been recorded in other assets. As at December 31, 2022, there have been no material breaches as defined by the agreements and no amounts have been drawn on the letters of credit.

[b] Other contractual commitments

The lease for the office space of the Company’s former headquarters required the issuance of a letter of credit in the amount \$350, which may be drawn upon by the landlord in the event of a material breach of the agreement. The lease was terminated on December 15, 2022 and the letter of credit was cancelled with a deposit surrendered to the landlord as part of the lease termination agreement.

[c] Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions. The Company is subject to an employment related claim by a former employee for which a provision in accounts payable and accrued liabilities has been recognized only to the extent that it is likely to result in future economic outflows.

The Company has been subject to a claim by former warrant holders for approximately \$1,250. The claim was settled and paid during the year ended December 31, 2022, for \$325. On August 3, 2020, the Company was named as a defendant in a litigation matter commenced in the United States District Court for the Middle District of Georgia relating to a disposed of minority investment in a U.S. based beverage incubation business, seeking, among other things, unquantified compensatory damages and injunctive relief. The case was settled and the Company paid US\$75 thousand during the year ended December 31, 2022 in connection with the settlement.

Other than the claims previously described, the Company is not aware of any other material or significant claims against the Company.

21. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying basic federal and provincial tax rates to loss before income taxes, shown as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Expected tax rate	<u>26.50%</u>	<u>26.50%</u>
	\$	\$
Expected tax benefit resulting from loss	(9,635)	(10,595)
Permanent differences	(7,458)	3,770
Changes in deferred tax benefits not recognized	143	141
Differences from statutory tax rate	16,965	6,215
Non-taxable foreign exchange	—	—
Deferred financing through equity	—	—
Other	(15)	33
Income tax recovery	<u>—</u>	<u>(436)</u>

The following income tax recovery has been recognized for accounting purposes:

	December 31, 2022	December 31, 2021
	\$	\$
Current income tax expense (recovery)	—	—
Deferred income tax recovery	—	(436)
Income tax recovery	<u>—</u>	<u>(436)</u>

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended December 31, 2022 are as follows:

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	Opening Balance	Recognized in Equity	Recognized in Other Comprehensive Loss	Recognized in Profit and Loss	Closing Balance
Deferred tax assets	\$	\$	\$	\$	\$
Non-capital losses	112,373	—	—	21,403	133,776
Depreciation on property, plant and equipment	8,683	—	—	10,971	19,654
Contingent Reserves	908	—	—	(823)	85
Financing Costs	2,532	—	—	(852)	1,680
Investments	1,008	—	—	(381)	627
Other	(1)	—	—	(772)	(773)
Deferred tax liabilities					
Intangible assets	(5,550)	—	—	(2,115)	(7,665)
Unrealized gain on biological assets	(4)	—	—	(781)	(785)
Long term liabilities	723	—	—	(1,142)	(419)
Deferred tax assets not recognized	(120,672)	—	—	(25,508)	(146,180)
Net deferred tax liability	—	—	—	—	—

The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended December 31, 2021 are as follows:

	Opening Balance	Recognized in Equity	Recognized in Other Comprehensive Loss	Recognized in Profit and Loss	Closing Balance
Deferred tax assets	\$	\$	\$	\$	\$
Non-capital losses	34,892	—	—	77,481	112,373
Depreciation on property, plant and equipment	62,969	—	—	(54,286)	8,683
Contingent Reserves	10	—	—	898	908
Financing Costs	4,316	—	—	(1,784)	2,532
Investments	627	—	—	381	1,008
Other	14	—	—	(15)	(1)
Deferred tax liabilities					
Intangible assets	(941)	—	—	(4,609)	(5,550)
Unrealized gain on biological assets	(1,131)	—	—	1,127	(4)
Long term liabilities	(585)	—	—	1,308	723
Deferred tax assets not recognized	(100,975)	—	—	(19,697)	(120,672)
Net deferred tax liability	(804)	—	—	804	—

The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset, which have not been recognized are approximately as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Non-capital losses	506,654	424,202
Financing costs	6,339	12,285
Property, plant and equipment	40,701	15,235
Other	2,049	3,802

The non-capital losses of \$506,654 are expected to start expiring as follows:

Year	Non-Capital Losses
	\$
2025	5,422
2036	499,756
Indefinitely	1,476
	506,654

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

[a] Fair values

The Company's financial instruments were comprised of the following as at December 31, 2022: cash and cash equivalents; restricted cash; trade receivables; due from related parties; certain other current assets; accounts payable and accrued liabilities; lease liabilities; sales taxes payable; loans and contingent consideration.

The fair values of the financial assets and financial liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instruments recorded at amortized cost that the instruments' fair values approximate their carrying amounts is due to the largely short-term maturities of these instruments.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the year ended December 31, 2022, there were no transfers of amounts between levels (year ended December 31, 2021 – none).

[c] Management of risks arising from financial instruments

[i] Market risk

Foreign currency risk

Foreign currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at December 31, 2022, a portion of the Company's financial assets and liabilities were held in US dollars and European Euros. The Company has not used foreign exchange contracts to hedge its exposure to foreign currency cash flows for the year ended December 31, 2022 as management has determined that this risk is not significant at this time.

Interest rate risk

The Company's exposure to interest rate risk relates to any investments of surplus cash as the Company's debt is fixed at a prescribed rate. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at December 31, 2022, the Company had term deposits of \$133 bearing interest of 3.4% (December 31, 2021 - \$585, bearing interest of 0.80% and 1.00%). The Company also has \$350 of restricted cash in a separate account as collateral for corporate credit cards.

[ii] Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and cash equivalents, trade receivables, prepaid expenses and deposits, and other assets represents the maximum exposure to credit risk as at December 31, 2022. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into sales contracts with stable, creditworthy parties and through frequent reviews of exposures to individual entities.

The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date and credit worthiness. The carrying amount of trade receivables is reduced through the use of an allowance

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of loss and comprehensive loss. The Company had three customers whose balances individually were greater than 10% of total trade receivables as at December 31, 2022 (December 31, 2021 – two customers). Customer A accounted for 36%, Customer B accounted for 15% and Customer C accounted for 23% of trade receivables as at December 31, 2022 (December 31, 2021 – Customer A accounted for 48% and Customer B accounted for 24%). Customer A, B and C are provincial government entities. The Company had three customers whose revenues individually were greater than 10% of total revenues for the year ended December 31, 2022. Customer A accounted for 35%, Customer B accounted for 24% and Customer C accounted for 21% of the revenue for the year ended December 31, 2022. (For the year ended December 31, 2021 – Customer A accounted for 15%, Customer B accounted for 52% and Customer C accounted for 14% of 2021 revenue)

The following tables set forth details of trade receivables, including aging of trade receivables that are not overdue, as well as an analysis of overdue amounts and related allowance for doubtful accounts:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	\$	\$
Total trade receivables	10,256	8,833
Less allowance for expected credit losses	—	—
Total trade receivables, net	<u>10,256</u>	<u>8,833</u>
Of which		
Current	8,349	6,447
31-90 days	1,447	2,256
Over 90 days	460	130
Total trade receivables, net	<u>10,256</u>	<u>8,833</u>

[iii] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due (see note 2(ii)). The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements in relation to its current cash balances, maturity schedules and internal budgets. Refer to Note 20 – Commitments and Contingencies.

23. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base to maintain investor, creditor and supplier confidence and to sustain future development of the business and provide the ability to continue as a going concern (See Note 2[ii] – Going Concern). Management defines capital as the Company's shareholders' equity (excluding deficit, contributed surplus and reserve for foreign currency translations) and loans (excluding loan from disposal group). The Board does not establish quantitative return on capital criteria for management but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders. As at December 31, 2022, total managed capital was comprised of share capital and loans of \$610,624 (December 31, 2021 - \$528,729), contributed surplus of \$109,487 (December 31, 2021 - \$108,836), and reserve for foreign currency translations of \$1,723 (December 31, 2021 – \$969). There were no changes in the Company's approach to capital management during the year ended December 31, 2022 (year ended December 31, 2021 – no changes).

24. OPERATING EXPENSES

Sales and marketing expenses included the following items:

	For the years ended	
	December 31, 2022	December 31, 2021
Personnel costs	2,061	\$ 1,308
Third party marketing expenses	3,335	2,468
Travel and promotion expenses	123	11
Sales agency costs	2,143	182
Other marketing expenses	1,182	170
Termination benefits	829	47
	<u>9,673</u>	<u>4,186</u>

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Research and development expenses included the following items:

	For the years ended	
	December 31, 2022	December 31, 2021
Personnel costs	328	\$ 314
Product development	53	4
Travel related expenses	10	38
Other research and development expenses	43	47
Termination benefits	60	125
	<u>494</u>	<u>528</u>

General and administrative expenses included the following items:

	For the years ended	
	December 31, 2022	December 31, 2021
Personnel costs	9,719	\$ 7,184
Office and other administrative expenses	3,272	7,730
Third party professional, consulting, legal fees	6,543	4,308
Computer and IT expenses	673	780
Termination benefits	2,773	213
	<u>22,980</u>	<u>20,215</u>

The following table presents share-based compensation, depreciation, and amortization that have not been allocated by nature on the consolidated statements of loss and comprehensive loss:

	For the years ended	
	December 31, 2022	December 31, 2021
Cost of sales related to inventory production	33	\$ 8,999
Sales and marketing expenses	565	1,029
Research and development expenses	208	467
General and administrative expenses	8,034	5,050

25. RELATED PARTIES

Key Management Personnel

Key management personnel compensation comprised of the following:

	Transactions for the year ended		Outstanding balances payable as at	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Compensation	1,704	1,567	139	147
Share-based payments	1,506	1,328	-	-
	<u>3,210</u>	<u>2,895</u>	<u>139</u>	<u>147</u>

Compensation of the Company's key management personnel includes salaries and director fees. In addition, key management personnel participate in the ESOP and RSU Plans, in which the share-based payment expense is recorded in line with the Company's accounting policy (Note 3 (n)).

There were no purchases or repayments to related parties during the current period. The Company has certain shareholder loans of \$2,600 described in Note 8.

On December 22, 2022, 12,707,500 Common Shares were issued under the Company's prospectus supplement to the short-form base shelf prospectus dated November 27, 2020, for gross proceeds of \$5,083. The Former Majority BZAM Shareholder, bought 7,500,000 Common Shares for gross proceeds to the Company of \$3,000.

All outstanding balances with these related parties were conducted at the exchange amount. None of the balances are secured. There are no other receivable or payable balances with key management personnel other than \$139 of director fees payable (December 31, 2021 – \$147 directors fee payable).

BZAM Ltd.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

26. EVENTS AFTER THE REPORTING PERIOD

- a) On January 4, 2023 the Company issued an aggregate of 6,500,000 Common Shares to settle \$2,600 of indebtedness of the Company under the Promissory Notes, pursuant to loan settlement agreements with two of the Company's shareholders. The Common Shares issued are subject to a four-month plus one day statutory hold period.
- b) On January 23, 2023 in accordance with the earn-out provisions relating to the Galaxie Acquisition, the Company released 1,142,857 Common Shares from the Indemnity Escrow Account to the Vendors. The Common Shares issued had a fair value of \$434 on the date of issue. The remaining 7,428,571 Common Shares held in the Indemnity Escrow Account were returned to treasury and cancelled.

In addition, pursuant to the terms of the definitive agreement for the BZAM Transaction, an aggregate of 1,120,226 Common Shares, being the BZAM Milestone Shares, were issued to the Company's largest shareholder. The BZAM Milestone Shares issued had a fair value of \$426 on the date of issue.

- c) In January 2023 the Company moved its Quebec operations which were previously in Valleyfield, Québec (the "Québec Facility"), to Vaudreuil, Québec.
- d) Subsequent to year end, on April 7, 2023, the Maple Ridge Facility which was classified as assets held for sale as at December 31, 2022, was conditionally sold for cash gross proceeds of \$4,000 which are payable 25% in May 2023 and 75% to be paid within one year. The sale has not closed as the conditions are still to be satisfied.



The Green Organic Dutchman Holdings Ltd.

Consolidated Financial Statements

For the years ended December 31, 2021 and December 31, 2020



INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Green Organic Dutchman Holdings Ltd.

Opinion

We have audited the consolidated financial statements of The Green Organic Dutchman Holdings Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2021 and December 31, 2020
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Entity incurred a net loss from continuing operations of \$39,544 thousand and net cash outflows from operating activities of \$18,038 thousand during the year ended December 31, 2021 and, as of that date, the Company's accumulated deficit was \$478,697 thousand.



As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Pardeep Singh Gill.

Vaughan, Canada

April 5, 2022

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars, except common shares outstanding)

	Notes	As at December 31, 2021	As at December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,089	\$ 11,212
Restricted cash	19	219	622
Refundable sales taxes receivable		347	160
Trade receivables	19	8,833	10,023
Biological assets	10	3,149	1,984
Inventories	11	20,942	17,135
Prepaid expenses and deposits		1,502	1,641
Other current assets	12	1,841	853
Deferred financing costs		—	750
Due from related parties		573	—
Assets held for sale	5	13,612	—
		<u>\$ 55,107</u>	<u>\$ 44,380</u>
Non-current assets			
Property, plant and equipment	8	117,980	147,263
Intangible assets	9	15,585	8,933
Goodwill	9	3,939	-
Other assets	12, 17	1,735	10,999
Total assets		<u>\$ 194,346</u>	<u>\$ 211,575</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 17,664	\$ 24,453
Sales taxes payable		595	—
Deferred revenue		—	150
Current portion of loans	7	2,021	40,755
Current portion of lease liabilities	13	1,049	1,019
Loan payable to disposal group	5	5,492	—
Liabilities held for sale	5	2,570	—
		<u>29,391</u>	<u>66,377</u>
Non-current liabilities			
Lease liabilities	13	6,517	4,551
Loans	7	18,204	—
Contingent consideration	4	3,423	39
Deferred tax liability		—	804
		<u>28,144</u>	<u>5,394</u>
Total liabilities		<u>\$ 57,535</u>	<u>\$ 71,771</u>
Shareholders' equity			
Share capital	14	508,504	468,379
Contributed surplus	15	108,836	108,874
Deficit		(478,697)	(436,559)
Reserve for foreign currency translations		(969)	255
Total Shareholders' Equity attributed to The Green Organic Dutchman Holdings Ltd.		<u>\$ 137,674</u>	<u>\$ 140,949</u>
Non-controlling interests		<u>(863)</u>	<u>(1,145)</u>
Total Shareholders' Equity		<u>136,811</u>	<u>139,804</u>
Total Liabilities and Shareholders' Equity		<u>\$ 194,346</u>	<u>\$ 211,575</u>
Total number of common shares outstanding		<u>749,660,647</u>	<u>486,675,760</u>
Going concern	2		
Commitments and contingencies	17		
Events after the reporting period	23		

The accompanying notes are an integral part of these consolidated financial statements.

Approved and authorized by the Board of Directors on April 5, 2022:

(signed) "Nicholas Kirton"
Director

(signed) "Jacques Dessureault"
Director

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(expressed in thousands of Canadian Dollars, except per share amounts)

		For the years ended	
	Notes	December 31, 2021	December 31, 2020 Restated*
Continuing operations			
Revenue		\$ 39,185	\$ 15,761
Excise duties		(8,944)	(3,017)
Net revenue		30,241	12,744
Cost of sales		22,465	13,495
Gross profit (loss) before change in fair value of biological assets		7,776	(751)
Realized fair value adjustment on sale of inventories		(8,161)	(5,868)
Unrealized gain on changes in fair value of biological assets	10	12,118	7,988
Gross profit		\$ 11,733	\$ 1,369
Operating expenses			
Sales and marketing expenses		\$ 4,186	\$ 7,132
Research and development expenses		528	942
General and administrative expenses		20,215	23,825
Share based compensation	15	3,381	4,873
Depreciation and amortization	8, 9	12,164	5,561
Total operating expenses		\$ 40,474	\$ 42,333
Loss from operations		(28,741)	(40,964)
Foreign exchange loss	19[c]	(648)	(680)
Finance costs		(6,137)	(3,935)
Accretion expense	7	(5,445)	(1,875)
Finance income		89	243
Share of loss on investments in associates		—	(148)
Revaluation of contingent consideration		1,851	423
Loss on disposal of assets	8	(63)	(455)
Impairment of investment in associates		—	(3,082)
Reversal of impairment / (impairment) charge for non-financial assets	8, 9	21,811	(120,602)
Loss on derecognition on investment in joint venture		(761)	—
Impairment loss on remeasurement of disposal group	5	(5,118)	—
Loss on assets held for sale	6	(17,688)	—
Debt modification	7	1,187	799
Acquisition related costs	4	(317)	—
Change in fair value of investments	12[b]	—	(1,502)
Loss before income taxes		(39,980)	(171,778)
Deferred income tax recovery	18	436	—
Net loss from continuing operations		\$ (39,544)	\$ (171,778)
Discontinued operations			
Loss from discontinued operation	5	(2,753)	(11,353)
Net loss from operations		(42,297)	(183,131)

* Comparative information has been re-stated due to a discontinued operation and change in classification. See Note 5.

The accompanying notes are an integral part of these consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (CONTINUED)
(expressed in thousands of Canadian Dollars, except per share amounts)

	Notes	For the years ended December 31, 2021	December 31, 2020 Restated*
Other comprehensive (income)/loss			
Foreign currency translation (income)/loss		1,227	(1,788)
Foreign currency translation income on equity method investment		—	(708)
Comprehensive loss		\$ (43,524)	\$ (180,635)
Net loss attributable to:			
The Green Organic Dutchman Holdings Ltd.		(42,138)	(182,541)
Non-controlling interests		(159)	(590)
Comprehensive loss attributable to:			
The Green Organic Dutchman Holdings Ltd.		(43,365)	(180,045)
Non-controlling interests		(159)	(590)
Basic and diluted loss per share			
Basic and diluted loss per share		\$ (0.08)	\$ (0.50)
Basic and diluted loss per share - Continuing operations		\$ (0.07)	\$ (0.46)
Weighted average number of outstanding common shares		552,109,127	369,698,781

* Comparative information has been re-presented due to discontinued operations.

The accompanying notes are an integral part of these consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(expressed in thousands of Canadian Dollars, except number of shares)

	Notes	Share Capital		Contributed Surplus						Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total
		Common Shares	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units	Shares to be issued	Total Contributed surplus				
		#	\$	\$	\$	\$	\$	\$	\$				
Balance, December 31, 2020		486,675,760	468,379	23,258	66,111	11,129	7,972	404	108,874	255	(436,559)	(1,145)	139,804
Issuance of common shares in relation to acquisition	4,14[a]	122,805,153	19,035	—	—	—	—	—	—	—	—	—	19,035
Issuance of contingent shares in relation to acquisition	4,14[b]	85,714,286	—	—	—	—	—	—	—	—	—	—	—
Issuance of common shares	14[c]	21,035,458	9,322	—	—	—	—	—	—	—	—	—	9,322
Share based compensation	15[a,c]	—	—	3,381	—	—	—	—	3,381	—	—	—	3,381
Exercise of warrants	14[d]	24,198,600	8,684	—	(1,125)	—	—	—	(1,125)	—	—	—	7,559
Expiry of stock options	15[a]	—	—	(4,102)	—	4,102	—	—	—	—	—	—	—
Expiry of warrants	15[b]	—	—	—	(54,881)	54,881	—	—	—	—	—	—	—
Restricted share units exercised during period - escrowed	14[e]	314,933	1,276	—	—	6,656	(7,932)	—	(1,276)	—	—	—	—
Restricted share units exercised during period	14[h]	1,937,903	584	(584)	—	—	—	—	(584)	—	—	—	—
Shares issued to settle accounts payable	14[f]	4,241,712	704	(300)	—	—	—	(404)	(704)	—	—	—	—
Shares and warrants issued in connection with debt modification	14[g]	2,736,842	520	—	270	—	—	—	270	—	—	—	790
Comprehensive loss		—	—	—	—	—	—	—	—	(1,227)	(42,138)	(159)	(43,524)
Elimination of non-controlling interest on disposal of Denmark		—	—	—	—	—	—	—	—	3	—	441	444
Balance, December 31, 2021		749,660,647	508,504	21,653	10,375	76,768	40	—	108,836	(969)	(478,697)	(863)	136,811

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
(expressed in thousands of Canadian Dollars, except number of shares)

	Share Capital		Contributed Surplus					Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total	
	Common Shares	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units	Shares to be issued					Total Contributed surplus
	#	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance, December 31, 2019	312,733,244	428,651	22,247	64,415	1,129	7,972	—	95,763	(2,241)	(254,018)	(555)	267,600
Bought deal offering	162,104,000	35,688	—	8,210	—	—	—	8,210	—	—	—	43,898
Issuance of warrants in connection with debt	—	—	—	1,743	—	—	—	1,743	—	—	—	1,743
Share based compensation 14[i,j,k,l]	3,536,858	984	3,485	—	—	—	404	3,889	—	—	—	4,873
Exercise of stock options 14[m]	847,600	763	(339)	—	—	—	—	(339)	—	—	—	424
Exercise of warrants 14[d]	564,000	248	—	(34)	—	—	—	(34)	—	—	—	214
Expiry of stock options	—	—	(1,877)	—	1,877	—	—	—	—	—	—	—
Expiry of warrants	—	—	—	(8,223)	8,223	—	—	—	—	—	—	—
Restricted share units exercised during period 14[h]	703,837	258	(258)	—	—	—	—	(258)	—	—	—	—
Shares issued to settle accounts payable 14[f]	6,161,530	1,687	—	—	—	—	—	—	—	—	—	1,687
Issuance of convertible units 14[o]	24,691	100	—	—	(100)	—	—	(100)	—	—	—	—
Comprehensive loss	—	—	—	—	—	—	—	—	2,496	(182,541)	(590)	(180,635)
Balance, December 31, 2020	486,675,760	468,379	23,258	66,111	11,129	7,972	404	108,874	255	(436,559)	(1,145)	139,804

An unlimited number of common shares are authorized for issue.

The accompanying notes are an integral part of these consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in thousands of Canadian dollars)

	Notes	For the years ended	
		December 31, 2021	December 31, 2020
OPERATING ACTIVITIES			
Net loss from operations		\$ (42,297)	\$ (183,131)
Items not affecting cash:			
(Reversal of impairment) / Impairment of property, plant and equipment	8	(17,765)	118,316
(Reversal of impairment) / Impairment of intangible assets	9	(4,046)	10,930
Loss on assets held for sale	6	17,688	—
Impairment loss on remeasurement of disposal group	5	5,118	—
Impairment of investment in associates		—	3,082
Share based compensation	15	3,381	4,873
Depreciation of property, plant and equipment	8	12,037	5,768
Amortization of intangible assets	9	1,716	1,452
Realized fair value adjustment on sale of inventories		8,161	5,868
Unrealized gain on change in fair value of biological assets	10	(12,118)	(7,988)
Accretion expense	7	5,445	1,875
Share of loss on investments in associates		—	148
Revaluation of contingent consideration		(1,851)	(423)
Loss on disposal of assets	8	63	384
Loss on derecognition on investment in joint venture		761	—
Deferred financing costs expensed		750	737
Deferred income tax recovery		(804)	(224)
Write-down of deposit	12[c]	1,564	—
Change in fair value of investments		—	1,502
Provision recorded on inventory		—	1,478
Debt modification	7	(1,187)	(799)
Income taxes paid		—	(14)
Changes in non-cash operating working capital items	16	5,346	208
Net cash used in operating activities		\$ (18,038)	\$ (35,958)
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(9,121)	(50,259)
Net proceeds from the disposition of the Valleyfield Assets	6	25,512	—
Net cash inflow on deposits	12[a]	5,761	—
Proceeds on disposal of assets	8	1,698	1,415
Transfer from restricted cash		403	8,359
Acquisition from business combination		307	—
Net cash inflow on sale of investment	12[b]	1,242	—
Transfer to restricted cash		—	(403)
Net cash outflow on investment in QuebecCo		—	(1,000)
Additions to intangible assets	9	(6)	(288)
Net cash proceeds from (used in) investing activities		\$ 25,796	\$ (42,176)
FINANCING ACTIVITIES			
Proceeds from issuance of shares and warrants, net of share issue costs	14	9,322	43,898
Proceeds from issuance of debt, net of issue costs	7	6,790	22,021
Proceeds from the exercise of stock options and warrants	14, 15	7,559	638
Interest received		55	173
Interest paid on lease liabilities	13	(535)	(494)
Interest paid on debt	7	(4,496)	(4,741)
Principal payments of lease liabilities	13	(704)	(525)
Principal payments of debt	7	(32,200)	(500)
Net proceeds of borrowings and repayments under the Revolver Loan	7	766	—
Net cash provided by (used in) financing activities		\$ (13,443)	\$ 60,470
Net cash outflow		\$ (5,685)	\$ (17,664)
Net effects of foreign exchange		(597)	1,307
Cash, beginning of period		11,212	27,569
Cash related to assets held for sale	5	(841)	—
Cash and cash equivalents, end of period		\$ 4,089	\$ 11,212

The accompanying notes are an integral part of these consolidated financial statements.

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1. NATURE OF ACTIVITIES

The Green Organic Dutchman Holdings Ltd. (“Company”) was incorporated on November 16, 2016, under the *Canada Business Corporations Act* (“CBCA”). The Company is a reporting issuer domiciled in Canada whose common shares (the “Common Shares”) are publicly traded on the Canadian Securities Exchange (“CSE”) under the symbol “TGOD” and on the OTCQX under the symbol “TGODF”. The Company also has four classes of warrants listed on the CSE under the symbols “TGOD.WS”, “TGOD.WR”, “TGOD.WA” and “TGOD.WB”. The Company’s registered and head office is located at 6205 Airport Road, Building A – Suite 200, Mississauga, ON, L4V 1E3. These consolidated financial statements for the years ended December 31, 2021 and December 31, 2020 (“Consolidated Financial Statements”) include the financial statements of The Green Organic Dutchman Holdings Ltd. and its subsidiaries from the date the Company gained control of each subsidiary.

The Company’s wholly-owned Canadian subsidiary, The Green Organic Dutchman Ltd. (“TGOD”) is a licensed producer under the *Cannabis Act* (Canada) and holds a licence to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and sell such cannabis products within Canada to provincially authorized retailers or distributors and federally licensed entities. The Company owns a cannabis cultivation facility near Hamilton, Ontario (the “**Hamilton Facility**”) and also has a presence in Québec with certain continuing operations out of its previously owned facility located in Valleyfield, Québec (the “**Quebec Facility**”). On November 17, 2021, the Company purchased all of the issued and outstanding shares of Galaxie Brands Corporation (“**Galaxie**”), a manufacturer of cannabis, cannabis oils, and edible cannabis products located in Puslinch, Ontario (the “**Puslinch Facility**”).

In addition to its Canadian operations, the Company, through its subsidiaries and strategic investments, is pursuing an international growth strategy, and has established strategic partnerships for the distribution of cannabis and hemp-derived medical products in Mexico, Germany, Australia, South Africa and other countries as regulations allow.

The outbreak of the novel strain of the coronavirus, SARS-COV-2 (“COVID-19”), and its eventual declaration as a pandemic by the World Health Organization (“WHO”) on March 11, 2020, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown. The Company implemented measures to protect its global workforce from COVID-19 and endeavours to mitigate any long-term impact of the pandemic on its business which remain unknown. While it is difficult to predict the impact of COVID-19 on the Company’s business, the Company continues to seek to mitigate these impacts through various means including engagement with its retailers, transition of its staff to working remotely where possible, increasing safety protocols and sanitation measures within the workplace, and monitoring developments in order to adapt and respond in order to protect the health and safety of the Company’s employees and the best interests of the Company.

2. BASIS OF PRESENTATION

[i] Statement of compliance

These Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). These Consolidated Financial Statements were approved and authorized for issue by the Board of Directors of the Company on April 5, 2022.

[ii] Going concern

These Consolidated Financial Statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

As of December 31, 2021, the Company had working capital of \$25,716 (negative working capital December 31, 2020 – \$21,997) and an accumulated deficit of \$478,697 (December 31, 2020 - \$436,559). During the year ended December 31, 2021, the Company used cash in operating activities of \$18,038 (year ended December 31, 2020 - \$35,958) resulting primarily from the loss from operations \$28,741 (year ended December 31, 2020 - \$40,964) offset by items not affecting cash such as depreciation, amortization and share-based compensation. The Company has insufficient cash on hand to fund its planned operations. The Company’s ability to continue as a going concern is dependent upon its ability to generate sufficient revenues and positive cash flows from its operating activities and/or obtain sufficient funding to meet its obligations.

The Company may need to obtain further funding in the form of asset sales, debt, equity or a combination thereof to continue operations for the next twelve months. There can be no assurance that additional funding will be available to the Company,

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or, if available, that this funding will be on acceptable terms. If positive operating cash flows are not achieved, debt obligations are not repaid, or adequate funding is not available, the Company may be required to delay or reduce the scope of any or all of its operations. In addition, the terms of the renewed secured revolving credit facility (the “Revolver Loan”) require the Company to satisfy various affirmative and negative covenants and to meet certain future financial tests. A failure to comply with these covenants, including a failure to meet the financial tests, would result in an event of default under the Revolver Loan and if not cured would allow the Lender to accelerate the repayment of the debt, which could materially and adversely affect the business, results of operations and financial condition of the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These Consolidated Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from operating and/or financing activities, the carrying value of the Company’s assets could be subject to material adjustments and other adjustments may be necessary to these Consolidated Financial Statements should such events impair the Company’s ability to continue as a going concern.

[iii] Basis of measurement

These Consolidated Financial Statements have been presented in thousands of Canadian dollars (unless otherwise noted) on a historical cost basis, except for certain financial instruments that are measured at fair value and biological assets which are recorded at fair value less costs to sell. The Company’s functional currency is Canadian dollars. The expenses with the consolidated statements of loss and comprehensive loss are presented by function.

[iv] Use of estimates and judgments

The preparation of these Consolidated Financial Statements requires the use of estimates and judgments that affect the application of the Company’s accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effected.

(a) Biological assets and inventory

In calculating the fair value less costs to sell of the biological assets, management is required to make a number of judgments and estimates, including estimating the stage of growth of the cannabis plants up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plants. In calculating inventory values, management is required to determine an estimate of indirectly attributable production costs as well as obsolete inventory and compares the inventory cost to estimated net realizable value.

(b) Impairment, estimated useful lives, depreciation and amortization of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, residual values, and depreciation rates. The depreciation and amortization methods are judgments based on the Company’s assessment of the pattern of use of the assets. The estimate of useful lives and residual values are based on the Company’s intended use of the assets. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions.

(i) Cash generating units:

Judgment is required to assess the Company’s determination of cash generating units for the purpose of impairment testing.

(ii) Impairment of non-financial assets:

The process to calculate the recoverable amount of each cash generating unit requires use of valuation methods such as the discounted cash flow method which uses assumptions of key variables including estimated cash flows, discount rates and terminal value growth rates. The Company applies judgment when determining which methods are most appropriate to estimate that value in use and fair value less costs of disposal for each CGU. Please see note 8 and note 9 for additional estimates and judgment applied by the Company in connection with the impairment of non-financial assets.

(c) Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition based on the facts and circumstances of the transaction in relation to the criteria listed in *IFRS 3 Business Combinations*. Determining the purchase price of a business combination, including any acquisition-related contingent consideration, and determining the

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allocation of the purchase price requires estimation of the fair value of the non-cash consideration and fair value of the assets acquired and liabilities assumed. Market based and appraisal values are used.

(d) **Revenue and accounts receivable**

The Company uses estimates to determine the likelihood of returns, discounts, price concessions and rebates it may offer to distributors. This is based on trends observed by the Company related to its historical financial sales and industry practices. Due to the complexity in tax legislations, significant judgment is applied in the assessment of whether taxes are borne by the Company or collected on behalf of a third party impacting the net or gross presentation of revenue.

(e) **Shared based compensation**

Significant estimates are used to determine the fair value of stock options and restricted stock units of the Company. The Company typically uses a Black Scholes pricing model to determine the valuations. Refer to notes 14 and 15 for further information.

(f) **Warrants**

Significant estimates are used to determine the fair value of warrants issued by the Company. The Company typically uses a Black Scholes pricing model to determine the valuations. Refer to notes 14 and 15 for further information.

(g) **Leases**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Significant estimates are used to determine the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate for new leases.

(h) **Assets held for sale**

The determination as to whether a disposal group meets the requirements to be classified as held for sale, and the assets and liabilities to be included within that disposal group, requires management to exercise judgement when making these determinations. Management must also exercise judgement when determining at which date all of the criteria are satisfied to be classified as held for sale. Management must also use estimates when determining the fair value less costs to sell of the disposal group to assess if the carrying value of the disposal group is greater than its recoverable amount.

[v] Basis of consolidation

These Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intercompany balances and transactions are eliminated upon consolidation and preparation of these Consolidated Financial Statements. The Company's primary controlled subsidiaries are as follows:

Major subsidiary	Percentage ownership	Functional currency
The Green Organic Dutchman Ltd. ("TGOD")	100%	Canadian Dollar
Medican Organic Inc. ("Medican")	100%	Canadian Dollar
Galaxie Brands Corporation ("Galaxie")	100%	Canadian Dollar
TGOD Europe B.V.	100%	European Euro
HemPoland S.p.a. Z.o.o. ("HemPoland") (i)	100%	European Euro

(i) Classified as held for sale as at December 31, 2021, see note 5

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All shareholdings are of ordinary shares or other equity. Other subsidiaries, while included in the Consolidated Financial Statements, are not material and have not been included in the table above.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement Uncertainty

The Company continues to monitor the evolution of the COVID-19 pandemic. The extent to which the COVID-19 pandemic may impact the Company's business and activities will depend on future developments which remain highly uncertain and cannot be predicted with confidence, such as the spread and severity of the disease, the duration of the outbreak including any possible resurgence, and actions taken by authorities to control the spread of the virus, the impact of the pandemic on spending, and the ability or willingness of suppliers and vendors to provide products and services.

Any of these developments, and others, could have a material adverse effect on the Company's business, affairs, operations, results of operations, financial condition, liquidity, availability of credit and foreign exchange exposure. In addition, because of the severity and global nature of the COVID-19 pandemic, it is possible that estimates in the Company's financial statements could change in the near term and the effect of any such changes could be material, which could result in, among other things, an impairment of non-current assets and a change in the expected credit losses on accounts receivable. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts on its business.

(b) Business combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The Company measures the consideration transferred, the assets acquired, and liabilities assumed in a business combination at their acquisition-date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred, and the services are received, except for the costs to issue debt or equity securities which are recognized according to specific requirements. The excess of the consideration transferred to obtain control, over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Contingent consideration for a business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(c) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is recognized on a declining basis using the following rates:

Building	2.5 - 5%
Furniture and fixtures	20 - 33%
Production equipment	14 - 100%
Building and leasehold improvements	5 - 20%, or straight line over the lease term if applicable
Computer equipment	33 - 100%
Automobiles	14 - 30%

Residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at least each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Land is not depreciated.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item at the date of disposal and recognized in profit or loss.

Assets and construction in progress are transferred to building, production equipment, and building improvements when available for use and depreciation of the asset commences at that point.

(d) Intangible assets

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Finite-lived intangible assets are recorded at cost less accumulated amortization and impairment losses. Amortization is provided on a straight-line basis over the following term:

Health Canada Licences	20 years, in accordance with the estimated useful life of buildings at the Hamilton Facility and Puslinch Facility
Technology Licences	6 years
Website	10 years
Customer Relationships	10 years
Distribution Channels	10-20 years
Brands	10-20 years

The estimated useful lives and amortization methods of intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Company does not currently have any intangible assets with indefinite useful lives.

(e) Impairment of non-financial assets

Non-financial assets (other than biological assets and inventories) are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Goodwill is tested for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). Goodwill arising from a business combination is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other non-financial assets in the CGU, excluding biological assets and inventories, on a pro-rata basis. Impairment losses in respect of goodwill are not subsequently reversed. For other non-financial assets excluding biological assets and inventories, an impairment loss is subsequently reversed only to an amount that is the lesser of the revised estimate of recoverable amount, and the carrying amount, net of depreciation or amortization, that would have been recorded at the date of the reversal had no impairment loss been recognized previously. The Company currently has four CGUs being (i) cannabis related activities from production at the Hamilton Facility and Quebec Facility, ("TGOD CGU") (ii) the newly acquired cannabis manufacturing productions at the Puslinch Facility ("Galaxie CGU") (iii) hemp related activities in Europe ("European CGU") and (iv) other strategic international investments ("International CGU").

(f) Goodwill

Goodwill represents the excess of the price paid for a business combination over the net fair value of the identifiable assets acquired and liabilities assumed in the business combination and is subsequently measured at historical cost less accumulated impairment losses, if any. Goodwill is not depreciated.

(g) Inventories

Inventories are valued at the lower of cost and net realizable value. Inventories of harvested cannabis (i.e. raw materials) are transferred from biological assets at their fair value less costs to sell at harvest, which becomes the initial cost of the harvested cannabis. Any subsequent post-harvest costs, such as processing and packaging the inventories to a finished state, are capitalized to inventory as they are incurred to the extent that the aggregated cost of the inventory item is less than its net realizable value and are subsequently recorded within cost of sales related to inventory production costs in the consolidated statement of loss and comprehensive loss. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis.

(h) Biological assets

While the Company's biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are capitalized using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. Direct and indirect costs of biological assets include the direct cost of seeds and growing materials, and indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included. Certain direct and indirect costs of biological assets, excluding depreciation, are capitalized as they are incurred, and are subsequently recorded in inventories on the consolidated statement of financial position after the biological

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assets are harvested, and subsequently recorded within the line item 'cost of sales' on the consolidated statement of loss and comprehensive loss in the period that the related product is sold or impaired. The unrealized gain on changes in fair value of biological assets are recorded in a separate line on the consolidated statement of loss and comprehensive loss. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position.

(i) Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows the five-step model:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligations are satisfied.

Revenue from the direct sale of cannabis products for a fixed price is recognized when the Company transfers control of the good to the customer, which is at the point of shipment for medical cannabis and at the point of delivery for recreational cannabis.

Revenue earned in Canada includes excise duties, which the Company pays as principal, but excludes sales taxes collected on behalf of tax authorities. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, revenue is stated net of expected price discounts, allowances for customer returns and certain promotional activities and similar items. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices.

Under certain revenue arrangements, the Company provides production or licensing services. For these revenue arrangements, the Company earns a manufacturing or licencing fee, which is recognized as revenue net of associated costs as the Company acts as an agent in the arrangement. The Company does not control pricing or bear inventory, or credit risk associated with the goods in these arrangements, and as such is acting as an agent in these arrangements.

(j) Financial instruments

[i] Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

[ii] Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified and measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets, if applicable. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI. Changes in fair value are recognized in OCI and are never recycled to profit and loss, even if the asset is sold or impaired.

Financial Liabilities

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

[iii] Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company may enter into transactions whereby it transfers assets recognized in its statements of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Transaction Costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

[iv] Offsetting

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Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(k) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortized costs, debt investments measured at FVOCI, and contract assets – the Company had no debt investment measured at FVOCI and no contract assets as at December 31, 2021 and December 31, 2020.

When determining whether the credit risk of a financial asset has increased significantly and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Company’s historical experience and informed credit assessment and including forward looking information.

(l) Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is usually evidenced by but not limited to, the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost, inclusive of transaction costs. Subsequent to initial recognition, the Company includes in its consolidated financial statements the Company’s share of the income and expenses of equity accounted investees until the date on which significant influence ceases. In accordance with IFRS, the investee’s most recent available financial statements are used in the application of the equity method. The Company does not recognize losses exceeding the carrying value of its interest in the associate.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee. Unrealized losses arising from transaction with equity-accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee, but only to the extent there is no evidence of impairment.

(m) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred. Subsequent to initial recognition, capitalized development expenditures are measured at costs less accumulated amortization and impairment losses.

(n) Taxes

Income tax expense is comprised of current and deferred tax. It is recognized in net loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current taxes

Current tax comprises the expected tax payable or receivable on the taxable earnings for the period and any adjustments to the tax payable or receivable in respect of previous years. Taxable earnings may differ from earnings as reported in the consolidated statement of loss and comprehensive loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company’s receivables and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax

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rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Refundable sales tax receivable

The Company recognizes receivables for refundable input tax credits for various value added taxes paid in conjunction with the laws governing each jurisdiction where the credits are claimed.

(o) Share-based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share-based payments granted to non-employees, the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital.

(p) Loss per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. In a period of losses, the options and warrants are excluded for the determination of dilutive net loss per share because their effect is antidilutive.

(q) Related party transactions

Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

(r) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies at the reporting date are re-measured to the functional currency of the subsidiary in which the transactions are recorded at the exchange rate at the reporting date and the date they are settled. Non-monetary items that are based on historical cost in the functional currency of the subsidiary in which the amounts are recorded are translated into Canadian dollars using the exchange rate at the date of the transaction. Foreign currency gains and losses due to translating foreign currency transactions are reported in the consolidated statement of loss and comprehensive and loss on a net basis. The effect of currency translation adjustments on cash and cash equivalents is presented separately in the statements of cash flows and separated from investing and financing activities when deemed significant.

(s) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the month during which the transactions occurred. These foreign currency differences are recognized in other comprehensive income in the reserve for foreign currency translations.

(t) Government grants

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. The Company made an accounting policy choice under *IAS 20 - Government Grants* to record and present the grants net against the associated expenses for which it was subsidizing. These grants are recognized upon receipt as all conditions subject to the grant are met upon receipt.

(u) Changes in or adoption of significant accounting policies

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i. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale (or disposal group) are measured at each reporting period at the lower of their carrying amount and fair value less costs to sell (“FVLCS”), except for inventories, biological assets, deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are measured in accordance with the Company’s other accounting policies, as applicable.

An impairment loss is recognized for any initial or subsequent write-down of the assets held for sale (or disposal group) to FVLCS. A gain is recognized for any subsequent increases in FVLCS of assets held for sale (or disposal group), but not in excess of any cumulative impairment loss previously recognized or the asset’s (or disposal group’s) carrying value. A gain or loss not previously recognized by the date of the sale of the non-current assets (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(v) New accounting pronouncements or policies adopted in 2021

The Company adopted the following new standard and amendment to standards that were effective January 1, 2021. These changes did not have a material impact on these Consolidated Financing Statements.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

(w) New standards, interpretations and amendments not yet adopted by the Company

A number of new standards are effective for annual periods beginning on or after January 1, 2022 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these Consolidated Financial Statements. The following amended standards and interpretations are not expected to have a significant impact on the Company’s consolidated financial statements:

i. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

ii. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – (Amendments to IAS 12)

The amendment narrowed the scope of certain recognition exceptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognized deferred tax for all temporary differences related to leases and decommissioning obligations and recognized the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments of the Company’s consolidated financial statements.

iii. Definition of Accounting Estimates – (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*.

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The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidation financial statements.

iv. Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS 2 Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS 2 Practice Statement 2 Making Material Judgments)*. The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and,
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidation financial statements.

4. BUSINESS COMBINATION

Acquisition of Galaxie

On October 29, 2021, the Company entered into a share purchase agreement (the "Galaxie Definitive Agreement") to purchase all of the issued and outstanding shares of Galaxie (the "Galaxie Transaction"). Galaxie is a licensed producer of cannabis and cannabis related products focused on product innovation, branding, manufacturing, and distribution. Pursuant to the terms of the Galaxie Definitive Agreement, upon closing of the Galaxie Transaction on November 17, 2021, the Company paid an aggregate purchase price of \$24,270 (the "Purchase Price"). The Purchase Price was comprised of: (a) 80,000,000 Common Shares valued at \$12,400 (the "Escrow Shares"); (b) 40,000,000 Common Shares valued at \$6,200 (the "Indemnity Escrow Shares"); (c) 2,805,153 Common Shares valued at \$435 related to the Underlying Shares (as defined below); and (d) up to 85,714,286 Common Shares valued at \$5,235 (the "Contingent Milestone Shares"), subject to the achievement of certain financial targets over the twelve months ending December 31, 2022.

The Escrow Shares are subject to an escrow agreement with Computershare Investor Services Inc., as escrow agent, (the "Escrow Agent") whereby one sixth of these shares will be released every four months with the first release starting March 17, 2022. The Indemnity Escrow Shares and Contingent Milestone Shares were placed into an indemnity escrow account with the Escrow Agent, to be released no later than December 31, 2023 and January 31, 2023, respectively, subject to earlier release pursuant to the escrow release terms of an indemnity escrow agreement.

All issued and outstanding options to acquire shares of Galaxie (the "Galaxie Options") vested prior to the closing of the Galaxie Transaction. Each holder of vested Galaxie Options had the option of exercising its Galaxie Options into underlying shares of Galaxie (the "Underlying Shares"). The Underlying Shares were converted into Common Shares at the closing of the Galaxie Transaction based upon the terms set forth in the Galaxie Definitive Agreement. A total of 2,805,153 Common Shares were issued to holders of Galaxie Options in exchange for the issued and outstanding Underlying Shares. Total consideration issued to the former shareholders of Galaxie was 205,714,286 Common Shares with a fair value of \$23,835, with an additional 2,805,153 Common Shares being issued to holders of Galaxie Options with a fair value of \$435.

The Company's initial allocation of the Purchase Price is as noted in the table below. As the Galaxie Transaction is within the measurement period, management will continue to refine and finalize the allocations in relation to any subsequent working capital adjustments. The measurement period is the period from the acquisition date to the date complete

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information about facts and circumstances that existed as of the acquisition date is received. The measurement period cannot extend beyond one year from date of acquisition. The table below summarizes the estimated fair value of the assets acquired and the liabilities assumed as at the acquisition date:

	Note	Number of shares	Share price	Amount
Consideration paid				
Common Shares issued	(i)	122,805,153	\$0.155	19,035
Contingent consideration	(ii)	85,714,286		5,235
Total consideration transferred				24,270
Net assets acquired				
Cash and cash equivalents				307
Trade receivables				1,366
Prepaid expenses and deposits				117
Due from related party				503
Inventories				1,172
Accounts payable and accrued liabilities				(2,490)
Property, plant and equipment	8			14,308
Brands	9			2,783
Health Canada Licence	9			4,432
Customer contracts	9			2,650
Goodwill	9			3,939
Lease liabilities	13			(3,665)
Loans	7			(1,152)
Total identifiable net assets acquired				24,270

(i) Closing price of TGOD Common Shares as at acquisition date

(ii) Recorded at fair value, which was determined using the Black-Scholes Pricing Model.

The licence acquired is subject to amortization over a period equivalent to the useful life of the Puslinch Facility which has a useful life of 20 years. The licence consists of Galaxie's cultivation, processing, and sales license.

Brands acquired under the Galaxie Transaction include Cruzy, which offers a range of high potency products for distribution in the recreational adult-use market, and GRx, which offers high potency CBD products to medical patients. Such brands are subject to amortization with estimated useful lives of 10 years.

The primary reason for the acquisition and the goodwill is attributed to the achievement of synergies expected from integrating Galaxie and the Company to produce cannabis extracts, including cannabis concentrates for consumers. Goodwill is calculated as the excess of the consideration paid in comparison to the net assets identified as at acquisition date. Goodwill is not tax deductible.

The Contingent Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2021, the contingent consideration was revalued to \$3,423, resulting in a gain on revaluation of \$1,812 for the year ended December 31, 2021. The Contingent Milestone Shares are to be released no later than January 31, 2023.

The Company recognized \$317 in transaction costs recorded in the acquisition related costs line in the consolidated statement of loss and other comprehensive loss in connection with the Galaxie Transaction.

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5. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION

As at December 31, 2021, management was committed to a plan to sell the Company's wholly owned hemp cultivation and extraction business based in Poland. Accordingly, the Company has presented HemPoland as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected within the next twelve months.

Results of discontinued operation

	For the twelve months ended	
	December 31, 2021	December 31, 2020
Revenue	\$ 6,270	\$ 8,751
Gross profit	\$ 2,330	\$ 4,745
Expenses	\$ 5,398	\$ 16,322
Loss from discontinued operations	\$ (3,068)	\$ (11,577)
Deferred tax recovery	\$ 315	\$ 224
Loss from discontinued operations, net of tax	\$ (2,753)	\$ (11,353)
Basic and diluted loss per share	\$ (0.00)	\$ (0.04)

Cash flows from (used in) discontinued operation

	For the twelve months ended	
	December 31, 2021	December 31, 2020
Net cash provided by (used in) operating activities	\$ 1,339	\$ (697)
Net cash used in investing activities	(188)	(325)
Net cash used in financing activities	(519)	(556)
Net cash (outflows) inflows for the year	\$ 632	\$ (1,578)

Impairment losses related to the disposal group

Impairment losses of \$5,118 for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been recognized for the year ended December 31, 2021 (year ended December 31, 2020, \$Nil). The impairment losses have been applied to reduce the carrying amount of property, plant and equipment, and intangible assets

Assets and liabilities of disposal group held for sale

As at December 31, 2021, the disposal group was stated at fair value less costs to sell and comprised of the following assets and liabilities.

	Disposal Group
Cash and cash equivalents	841
Refundable sales taxes receivable	57
Trade receivables	446
Prepaid expenses and deposits	167
Inventories	3,035
Property, plant and equipment	1,589
Intangible assets	1,985
Loan receivable from TGODH	5,492
Assets held for sale	13,612
Accounts payable and accrued liabilities	695
Lease liabilities	1,409
Loans	466
Liabilities held for sale	2,570

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Measurement of fair values

The fair value of the disposal group's net assets was estimated to be \$11,742 (before estimated costs to sell of \$700) using a market approach (level 2 on the fair value hierarchy), from a non-binding competitive offer which provided reliable information to determine the fair value of the disposal group.

6. SALE OF VALLEYFIELD ASSETS

On June 22, 2021, the Company completed the sale of the majority of its assets in Valleyfield, Quebec, including all of the industrial and agricultural land, main hybrid greenhouse, rooftop greenhouse, all support buildings and certain related equipment (the "Valleyfield Assets") for gross proceeds of \$27,000 (net proceeds of \$25,512) (the "Quebec Disposition")

The following is a continuity of the Company's Valleyfield Assets held for sale:

	Valleyfield Assets
Balance, December 31, 2020	\$ —
Transferred from property, plant and equipment	43,200
Remeasurement of assets held for sale	(17,688)
Gross proceeds on sale	(27,000)
Transaction costs	1,488
Balance, December 31, 2021	—

The Company was also refunded the deposit that it had with Hydro-Quebec, including interest, of \$5,761, see Note 12 – Other Assets. Concurrent with the Quebec Disposition, the Company repaid the remaining principal balance of its senior secured first lien credit facility (the "Senior Loan"), including a 2% prepayment penalty, to settle all of its outstanding obligations under the Senior Loan and terminated the Senior Loan with such lender, see Note 7 – Loans.

Concurrent with the closing of the Quebec Disposition, the Company entered into a lease with the purchaser of the Valleyfield Assets for approximately 80,000 square feet of cultivation and processing space in the Quebec Facility, see Note 13 – Leases.

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7. LOANS

The following tables illustrate the continuity schedule and presentation of the Company's loans:

	For the year ended December 31, 2021	For the year-ended December 31, 2020
Opening Balance	\$ 40,755	\$ 17,433
Additions	7,000	24,658
Addition through business combination	Note 4 1,152	—
Deferred financing fee	(1,000)	(3,044)
Residual fair value of equity portion	—	(1,628)
Accretion	5,445	4,199
Debt modification	(1,187)	(799)
Principal payments	(32,200)	(500)
Effects of movements in foreign exchange	(33)	(19)
Reclassification to liabilities held for sale	(473)	—
Net proceeds related to the borrowing from and repayments to the Revolver Loan	766	455
Ending Balance	\$ 20,225	\$ 40,755

	December 31, 2021	December 31, 2020
Loans	\$ 20,225	\$ 40,755
Current portion	(2,021)	(40,755)
Long term portion	\$ 18,204	\$ —
Revolver Loan	\$ 19,045	\$ 12,409
Promissory notes to related parties	1,180	—
Senior Loan	—	27,839
HemPoland Loan	—	507
	\$ 20,225	\$ 40,755

Senior Loan

On December 24, 2019, the Company closed its Senior Loan with a commercial lender with security rights over the Company's assets, and primarily on its production facilities. Under the Senior Loan the Company received gross proceeds of \$32,700 from the lender at a thirteen percent (13%) rate of interest. Per the Senior Loan agreement, there were no scheduled principal repayments required for the first twelve months of the term of the Senior Loan, after which the Company was required to make monthly repayments commencing on January 1, 2021 plus interest, with the remaining unpaid balance to be paid on December 15, 2021, upon maturity. The Senior Loan carried a prepayment option at any time with a 2% prepayment premium on the outstanding principal of the Senior Loan.

On June 22, 2021, the Company repaid the remaining principal of \$30,977 concurrent with the Quebec Disposition and a 2% prepayment premium of \$620, recorded in finance costs. The Company settled all obligations as a result and terminated the loan agreement relating to the Senior Loan with such lender.

Revolver Loan

On April 22, 2020, the Company closed its Revolver Loan with a commercial lender for gross proceeds of up to \$30,000 of which \$10,000 was funded on April 22, 2020 and carries a conventional competitive rate. The Revolver Loan was secured by a second lien over the assets of the Company with a first lien over substantially all of the cannabis and cannabis derived inventories and Canadian trade receivables. As the accounts receivable balance eligible for collateral increases, additional credit is available to the Company up to a maximum of an additional \$20,000. In connection with the Quebec Disposition, the lender for the Revolver Loan agreed to release its second lien security on the Valleyfield Assets and with the settlement of the Senior Loan described above, holds first security on the Company's Hamilton Facility with all other terms and conditions still in place.

On August 10, 2021, the lender provided a further \$3,000 term portion advance to the Company under the current facility. The Company incurred \$60 of costs related to the transaction.

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On September 29, 2021, the Revolver Loan was amended and restated where the lender agreed to provide an additional advance of \$1,000, extend the Revolver Loan maturity to June 30, 2023, and reduce the overall Revolver Loan limit from \$30,000 to \$25,000 total, in exchange for \$520 worth of Common Shares of the Company. As part of the debt modification on September 29, 2021, the Company agreed to a financial covenant requiring achievement of positive EBITDA monthly by March 31, 2022, as well as provide \$6,000 from the net proceeds of sales from HemPoland.

On November 29, 2021, the Revolver Loan was amended and restated where the lender agreed to provide an additional advance of \$3,000, increasing the term portion of the Revolver Loan from \$17,000 to \$20,000, in exchange for transaction fees of \$150, and 3,000,000 warrants entitling the holder to purchase one Common Share for a period of 60 months at a price of \$0.14 per warrant. As part of the November 29, 2021, amendment, the lender agreed to modify the financial covenants noted above. Furthermore, the timing of the financial covenant requiring achievement of positive EBITDA (as defined by the lender) on a monthly basis was extended to April 30, 2022 as well as the net proceeds to be used from the sale of the HemPoland decreased from \$6,000 to \$4,000 to repay amounts borrowed under the Revolver Loan.

Subsequent to the year ended December 31, 2021, the Revolver Loan was amended and restated on March 10, 2022, where the lender agreed to increase the overall Revolver Loan limit from \$25,000 to \$30,000, allow certain eligible inventory to be included as collateral to the Revolver Loan, and relax certain covenants set forth in the credit agreement relating to the Revolver Loan. As consideration for these amendments, the Company issued 500,000 Common Shares worth \$50 (note 23), to the lender.

As at December 31, 2021, the total principal balance outstanding related to the Revolver Loan was \$21,221. The Revolver Loan has other non-financial covenants which the Company had met as at December 31, 2021.

Promissory notes to related parties

In connection with the Galaxie Transaction, the Company assumed shareholder loans with principal note balances totaling \$1,300 (the "Promissory Notes"). The fair value of the shareholder loans at acquisition date was determined to be \$1,152, based on the time to maturity (note 4). The Promissory Notes are subordinate to the Revolver Loan.

	Principal note balance	Amortized Cost	Agreement Date	Maturity Date	Terms
Promissory Note #1	\$ 400	400	2021-10-28	2022-01-31	No interest to maturity, 10% interest compounded monthly if note not repaid in full at maturity
Promissory Note #2	400	400	2021-10-28	2022-01-31	No interest to maturity, 10% interest compounded monthly if note not repaid in full at maturity
Promissory Note #3	500	380	2021-05-26	2026-06-01	\$100 to be repaid on June 1, 2023 \$100 to be repaid on June 1, 2024 \$100 to be repaid on June 1, 2025 \$200 plus interest to be repaid on June 1, 2026
Total Promissory Notes to related parties	\$ 1,300	1,180			

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8. PROPERTY, PLANT AND EQUIPMENT

Cost:	Notes	Land	Buildings	Furniture and fixtures	Production equipment	Building improvements	Computer equipment	Automobiles	Construction in progress	Right-of- use assets	Total
Balance, December 31, 2020		\$ 6,855	\$ 61,205	\$ 390	\$ 65,714	\$ 698	\$ 1,352	\$ 366	\$ 250,019	\$ 7,273	\$ 393,872
Additions		—	—	7	586	—	—	38	57	2,039	2,727
Additions from business combination	4	—	—	159	1,180	9,259	45	—	—	3,665	14,308
Disposals		—	—	—	(965)	—	—	(51)	(2,782)	(3,616)	(7,414)
Transfers		—	5,037	—	1,473	—	—	—	(6,510)	—	—
Derecognition of investment in joint venture		—	—	—	(683)	—	—	—	—	—	(683)
Reclassification to assets held for sale (Valleyfield)	6	(4,080)	(1,472)	(14)	(244)	(37)	—	—	(240,784)	—	(246,631)
Reclassification to assets held for sale (HemPoland)	5	—	(1,574)	(114)	(1,245)	—	(21)	(54)	—	(2,078)	(5,086)
Effects of movements in foreign exchange and other		—	(110)	(8)	(82)	—	(2)	(5)	—	(149)	(356)
Balance, December 31, 2021		\$ 2,775	\$ 63,086	\$ 420	\$ 65,734	\$ 9,920	\$ 1,374	\$ 294	\$ —	\$ 7,134	\$ 150,737
Accumulated depreciation and impairment:											
Balance, December 31, 2020		\$ —	\$ 40,061	\$ 236	\$ 42,479	\$ 504	\$ 1,097	\$ 277	\$ 160,484	\$ 1,471	\$ 246,609
Transfers		—	2,014	—	42	—	—	—	(2,056)	—	—
Depreciation		—	2,380	35	8,388	90	171	28	—	945	12,037
Disposals		—	—	—	(261)	—	—	(1)	(1,806)	(926)	(2,994)
Derecognition of investment in joint venture		—	—	—	(52)	—	—	—	—	—	(52)
Impairment (reversal of impairment)		—	(34,632)	(79)	(27,771)	(109)	(401)	(56)	45,283	—	(17,765)
Reclassification to assets held for sale (Valleyfield)	6	—	(1,274)	(13)	(207)	(33)	—	—	(201,904)	—	(203,431)
Reclassification to assets held for sale (HemPoland)	5	—	(125)	(34)	(467)	—	(20)	(20)	—	(882)	(1,548)
Effects of movements in foreign exchange and other		—	(7)	(2)	(27)	—	(2)	(1)	(1)	(59)	(99)
Balance, December 31, 2021		\$ —	\$ 8,417	\$ 143	\$ 22,124	\$ 452	\$ 845	\$ 227	\$ —	\$ 549	\$ 32,757
Net book value, December 31, 2021		\$ 2,775	\$ 54,669	\$ 277	\$ 43,610	\$ 9,468	\$ 529	\$ 67	\$ —	\$ 6,585	\$ 117,980

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Cost:	Land	Buildings	Furniture and fixtures	Production equipment	Building improvements	Computer equipment	Automobiles	Construction in progress	Right-of-use assets	Total
Balance, December 31, 2019	\$2,683	\$56,480	\$265	\$15,674	\$710	\$1,337	\$551	\$277,646	\$4,154	\$359,500
Transfers	—	4,068	110	48,351	—	2	27	(52,566)	8	—
Additions	4,172	670	13	1,768	—	13	105	26,396	3,583	36,720
Disposals	—	—	—	(114)	(12)	—	(318)	(1,456)	(436)	(2,336)
Effect of movements in foreign exchange	—	(13)	2	35	—	—	1	(1)	(36)	(12)
Balance, December 31, 2020	\$6,855	\$61,205	\$390	\$65,714	\$698	\$1,352	\$366	\$250,019	\$7,273	\$393,872
Accumulated amortization and impairment:										
Balance, December 31, 2019	\$ —	\$19,559	\$139	\$5,730	\$401	\$673	\$261	\$95,062	\$642	\$122,467
Transfers	—	1,816	5	20,126	—	2	1	(21,950)	—	—
Depreciation	—	1,443	35	3,397	26	157	117	—	949	6,124
Disposals	—	—	—	(33)	(1)	—	(143)	—	(111)	(288)
Impairment	—	17,244	57	13,260	77	265	41	87,372	—	118,316
Effects of movements in foreign exchange and other	—	(1)	—	(1)	1	—	—	—	(9)	(10)
Balance, December 31, 2020	\$-	\$40,061	\$236	\$42,479	\$504	\$1,097	\$277	\$160,484	\$1,471	\$246,609
Net book value, December 31, 2020	\$6,855	\$21,144	\$154	\$23,235	\$194	\$255	\$89	\$89,535	\$5,802	\$147,263

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Impairment of property, plant and equipment

The Company performs tests for impairment of its property, plant and equipment, a non-financial asset, when there are indicators of impairment or annually for CGUs with goodwill or indefinite life intangible assets. As a result of the reclassification of the Valleyfield Assets to assets held for sale, the Company performed an impairment analysis as at March 31, 2021 on its cannabis related activities from the TGOD CGU.

As a result of this impairment assessment, the Company determined that the Valleyfield Assets met the criteria to be tested for impairment separately from the TGOD CGU. The Company tested the Valleyfield Assets for impairment first, then subsequently tested the TGOD CGU for an impairment reversal as the change in the use of the Valleyfield Assets was an indicator to test for an impairment reversal. The Company recognized a \$46,475 impairment loss at March 31, 2021 associated with the Valleyfield Assets recognized in property, plant and equipment based on the initial offers and information at the time to determine the fair value of the assets. As a result of the impairment analysis, the TGOD CGU yielded a higher recoverable amount in comparison to its applicable carrying value. The recoverable amount of the TGOD CGU was based on its value in use, which was determined to be greater than its fair value less costs of disposal and resulted in a reversal of previously recognized impairment losses. As a result, the Company recognized a \$68,286 reversal of previously recognized impairment losses on the TGOD CGU of which \$64,240 was allocated to property, plant and equipment and \$4,046 allocated to intangible assets (note 9). The net impact of the impairment charge and reversal of previously recognized impairment charges to property, plant and equipment was a reversal of impairment of \$17,765 (year ended December 31, 2020 – impairment loss of \$118,613), all of which were related to the TGOD CGU. Refer to Note 9 for non-cash impairment recovery of intangible assets.

The following table indicates the year-to-date non-cash impairment charges (recovery) recognized by the Company for its Valleyfield Assets and TGOD CGU by period:

	Period ending	Recoverable amount [Value in Use]	Carrying Amount	Impairment (recovery) for the period then ended
Valleyfield Assets	March 31, 2021	\$43,200	\$89,675	\$46,475
TGOD CGU	March 31, 2021	\$181,903	\$113,617	\$(68,286)
Total impairment recovery for the year ended, December 31, 2021:				\$(21,811)

	Period ending	Recoverable amount [Value in Use]	Carrying Amount	Impairment for the period then ended
TGOD CGU	March 31, 2020	\$196,600	\$249,365	\$52,765
TGOD CGU	September 30, 2020	\$150,745	\$218,582	\$67,837
Total impairment for the year ended, December 31, 2020:				\$120,602

The significant assumptions applied in the determination of the recoverable amount are described as follows:

- i. Cash flows: Estimated cash flows were projected based on industry and market trends in addition to the Company's own internal sources which included estimates for price compression and industry growth. Estimated cash flows are primarily driven by estimated sales volumes, selling prices and operating costs. The projections were extended to a total of five years (and a terminal period). The present value of future cash flows was estimated using an expected cash flow approach;
- ii. Long-term growth rate: A long-term growth rate has been determined as an inflationary rate for the country in which the CGU operates estimated by management. The long-term growth rate used by management was calculated as 2%;
- iii. Discount rate: The discount rate is estimated based on the Company's weighted average cost of capital ("WACC") in which the Company's cost of equity and cost of debt are proportionately weighted. The inputs into the WACC are based on the Company's specific borrowing rate, over 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for risk premium to reflect both the increased risk of investing in equities generally and the unsystematic risk on the specified CGU. The discount rate calculated and used by management in calculating the recoverable amount for the TGOD CGU during the years ended December 31, 2021 and December 31, 2020 was 16.5%.

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9. INTANGIBLE ASSETS AND GOODWILL

A continuity of the intangible assets is as follows:

	Notes	Health Canada Licences	Technology Licences	Website	Distribution Channels	Brands	Other acquired rights	Goodwill	Total
Cost:									
Balance, December 31, 2020		\$ 5,870	\$ 3,065	\$ 400	\$ 5,869	\$ 1,048	\$ 1,388	\$ —	\$ 17,640
Additions		—	6	—	—	—	—	—	6
Additions from business combination	4	4,432	—	—	—	2,783	2,650	3,939	13,804
Reclassification to assets held for sale	5	—	(484)	—	(5,562)	(993)	(1,242)	—	(8,281)
Transfers		—	61	—	—	—	(61)	—	—
Effect of movements in foreign exchange		—	(35)	—	(307)	(55)	(68)	—	(465)
Balance, December 31, 2021		\$ 10,302	\$ 2,613	\$ 400	\$ —	\$ 2,783	\$ 2,667	\$ 3,939	\$ 22,704
Accumulated amortization and impairment:									
Balance, December 31, 2020		\$ 4,262	\$ 2,106	\$ 297	\$ 943	\$ 169	\$ 930	\$ —	\$ 8,707
Amortization for the period		260	488	53	305	69	325	—	1,500
Reclassification to assets held for sale	5	—	(287)	—	(1,192)	(213)	(1,153)	—	(2,845)
Reversal of impairment	8	(2,770)	(1,105)	(171)	—	—	—	—	(4,046)
Effect of movements in foreign exchange		—	(16)	—	(56)	(10)	(54)	—	(136)
Balance, December 31, 2021		\$ 1,752	\$ 1,186	\$ 179	\$ —	\$ 15	\$ 48	\$ —	\$ 3,180
Net book value, December 31, 2021		\$ 8,550	\$ 1,427	\$ 221	\$ —	\$ 2,768	\$ 2,619	\$ 3,939	\$ 19,524
Cost:									
Balance, December 31, 2019		\$5,870	\$2,872	\$400	\$5,500	\$982	\$1,256	\$10,108	\$26,988
Additions		—	242	—	—	—	46	—	288
Disposals		—	—	—	—	—	(66)	—	(66)
Transfers		—	(69)	—	—	—	69	—	—
Effect of movements in foreign exchange		—	20	—	369	66	83	543	1,081
Balance, December 31, 2020		\$5,870	\$3,065	\$400	\$5,869	\$1,048	\$1,388	\$10,651	\$28,291
Accumulated amortization and impairment:									
Balance, December 31, 2019		\$2,596	\$1,035	\$159	\$491	\$88	\$492	\$2,007	\$6,868
Amortization for the period		150	383	34	412	74	399	—	1,452
Impairment		1,516	666	104	—	—	—	8,644	10,930
Effect of movements in foreign exchange		—	22	—	40	7	39	—	108
Balance, December 31, 2020		\$4,262	\$2,106	\$297	\$943	\$169	\$930	\$10,651	\$19,358
Net book value, December 31, 2020		\$1,608	\$959	\$103	\$4,926	\$879	\$458	\$	\$8,933

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Impairment of intangible assets and goodwill

During the year ended December 31, 2021, the Company recognized an impairment recovery within its TGOD CGU as described in Note 8, of which \$4,046 related to intangible assets (year ended December 31, 2020 - \$2,286 impairment loss related to TGOD CGU intangible assets and \$8,644 goodwill impairment related to the European CGU).

10. BIOLOGICAL ASSETS

As at December 31, 2021, the Company's biological assets consisted of cannabis seeds and cannabis plants. The continuity of the Company's biological assets is as follows:

	Capitalized cost	Biological asset fair value adjustment	Amount
Balance, December 31, 2020	\$ 1,374	\$ 610	\$ 1,984
Unrealized gain on changes in fair value of biological assets	—	12,118	12,118
Production costs capitalized	7,367	—	7,367
Transfer to inventories upon harvest	(7,259)	(11,061)	(18,320)
Balance, December 31, 2021	\$ 1,482	\$ 1,667	\$ 3,149

The Company measures its biological assets at their fair values less estimated costs to sell. This is determined using a model which estimates the expected harvest yields in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram, waste and also for any additional costs to be incurred, such as post-harvest cost.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy, were used by management as part of this model:

- Estimated selling price per gram – calculated as the expected approximate future per gram selling prices of the Company's cannabis products.
- Stage of growth – represents the weighted average number of weeks out of the estimated week growing cycle that biological assets have reached as of the measurement date based on historical experience. The Company accretes fair value on a straight-line basis according to the stage of growth and estimated costs to complete cultivation.
- Yield by plant – represents the expected number of grams of finished cannabis inventories which are expected to be obtained from each harvested cannabis plant based on historical experience.

The inter-relationship between these aforementioned unobservable inputs and the fair-value of the biological assets is such that the carrying value of the biological assets as at December 31, 2021 and December 31, 2020 would increase (decrease) if any of these inputs were to be higher (lower).

Other unobservable, level 3 inputs into the biological asset model include estimated post-harvest costs, costs to complete and wastage. These additional level 3 inputs are not considered to be significant.

The following table quantifies each significant unobservable input, and provides the impact of a 10% increase or decrease in each input would have on the fair value of biological assets:

	As at December 31, 2021	As at December 31, 2020	Impact of 10% change as at December 31, 2021	Impact of 10% change as at December 31, 2020
Estimated net selling price per gram (1)	\$1.83 to \$4.79	\$2.19 to \$6.06	\$ 535	\$ 503
Estimated stage of growth	8 to 9 weeks	7 to 8 weeks	\$ 824	\$ 552
Estimated yield of agricultural produce by plant (2)	80 to 100 grams	52 to 100 grams	\$ 357	\$ 241

(1) The estimated net selling price per gram is based on the negotiated distribution selling prices which exclude duties.

(2) The estimated yield varies based on the Company's different cannabis strains.

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The Company's estimates are, by their nature, subject to change. Changes in the significant assumptions described will be reflected in future changes in the gain or loss on biological assets. There were no changes between fair value hierarchy levels during the year ended December 31, 2021.

11. INVENTORIES

The Company's inventory assets include the following as of December 31, 2021 and December 31, 2020:

	<u>As at December 31, 2021</u>
Raw Materials and Packaging	\$ 2,617
Work-in-progress	14,946
Finished Goods	3,379
Total Inventories	\$ 20,942

Classification above is related to cannabis and cannabis derived products only. Hemp and hemp derived products, as shown in the prior period, relate to HemPoland which is classified under Assets Held for Sale as at December 31, 2021 (Note 5)

	<u>Cannabis and cannabis derived products</u>	<u>Hemp and hemp derived products</u>	<u>As at December 31, 2020</u>
Raw Materials and Packaging	\$ 2,614	\$ 1,589	\$ 4,203
Work-in-progress	7,561	2,152	9,713
Finished Goods	2,424	795	3,219
Total Inventories	\$ 12,599	\$ 4,536	\$ 17,135

During the year ended December 31, 2021, inventories expensed directly to cost of sales were \$13,121 (year ended December 31, 2020 - \$8,002).

12. OTHER ASSETS

A summary of the Company's other assets is presented as follows:

	<u>Notes</u>	<u>As at December 31, 2021</u>	<u>As at December 31, 2020</u>
Deposit per Hydro-Quebec contribution agreement	12[a]	—	5,681
Investment in Califormulations	12[b]	—	1,272
Term deposits held as letter of credit collateral	17,19	935	935
Term deposits not held as letter of credit collateral		100	100
Other	12[c]	2,541	3,864
		3,576	11,852
Less: Current portion		(1,841)	(853)
		1,735	10,999

[a] Deposit per Hydro-Quebec Contribution Agreement

On June 22, 2021, in connection with the Quebec Disposition, the Company was refunded its deposit with Hydro Quebec of \$5,761, including interest accrued of \$80.

[b] Investment in Califormulations

On March 29th, 2021, the Company sold its investment in Califormulations, LLC for \$1,242 (US\$1 million) to the other owners of Califormulations.

[c] Packaging equipment deposit

The Company settled a dispute with a vendor in November 2021 whereby it received \$150 from a deposit previously made in cash and a transferable credit of \$850 for future work. The resulting loss of \$1,564 related to the original deposit of \$2,564 was recorded in general and administrative expenses.

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13. LEASES

Below is a summary of the activity related to the Company's lease liabilities:

	For the years ended	
	December 31, 2021	December 31, 2020
Opening Balance	\$ 5,570	\$ 3,545
Additions	13[b] 2,049	2,889
Additions from business combination	Note 4 3,665	—
Interest on lease liabilities	535	494
Interest payments on lease liabilities	(535)	(494)
Principal payments on lease liabilities	(704)	(525)
Extinguishment of lease liabilities	13[b] (1,687)	(315)
Reclassification to liabilities held for sale	(1,235)	—
Foreign exchange differences	(92)	(24)
Closing Balance	\$ 7,566	\$ 5,570
Current portion lease liabilities	\$ 1,049	\$ 1,019
Long-term portion lease liabilities	\$ 6,517	\$ 4,551

[a] Puslinch Lease

In connection with the Galaxie Transaction, the Company acquired a 20-year lease on the land on which the Puslinch Facility is located, which commenced on December 1, 2020.

[b] Valleyfield Lease

In connection with the Quebec Disposition, the Company entered into a two-year lease for 80,000 square feet, representing cultivation, processing and manufacturing spaces in the Quebec Facility. On September 24, 2021, the lease was terminated and modified to an operating agreement in conjunction with the landlord obtaining its own Health Canada licence.

14. SHARE CAPITAL

	For the years ended			
	December 31, 2021		December 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Balance - beginning of period	486,675,760	\$468,379	312,733,244	\$428,651
Issuance of common shares in relation to acquisition	[a] 122,805,153	19,035	—	—
Issuance of contingent shares in relation to acquisition	[b] 85,714,286	—	—	—
Issuance of common shares	[c] 21,035,458	9,322	—	—
Exercise of warrants	[d] 24,198,600	8,684	564,000	248
Restricted share units exercised during period - escrowed	[e] 314,933	1,276	—	—
Shares issued to settle accounts payable	[f] 4,241,712	704	6,161,530	1,687
Shares issued in connection with debt modification	[g] 2,736,842	520	—	—
Restricted share units exercised during period	[h] 1,937,903	584	703,837	258
Bought deal offering	[i,j,k,l] —	—	162,104,000	35,688
Share based compensation	[m] —	—	3,536,858	984
Exercise of stock options	[n] —	—	847,600	763
Issuance of convertible units	[o] —	—	24,691	100
Balance - end of period	749,660,647	\$508,504	486,675,760	\$468,379

[i] Authorized

An unlimited number of Common Shares.

[ii] Key Transactions in 2021 and 2020

- a) On November 17, 2021, 122,805,153 Common Shares were issued as part of the closing of the Galaxie Transaction (see note 4).

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- b) As part of the closing of the Galaxie Transaction, 85,714,286 Common Shares are held by the Escrow Agent, to be released to the former owners of Galaxie upon achievement of certain financial milestones by December 31, 2022 (see note 4).
- c) During the year ended December 31, 2021, 21,035,458 Common Shares were issued under the Company's at-the-market prospectus supplement dated December 2, 2020, for gross proceeds of \$9,611 (net proceeds of \$9,322).
- d) During the year ended December 31, 2021, 24,198,600 Common Shares of the Company were issued as a result of the exercise of 24,198,600 previously issued warrants of the Company. The weighted average exercise price was \$0.31 per warrant, for aggregate gross proceeds of \$7,559 (year ended December 31, 2020 – 564,000 warrants exercised at a weighted average exercise price of \$0.38 per warrant, for aggregate gross proceeds of \$214).
- e) During the year ended December 31, 2021, 314,933 Common Shares of the Company were issued as a result of the conversion of 314,933 escrowed restricted share units ("RSUs") issued in connection with the HemPoland consideration. There are no proceeds related to the conversion of such escrowed RSUs.
- f) During the year ended December 31, 2021, 4,241,712 Common Shares of the Company were issued to settle \$704 of outstanding accounts payable (year ended December 31, 2020 – 6,161,530 Common Shares issued to settle \$1,687 of accounts payable).
- g) On September 30, 2021, 2,736,842 Common Shares of the Company were issued to the lender of the Revolver Loan in connection to the amendments to the agreement (see note 7).
- h) During the year ended December 31, 2021, 1,937,903 Common Shares of the Company were issued as a result of the exercise of 1,937,903 previously issued equity settled RSUs of the Company that were issued at a weighted average fair value of \$0.30 per RSU. There are no proceeds related to the exercise of RSUs (year ended December 31, 2020 – 703,837 RSUs exercised at a weighted average fair value of \$0.37 per RSU, no proceeds related to the exercise)
- i) On April 27, 2020, the Company completed a bought deal financing of 20,536,700 units at a price of \$0.28 for aggregated proceeds of \$5,750. Each unit is comprised of one Common Share and one-half of one Common Share purchase warrant of the Company with value of the warrant being calculated using the Black Scholes valuation approach of \$0.04 per half warrant. Each full warrant entitles the holder to purchase one Common Share of the Company at an exercise price of \$0.38 for a period of 36 months from the date they were received on April 27, 2020. In addition, 1,232,202 broker warrants of the Company were issued to the underwriters in this bought deal; each broker warrant is exercisable at a price of \$0.38 per share for a period of 36 months from April 27, 2020 into one Common Share of the Company.
- j) On June 12, 2020, the Company completed a bought deal financing of 43,125,000 units at a price of \$0.40 for aggregated proceeds of \$17,250. Each unit is comprised of one Common Share and one Common Share purchase warrant of the Company with value of the warrant being calculated using a market price approach of \$0.09 per warrant. Each warrant entitles the holder to purchase one Common Share at an exercise price of \$0.50 for a period of 48 months from the date they were received on June 12, 2020.
- k) On October 23, 2020, the Company completed a bought deal financing of 53,263,400 units at a price of \$0.24 for aggregated proceeds of \$12,783. Each unit is comprised of one Common Share and three quarters (3/4) of one Common Share purchase warrant of the Company with value of the warrant being calculated using a market price approach of \$0.04 per three quarters (3/4) warrant. Each full warrant entitles the holder to purchase one Common Share at an exercise price of \$0.30 for a period of 60 months from the date they were received on October 23, 2020. In addition, 3,195,804 broker warrants of the Company were issued to the underwriters in this bought deal; each broker warrant is exercisable at a price of \$0.30 per share for a period of 60 months from October 23, 2020 into one Common Share of the Company.
- l) On December 10, 2020, the Company completed a bought deal financing of 45,178,900 units at a price of \$0.28 for aggregated proceeds of \$12,650 as part of its \$50,000 Base Shelf Prospectus which was filed on November 27, 2020. Each unit is comprised of one Common Share and one Common Share purchase warrant of the Company with value of the warrant being calculated using a market price approach of \$0.04 per warrant. Each full warrant entitles the holder to purchase one Common Share at an exercise price of \$0.35 for a period of 60 months from the date they were received on December 10, 2020. In addition, 2,710,734 broker warrants of the Company were issued to the underwriters in this bought deal; each broker warrant is exercisable at a price of \$0.35 per share for a period of 60 months from December 10, 2020 into one Common Share of the Company.

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- m) During the year ended December 31, 2020, the Company issued a total of 3,536,858 Common Shares with a value of \$984 to former employees in respect of severance.
- n) During the year ended December 31, 2020, a total of 847,600 Common Shares of the Company were issued as a result of previously issued and outstanding stock options of the Company that were exercised at a weighted average exercise price of \$0.50 per option, for aggregate gross proceeds of \$424.
- o) During the year ended December 31, 2020, a total of 24,691 Common Shares of the Company were issued as a result of 24,691 previously issued and outstanding convertible share units of the Company that were previously issued at a fair value of \$4.05 per convertible share units. There were no cash proceeds related to convertible share units.

15. CONTRIBUTED SURPLUS

[a] Share based payments

For the year ended December 31, 2021, the Company recorded \$2,339 in non-cash share-based compensation expense pursuant to the grant of stock options (year ended December 31, 2020 - \$3,176).

The following is a summary of the changes in options issued pursuant to the Company's employee stock option plan (the "ESOP"):

	For the years ended			
	December 31, 2021		December 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	24,339,401	1.74	17,897,599	3.24
Granted	10,035,000	0.26	15,021,000	0.31
Exercised	-	-	(847,600)	0.50
Cancelled/Expired	(9,766,403)	2.04	(7,731,598)	2.58
Outstanding, end of period	24,607,998	1.01	24,339,401	1.74
Exercisable, end of period	7,836,325	2.08	5,663,387	3.82

Grant date	Options Outstanding #	Options Exercisable #	Exercise Price \$	Weighted Average remaining contractual life of outstanding options in years
June 25, 2018 - December 14, 2018	1,040,000	1,040,000	\$3.08 - \$6.91	1.48 - 1.95
January 8, 2019 - August 21, 2019	3,225,667	2,220,670	\$2.67 - \$5.13	2.02 - 2.64
November 18, 2019	656,333	450,005	\$0.83	2.88
March 13, 2020 - December 21, 2020	11,266,998	4,042,317	\$0.26 - \$0.51	3.20 - 3.98
March 12, 2021 - December 20, 2021	8,419,000	83,333	\$0.11 - \$0.36	4.20 - 4.97
Balance, December 31, 2021	24,607,998	7,836,325		3.73

In determining the amount of share-based compensation, the Company uses the Black-Scholes option pricing model to establish the fair value as at the grant date of options granted. Stock options granted during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

	Averages for the year ended	
	December 31, 2021	December 31, 2020
Risk-free interest rate	0.78%	0.36%
Expected dividend yield	Nil	Nil
Expected annualized volatility	85.00%	88.55%
Expected life of options (years)	3.49	3.70
Black-Scholes value of each option	\$0.15	\$0.15

Volatility was estimated by using the historical volatility of the Company and other companies that the Company considers comparable that have trading and volatility history. The expected life of the options is based on historical data and current

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expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based upon the Canada government bonds with a remaining term equal to the expected life of the options.

[b] Reserve for warrants

The following table reflects the continuity of warrants:

	<u>Number of warrants</u>	<u>Weighted Average</u> <u>Exercise Price</u>	<u>Amount, net of</u> <u>warrant issue costs</u>
	#	\$	\$
Balance, December 31, 2020	230,815,055	1.37	66,111
Warrants issued in the period	3,000,000	0.14	270
Warrants exercised in the period	(24,198,600)	0.31	(1,125)
Warrants expired in the period	(49,025,015)	4.80	(54,881)
Balance, December 31, 2021	160,591,440	0.47	10,375

	<u>Number of warrants</u>	<u>Weighted Average</u> <u>Exercise Price</u>	<u>Amount, net of</u> <u>warrant issue costs</u>
	#	\$	\$
Balance, December 31, 2019	91,855,628	4.02	64,415
Bought deal offering units	148,246,040	0.38	8,210
Issuance of warrants in connection with debt	6,500,000	0.38	1,743
Warrants exercised in the period	(564,000)	0.38	(34)
Warrants expired in the period	(15,222,613)	6.97	(8,223)
Balance, December 31, 2020	230,815,055	1.37	66,111

As at December 31, 2021, the following warrants were outstanding:

<u>Expiry Date</u>	<u>Exercise</u> <u>Price</u>	<u>Number of Warrants</u>
	\$	#
December 19, 2022	1.00	20,607,500
April 1, 2023	0.39	3,000,000
April 13, 2023	0.39	1,500,000
April 27, 2023	0.38	10,813,052
May 27, 2024	0.50	500,000
June 12, 2024	0.50	45,712,500
October 23, 2025	0.30	24,873,354
November 2, 2025	0.30	8,500,000
December 10, 2025	0.35	42,085,034
November 29, 2026	0.14	3,000,000
		160,591,440

[c] Restricted share units

Under the Company's, RSU plan (the "RSU Plan"), RSUs may be granted up to a fixed maximum of 10,000,000 Common Shares, which entitle the holder to receive one Common Share without payment of additional consideration at the end of the restricted period, as determined by the Board of Directors at the time of the grant. The RSUs vest in tranches based on certain performance conditions being met, with share-based compensation expense being recognized from grant date to the expected performance completion date.

At December 31, 2021, 4,651,040 (December 31, 2020 – 1,243,845) shares of the Company were reserved for issuance under the RSU Plan. For the year ended December 31, 2021, the Company recorded \$742 in non-cash stock-based compensation related to RSU compensation (year ended December 31, 2020 – \$309).

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	For the year ended December 31, 2021		For the year-ended December 31, 2020	
	Number of Units	Weighted Fair Value	Number of Units	Weighted Fair Value
Outstanding - beginning of period	1,243,845	0.33	54,348	2.76
Granted	6,170,098	0.30	2,600,000	0.27
Exercised	(1,937,903)	0.30	(703,837)	0.37
Forfeited	(825,000)	0.30	(706,666)	0.27
Outstanding, end of period	4,651,040	0.30	1,243,845	0.33

The accounting fair value of the equity settled RSUs as at the grant date is calculated using the number of RSUs expected to be earned multiplied by the grant date fair market value of a share of the Company's stock. Each reporting period, the number of RSUs that are expected to be earned is re-determined and the "fair value" of these RSUs is amortized over the remaining requisite period less amounts previously recognized.

The estimated fair value of the equity settled RSUs granted during the year ended December 31, 2021 was \$1,529, (year ended December 31, 2020 \$703) and will be recognized as an expense over the vesting period of the RSUs.

[d] Employee Stock Purchase Plan

The Company has established an employee stock purchase plan which created a reserve of 3,000,000 Common Shares that may be issued from treasury. As at December 31, 2021, no securities were issued from treasury under this plan.

16. SUPPLEMENTARY CASH FLOW INFORMATION

The changes in non-cash working capital items are as follows:

	For the years ended	
	December 31, 2021	December 31, 2020
Prepaid expenses and deposits	\$ 89	\$ 5,087
Refundable sales taxes receivable	(244)	8,393
Trade receivables	2,110	(8,535)
Capitalized cost of biological assets	7,151	5,565
Inventories	(10,029)	(13,003)
Deferred financing costs	—	(1)
Due from related party	(70)	—
Other current assets	(1,007)	(169)
Other assets	1,782	(1,431)
Accounts payable and accrued liabilities	5,119	4,152
Sales taxes payable	595	—
Deferred revenue	(150)	150
Total	\$ 5,346	\$ 208

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17. COMMITMENTS AND CONTINGENCIES

The Company has the following gross contractual obligations as at December 31, 2021, which are expected to be payable in the following respective periods:

	Contractual cash flows - 12 months ending							
	Carrying amount	Total	December 2022	December 2023	December 2024	December 2025	December 2026	Thereafter
	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	17,664	17,664	17,664	-	-	-	-	-
Sales taxes payable	595	595	595	-	-	-	-	-
Loan payable to disposal group	5,492	5,492	5,492	-	-	-	-	-
Loans	20,225	26,284	4,541	21,343	100	100	200	-
Lease liabilities	7,566	17,793	1,052	1,066	1,067	1,088	1,198	12,322
Total contractual obligations	51,542	67,828	29,344	22,409	1,167	1,188	1,398	12,322

⁽¹⁾ Contractual cash flows are exclusive of any obligations of the HemPoland Operations held for sale which primarily are all due within one year of December 31, 2021.

[a] Construction agreements

In prior years, the Company entered into contracts to facilitate the construction of the Hamilton Facility with various vendors. Pursuant to some of these agreements, as at December 31, 2021, the Company has letters of credit in the amount of \$585 which may be drawn upon in the event of material breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates (“GIC”) securing the letters as collateral. The Company has pledged corresponding GICs as collateral, which have been recorded in other assets. As at December 31, 2021, there have been no material breaches as defined by the agreements and no amounts have been drawn on the letters of credit.

The Company entered into escrow agreements in prior years with its construction partners and as such \$219 is included in the restricted cash balance as at December 31, 2021 related to a construction partner.

[b] Other contractual commitments

The lease for the office space of the Company’s headquarters required the issuance of a letter of credit in the amount \$350, which may be drawn upon by the landlord in the event of a material breach of the agreement. As at December 31, 2021, there have been no breaches and no amounts have been drawn upon this letter of credit.

[c] Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to defend itself vigorously against all legal claims. The Company is subject to certain employment related claims by a former employee for which a provision in accounts payable and accrued liabilities has been recognized only to the extent that it is likely to result in future economic outflows. The Company has also been subject to a claim by former warrant holders for approximately \$1,250. No provision in relation to these claims has been recognized as the Company estimates that it is more likely than not that a present obligation does not exist that will result in a payment to be made by the Company for these claims. On August 3, 2020, the Company was named as a defendant in a litigation matter commenced in the United States District Court for the Middle District of Georgia relating to a disposed of minority investment in a US based beverage incubation business, seeking, among other things, unquantified compensatory damages and injunctive relief. No provision in relation to this claim has been recognized as the Company estimates that it is more likely than not that a present obligation does not exist that will result in a payment to be made by the Company for this claim and the Company intends to vigorously defend the matter. Other than the claims previously described, the Company is not aware of any other material or significant claims against the Company.

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18. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying basic federal and provincial tax rates to loss before income taxes, shown as follows:

	For the year ended	
	December 31, 2021	December 31, 2020
Expected tax rate	26.50%	26.50%
	\$	\$
Expected tax benefit resulting from loss	(10,595)	(48,589)
Permanent differences	3,770	4,271
Changes in deferred tax benefits not recognized	6,215	47,094
Differences from statutory tax rate	141	256
Non-taxable foreign exchange	—	8
Deferred financing through equity	—	(1,971)
Other	33	(1,293)
Income tax recovery	(436)	(224)

The following income tax recovery has been recognized for accounting purposes:

	December 31, 2021	December 31, 2020
	\$	\$
Current income tax expense (recovery)	—	—
Deferred income tax recovery	(436)	(224)
Income tax recovery	(436)	(224)

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended December 31, 2021 are as follows:

	Opening Balance	Recognized in Equity	Recognized in Other Comprehensive Loss	Recognized in Profit and Loss	Closing Balance
	\$	\$	\$	\$	\$
Deferred tax assets					
Non-capital losses	34,892	—	—	77,481	112,373
Depreciation on property, plant and equipment	62,969	—	—	(54,286)	8,683
Contingent Reserves	10	—	—	898	908
Financing Costs	4,316	—	—	(1,784)	2,532
Investments	627	—	—	381	1,008
Other	14	—	—	(15)	(1)
Deferred tax liabilities					
Intangible assets	(941)	—	—	(4,609)	(5,550)
Unrealized gain on biological assets	(1,131)	—	—	1,127	(4)
Long term liabilities	(585)	—	—	1,308	723
Deferred tax assets not recognized	(100,975)	—	—	(19,697)	(120,672)
Net deferred tax liability	(804)	—	—	804	—

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The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended December 31, 2020 are as follows:

	Opening Balance	Recognized in Equity	Recognized in Other Comprehensive Loss	Recognized in Profit and Loss	Closing Balance
	\$	\$	\$	\$	\$
Deferred tax assets					
Non-capital losses	22,233	—	—	12,659	34,892
Depreciation on property, plant and equipment	32,267	—	—	30,702	62,969
Contingent Reserves	115	—	—	(105)	10
Financing Costs	3,045	1,971	—	(700)	4,316
Investments	—	—	—	627	627
Other	271	—	—	(257)	14
Deferred tax liabilities					
Intangible assets	(1,823)	—	—	882	(941)
Unrealized gain on biological assets	(606)	—	—	(525)	(1,131)
Long term liabilities	(1,079)	—	—	494	(585)
Deferred tax assets not recognized	(55,451)	(1,971)	—	(43,553)	(100,975)
Net deferred tax liability	(1,028)	—	—	224	(804)

The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset, which have not been recognized are approximately as follows:

	December 31, 2021	December 31, 2020
	\$	\$
Non-capital losses	424,202	130,530
Financing costs	12,285	13,441
Property, plant and equipment	15,235	234,361
Other	3,802	2,366

The non-capital losses of \$426,821 are expected to start expiring as follows:

Year	Non-Capital Losses
	\$
2024	3,048
2025	20
2029	1,727
2036	421,017
Indefinitely	1,009
	426,821

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19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

[a] Fair values

The Company's financial instruments were comprised of the following as at December 31, 2021: cash and cash equivalents; restricted cash; refundable sales taxes receivable; trade receivables; due from related parties; certain other current assets; accounts payable and accrued liabilities; sales taxes payable; loans and contingent consideration.

The fair values of the financial assets and financial liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instruments recorded at amortized costs that the instruments' fair values approximate their carrying amounts is largely due to the short-term maturities of these instruments.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the year ended December 31, 2021, there were no transfers of amounts between levels (year ended December 31, 2020 – none).

[c] Management of risks arising from financial instruments

[i] Market risk

All foreign currencies shown in this note are also presented in thousands.

Foreign currency risk

Foreign currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at December 31, 2021, a portion of the Company's financial assets and liabilities were held in US dollars ("USD") and European Euros ("EUR") which consisted of cash and cash equivalents. The Company has not used foreign exchange contracts to hedge its exposure to foreign currency cash flows for the year ended December 31, 2021 as management has determined that this risk is not significant at this time.

Interest rate risk

The Company's exposure to interest rate risk relates to any investments of surplus cash as the Company's debt is fixed at a prescribed rate. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at December 31, 2021, the Company had term deposits of \$585 bearing interest between 0.80% and 1.00% (December 31, 2020 - \$585, bearing interest between 0.80% and 1.00%). The Company also has \$219 in restricted cash held in trust related to the Quebec Facility construction projects and earning a conventional rate of interest from a reputable top tier Canadian bank.

[ii] Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and cash equivalents, trade receivables, refundable sales taxes receivable, prepaid expenses and deposits, and other assets represents the maximum exposure to credit risk as at December 31, 2021. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of

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the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into sales contracts with stable, creditworthy parties and through frequent reviews of exposures to individual entities.

The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date and credit worthiness. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of loss and comprehensive loss. The Company had two customers whose balances individually were greater than 10% of total trade receivables as at December 31, 2021 (December 31, 2020 – two customers). Customer A accounted for 48% and Customer B accounted for 24% of trade receivables as at December 31, 2021 (December 31, 2022 – Customer A accounted for 49% and Customer B accounted for 16%).

The following tables set forth details of trade receivables, including aging of trade receivables that are not overdue, as well as an analysis of overdue amounts and related allowance for doubtful accounts:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	\$	\$
Total trade receivables	8,833	10,023
Less allowance for expected credit losses	—	—
Total trade receivables, net	8,833	10,023
Of which		
Current	6,447	6,182
31-90 days	2,256	3,784
Over 90 days	130	57
Less allowance for expected credit losses	—	—
Total trade receivables, net	8,833	10,023

[iii] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements in relation to its current cash balances, maturity schedules and internal budgets. Refer to Note 17 – Commitments and Contingencies.

20. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base to maintain investor, creditor and supplier confidence and to sustain future development of the business and provide the ability to continue as a going concern (See Note 2[ii] – Going Concern). Management defines capital as the Company's shareholders' equity and loans. The Company's Board of Directors does not establish quantitative return on capital criteria for management but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders. As at December 31, 2021, total managed capital was comprised of share capital and loans of \$528,729 (December 31, 2020 - \$509,134), contributed surplus of \$108,836 (December 31, 2020 - \$108,874), and reserve for foreign currency translations of \$969 (December 31, 2020 – \$255). There were no changes in the Company's approach to capital management during the year ended December 31, 2021 (year ended December 31, 2020 – no changes).

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21. OPERATING EXPENSES

Sales and marketing expenses included the following items:

	For the twelve months ended	
	December 31, 2021	December 31, 2020
Personnel costs	\$ 1,308	\$ 1,741
Third party marketing expenses	2,468	2,036
Travel and promotion expenses	11	35
Sales agency costs	182	3,181
Other marketing expenses	170	139
Termination benefits	47	—
	<u>4,186</u>	<u>7,132</u>

Research and development expenses included the following items:

	For the twelve months ended	
	December 31, 2021	December 31, 2020
Personnel costs	\$ 314	\$ 675
Product development	4	115
Travel related expenses	38	50
Other research and development expenses	47	102
Termination benefits	125	—
	<u>528</u>	<u>942</u>

General and administrative expenses included the following items:

	For the twelve months ended	
	December 31, 2021	December 31, 2020
Personnel costs	\$ 7,184	\$ 8,830
Office and other administrative expenses	7,730	7,759
Third party professional, consulting, legal fees	4,308	5,081
Computer and IT expenses	780	1,128
Termination benefits	213	1,027
	<u>20,215</u>	<u>23,825</u>

The following table presents share-based compensation, depreciation, and amortization by nature:

	For the twelve months ended	
	December 31, 2021	December 31, 2020
Cost of sales related to inventory production	\$ 8,999	\$ 4,645
Sales and marketing expenses	1,029	721
Research and development expenses	467	400
General and administrative expenses	5,050	4,668

As described in Note 3(t), during the year ended December 31, 2020, the Company received benefits under the CEWS program and recognized the benefit against the related personnel costs which amounts to \$987, of which, \$96 related to sales and marketing expenses, \$45 related to research and development expenses and \$342 in general and administrative expenses. The remainder of the benefits were allocated to inventory production related personnel. No benefits were received during the year ended December 31, 2021.

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22. RELATED PARTIES

Key Management Personnel

Key management personnel compensation comprised of the following:

	Transactions for the year ended		Outstanding balances payable as at	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Compensation	1,567	1,997	147	91
Share-based payments	1,328	1,777	-	-
	<u>2,895</u>	<u>3,774</u>	<u>147</u>	<u>91</u>

Compensation of the Company's key management personnel includes salaries and director fees. In addition, key management personnel participate in the ESOP and RSU Plans, in which the share-based payment expense is recorded in line with the Company's accounting policy (Note 3 (o)).

There were no purchases or repayments to related parties during the current period.

The Company has certain shareholder loans described in note 7, which were assumed as part of the Galaxie Transaction.

All outstanding balances with these related parties were conducted at the exchange amount. None of the balances are secured. The former shareholders of Galaxie have guaranteed the Galaxie excise bond with the Canada Revenue Agency in place of expected excise tax remittances. No other new guarantees have been given or received by related parties during the year ended December 31, 2021. There are no other receivable or payable balances with key management personnel other than \$147 of director fees payable (December 31, 2020 – \$91 directors fee payable).

23. EVENTS AFTER THE REPORTING PERIOD

- a) On January 24, 2022, the Company issued options under its ESOP to acquire an aggregate of up to 500,000 Common Shares to Chris Schnarr, a newly appointed independent member of the Board of Directors of the Company. Each option is exercisable into one Common Share at an exercise price of \$0.10 per Common Share.
- b) On March 10, 2022, the Revolver Loan was amended and restated to, amongst other things, increase the overall Revolver Loan limit from \$25,000 to \$30,000, allow certain eligible inventory to be included as collateral to the Revolver Loan, and relax certain covenants set forth in the credit agreement relating to the Revolver Loan. As consideration for the amendments, the Company issued 500,000 Common Shares worth \$50 (Note 7), to the lender.



The Green Organic Dutchman Holdings Ltd.

Consolidated Financial Statements

For the years ended December 31, 2020 and December 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Green Organic Dutchman Holdings Ltd.

Opinion

We have audited the consolidated financial statements of The Green Organic Dutchman Holdings Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and December 31, 2019
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Entity incurred a net loss of \$183,131 thousand and net cash outflows from operating activities of \$35,958 thousand during the year ended December 31, 2020 and, as of that date, the Company's accumulated deficit is \$436,559 thousand.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "***Material Uncertainty related to Going Concern***" section of the auditors' report, we have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Evaluation of the impairment of non-financial assets of the Canadian cash generating unit

Description of the matter

We draw attention to Notes 2(iv), 3(d), 6 and 7 to the consolidated financial statements. During the year, the Entity recorded an impairment charge of \$120,602 thousand related to the Canadian Cash Generating Unit ("CGU"). Non-financial assets (other than biological assets and inventories) are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of a CGU exceeds its recoverable amount. Goodwill is tested for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. The recoverable amount of a Canadian CGU was based on its value in use, which was determined to be greater than its fair value less costs of disposal. The Canadian CGU's value in use was estimated by discounting the probability weighted future cash flows expected to be generated from the continuing use of the Canadian CGU. The significant assumptions used by the Entity in estimating the value in use of the Canadian CGU include estimated cash flows, discount rate, and long-term growth rate. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other non-financial assets in the CGU, excluding biological assets and inventories, on a pro-rata basis.



Why the matter is a key audit matter

We identified the evaluation of the impairment of non-financial assets of the Canadian CGU as a key audit matter. This matter represents a significant risk of material misstatement given the magnitude of the asset values and the high degree of estimation uncertainty in assessing the Entity's significant assumptions. Significant auditor judgment and the involvement of professionals with specialized skill and knowledge were required to evaluate the Entity's use of estimates, assumptions and judgements in assessing the recoverable amount of the CGU.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- Compared the Entity's previous estimated cash flows to the actual historical cash flows generated by the CGU to assess the Entity's ability to accurately predict cash flows.
- Evaluated the expected future cash flow estimates by comparing to published reports of industry analysts and peer analysis.
- Evaluated the long-term growth rate by comparing to published industry data.
- Involved valuation professionals with specialized skills and knowledge who assisted in evaluating the discount rate used to determine the recoverable amount, by comparing it against a discount rate range that was independently developed using publicly available market rates and company specific risk factors.

Evaluation of the impairment of non-financial assets of the European cash generating unit

Description of the matter

We draw attention to Notes 2(iv), 3(d), and 7 to the consolidated financial statements. During the year, the Entity recorded an impairment charge of \$8,644 thousand related to the European Cash Generating Unit ("CGU"). Non-financial assets (other than biological assets and inventories) are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of a CGU exceeds its recoverable amount. Goodwill is tested for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. The recoverable amount of the European CGU was based on its fair value less costs of disposal ("FVLCD"), which was determined to be greater than its value in use. The FVLCD was estimated using a probability weighted approach between a discounted cash flow analysis and a market approach. The significant assumptions applied in the determination of the recoverable amount for the discounted cash flow method include estimated cash flows, discount rate, and terminal value growth rate. The market approach was based on revenue multiples of other comparable companies. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other non-financial assets in the CGU, excluding biological assets and inventories, on a pro-rata basis.



Why the matter is a key audit matter

We identified the evaluation of the impairment of non-financial assets of the European CGU as a key audit matter. This matter represents a significant risk of material misstatement given the magnitude of the asset values and the high degree of estimation uncertainty in assessing the Entity's significant assumptions. Significant auditor judgment and the involvement of professionals with specialized skill and knowledge were required to evaluate the Entity's use of estimates, assumptions and judgements in assessing the recoverable amount of the CGU.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- Evaluated the estimated cash flows by comparing to published reports of industry analysts and actual historical results.
- Involved valuation professionals with specialized skills and knowledge who assisted in evaluating the discount rate, terminal growth rate and revenue multiples used to determine the recoverable amount, by comparing them against a discount rate, terminal growth rate, and revenue multiples that were independently developed using publicly available market data and company specific factors.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Pardeep Singh Gill.

Vaughan, Canada

March 9, 2021

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars, except common shares outstanding)

	Notes	As at December 31, 2020	As at December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		\$ 11,212	\$ 27,569
Restricted cash	18	622	8,578
Refundable sales taxes receivable		160	8,553
Trade receivables	18	10,023	1,488
Biological assets	8	1,984	2,771
Inventories	9	17,135	8,268
Prepaid expenses and deposits		1,641	8,382
Due from related parties		—	699
Other current assets	11	853	534
Deferred financing costs		750	1,324
		<u>\$ 44,380</u>	<u>\$ 68,166</u>
Non-current assets			
Property, plant and equipment	6	147,263	237,033
Intangible assets	7	8,933	12,019
Goodwill	7	-	8,101
Investments in associates	10	—	4,918
Other assets	11, 16[a]	10,999	11,944
		<u>211,575</u>	<u>342,181</u>
Total assets		<u>\$ 211,575</u>	<u>\$ 342,181</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Current portion of accounts payable and accrued liabilities		\$ 24,453	\$ 52,074
Income tax payable		—	39
Deferred revenue		150	—
Current portion of loans	5	40,755	524
Current portion of lease liabilities	12	1,019	590
		<u>66,377</u>	<u>53,227</u>
Non-current liabilities			
Long term portion of loans	5	—	16,909
Lease liabilities	12	4,551	2,955
Contingent consideration		39	462
Deferred tax liability		804	1,028
		<u>5,394</u>	<u>21,354</u>
Total liabilities		<u>\$ 71,771</u>	<u>\$ 74,581</u>
Shareholders' equity			
Share capital	13	468,379	428,651
Contributed surplus	14	108,874	95,763
Deficit		(436,559)	(254,018)
Reserve for foreign currency translations		255	(2,241)
Total Shareholders' Equity attributed to The Green Organic Dutchman Holdings Ltd.		<u>\$ 140,949</u>	<u>\$ 268,155</u>
Non-controlling interests		<u>(1,145)</u>	<u>(555)</u>
Total Shareholders' Equity		<u>139,804</u>	<u>267,600</u>
Total Liabilities and Shareholders' Equity		<u>\$ 211,575</u>	<u>\$ 342,181</u>
Total number of common shares outstanding		<u>486,675,760</u>	<u>312,733,244</u>
Going Concern	2		
Commitments and contingencies	16		
Events after the reporting period	2, 22		

The accompanying notes are an integral part of these consolidated financial statements.

Approved and authorized by the Board of Directors on March 9, 2021:

(signed) "Jeffrey Scott"
Director

(signed) "Nicholas Kirton"
Director

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(expressed in thousands of Canadian Dollars, except per share amounts)

		For the year ended	
	Notes	December 31, 2020	December 31, 2019
Revenue		\$ 24,512	\$ 11,163
Excise duties		(3,017)	(206)
Net revenue		21,495	10,957
Cost of sales related to inventory production		17,501	3,213
Cost of sales related to business combination fair value adjustments to inventories		—	270
Gross profit before change in fair value of biological assets		3,994	7,474
Realized fair value adjustment on sale of inventory		(5,868)	(435)
Unrealized gain on changes in fair value of biological assets	8	7,988	2,505
Gross profit		\$ 6,114	\$ 9,544
Operating expenses			
Sales and marketing expenses		\$ 9,448	\$ 13,281
Research and development expenses		1,395	2,271
General and administrative expenses		26,051	44,160
Share based compensation	14	4,873	14,288
Depreciation and amortization	6, 7	7,220	4,237
Total operating expenses	20	\$ 48,987	\$ 78,237
Loss from operations		(42,873)	(68,693)
Foreign exchange gain (loss)	18[c]	(1,855)	(964)
Finance costs		(3,996)	(215)
Accretion expense	5	(1,875)	—
Debt modification	5	799	—
Finance income		384	2,819
Strategic business initiatives		—	(789)
Share of loss on investments in associates	10	(148)	(1,072)
Revaluation of contingent consideration		423	226
Loss on disposal of assets	6	(384)	—
Change in fair value of investments	11	(1,502)	—
Impairment of investment in associates	10	(3,082)	(4,296)
Impairment charge for non-financial assets	6, 7	(129,246)	(123,432)
Loss before income taxes		(183,355)	(196,416)
Current income tax recovery (expense)		—	346
Deferred income tax recovery (expense)		224	320
Net loss		\$ (183,131)	\$ (195,750)
Other comprehensive (income)/loss			
Foreign currency translation (income)/loss		(1,788)	2,096
Foreign currency translation (income)/loss on equity method investment	10	(708)	658
Comprehensive loss		\$ (180,635)	\$ (198,504)
Net loss attributable to:			
The Green Organic Dutchman Holdings Ltd.		(182,541)	(195,155)
Non-controlling interests		(590)	(595)
Comprehensive loss attributable to:			
The Green Organic Dutchman Holdings Ltd.		(180,045)	(197,909)
Non-controlling interests		(590)	(595)
Basic and diluted net loss per share		\$ (0.50)	\$ (0.71)
Weighted average number of outstanding common shares		369,698,781	275,840,350

The accompanying notes are an integral part of these consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(expressed in thousands of Canadian Dollars, except number of shares)

	Notes	Share Capital		Contributed Surplus					Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total	
		Common Shares	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units	Shares to be issued					Total Contributed surplus
		#	\$	\$	\$	\$	\$	\$					\$
Balance at December 31, 2019		312,733,244	428,651	22,247	64,415	1,129	7,972	—	95,763	(2,241)	(254,018)	(555)	267,600
Bought deal offering	13[b,d,f,g]	162,104,000	35,688	—	8,210	—	—	—	8,210	—	—	—	43,898
Issuance of warrants in connection with debt	5	—	—	—	1,743	—	—	—	1,743	—	—	—	1,743
Share based compensation	13[c,h] 14	3,536,858	984	3,485	—	—	—	404	3,889	—	—	—	4,873
Exercise of stock options	13[i]	847,600	763	(339)	—	—	—	—	(339)	—	—	—	424
Exercise of warrants	13[j]	564,000	248	—	(34)	—	—	—	(34)	—	—	—	214
Expiry of stock options		—	—	(1,877)	—	1,877	—	—	-	—	—	—	-
Expiry of warrants		—	—	—	(8,223)	8,223	—	—	-	—	—	—	-
Restricted share units exercised during period	13[k]	703,837	258	(258)	—	—	—	—	(258)	—	—	—	-
Shares issued in connection with accounts payable	13[a,e]	6,161,530	1,687	—	—	—	—	—	-	—	—	—	1,687
Issuance of convertible units	13[l]	24,691	100	—	—	(100)	—	—	(100)	—	—	—	-
Comprehensive loss		—	—	—	—	—	—	—	-	2,496	(182,541)	(590)	(180,635)
Balance at December 31, 2020		486,675,760	468,379	23,258	66,111	11,129	7,972	404	108,874	255	(436,559)	(1,145)	139,804

An unlimited number of common shares are authorized for issue.

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	Share Capital		Contributed Surplus				Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total	
		Common Shares	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units					Total Contributed surplus
		#	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance at December 31, 2018		269,976,624	392,068	8,053	62,801	1,111	7,972	79,937	513	(58,823)	—	413,695
Effect of adoption of IFRS 16		—	—	—	—	—	—	—	—	(40)	—	(40)
Balance at January 1, 2019		269,976,624	392,068	8,053	62,801	1,111	7,972	79,937	513	(58,863)	—	413,655
Bought deal offering		36,800,000	21,567	—	3,103	—	—	3,103	—	—	—	24,670
Issuance of warrants in connection with debt		—	—	—	758	—	—	758	—	—	—	758
Share based compensation		—	106	14,182	—	—	—	14,182	—	—	—	14,288
Exercise of stock options		506,933	718	(288)	—	—	—	(288)	—	—	—	430
Exercise of warrants		5,455,567	14,192	—	(2,229)	—	—	(2,229)	—	—	—	11,963
Expiry of options		—	—	—	(18)	18	—	—	—	—	—	-
Issuance of convertible units		—	—	300	—	—	—	300	—	—	—	300
Cancellation of shares		(5,880)	—	—	—	—	—	—	—	—	—	-
Contribution from non-controlling interest		—	—	—	—	—	—	—	—	—	40	40
Comprehensive loss		—	—	—	—	—	—	—	(2,754)	(195,155)	(595)	(198,504)
Balance at December 31, 2019		<u>312,733,244</u>	<u>428,651</u>	<u>22,247</u>	<u>64,415</u>	<u>1,129</u>	<u>7,972</u>	<u>95,763</u>	<u>(2,241)</u>	<u>(254,018)</u>	<u>(555)</u>	<u>267,600</u>

An unlimited number of common shares are authorized for issue.

The accompanying notes are an integral part of these consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in thousands of Canadian dollars)

		For the year ended	
	Notes	December 31, 2020	December 31, 2019
OPERATING ACTIVITIES			
Net loss		\$ (183,131)	\$ (195,750)
Items not affecting cash:			
Impairment of property, plant and equipment	6	118,316	118,797
Impairment of investment in associates	10	3,082	4,296
Impairment of intangible assets and goodwill	7	10,930	4,635
Change in fair value of investments	11	1,502	—
Provision recorded on inventory	9	1,478	—
Share based compensation	14	4,873	14,588
Depreciation of property, plant and equipment	6	5,768	2,809
Amortization of intangible assets	7	1,452	1,428
Realized fair value adjustment on sale of inventory		5,868	435
Unrealized gain on change in fair value of biological assets	8	(7,988)	(2,505)
Accretion	5	1,875	—
Share of loss on investments in associates	10	148	1,072
Revaluation of contingent consideration		(423)	(226)
Loss on disposal of assets	6	384	—
Debt modification	5	(799)	—
Deferred financing costs expensed		737	—
Current income tax recovery expense		—	(346)
Deferred income tax recovery		(224)	(320)
Income taxes paid		(14)	(396)
Changes in non-cash operating working capital items	15	208	(5,214)
Net cash used in operating activities		\$ (35,958)	\$ (56,697)
INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	(50,259)	(219,654)
Disposal of assets	6	1,415	—
Transfer from restricted cash	16[a]	8,359	41,422
Transfer to restricted cash	18[c]	(403)	—
Net cash outflow on investment in QuebecCo	10	(1,000)	—
Advances to related parties, net of repayments		—	(1,350)
Net cash outflow on other investment		—	(1,434)
Additions to intangible assets	7	(288)	(3,078)
Net cash used in investing activities		\$ (42,176)	\$ (184,094)
FINANCING ACTIVITIES			
Proceeds from issuance of shares and warrants, net of share issue costs	13	43,898	24,670
Proceeds from issuance of debt, net of issue costs	5	22,021	16,293
Proceeds from the exercise of stock options and warrants	13,14	638	12,393
Interest received		173	3,342
Interest paid on lease liabilities	12	(494)	(139)
Interest paid on debt	5	(4,741)	(60)
Principal payments of lease liabilities	12	(525)	(319)
Principal payments of debt	5	(500)	(123)
Capital contributed by non-controlling interest		—	40
Net cash provided by financing activities		\$ 60,470	\$ 56,097
Net cash outflow		\$ (17,664)	\$ (184,694)
Net effects of foreign exchange		1,307	(1,286)
Cash, beginning of period		27,569	213,549
Cash and cash equivalents, end of period		\$ 11,212	\$ 27,569

The accompanying notes are an integral part of these consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(expressed in thousands of Canadian Dollars except as otherwise indicated)

1. NATURE OF ACTIVITIES

The Green Organic Dutchman Holdings Ltd. (“TGODH” or the “Company”) was incorporated on November 16, 2016, under the *Canada Business Corporations Act* (“CBCA”). The Company is a reporting issuer domiciled in Canada whose shares and certain warrants are publicly traded on the Toronto Stock Exchange (“TSX”) under the symbol “TGOD” and on the OTCQX under the symbol “TGODF”. The Company’s registered and head office is located at 6205 Airport Road, Building A – Suite 200, Mississauga, ON, L4V 1E3. These consolidated financial statements for the years ended December 31, 2020 and 2019 (“Consolidated Financial Statements”) include the financial statements of The Green Organic Dutchman Holdings Ltd. and its subsidiaries from the date the Company gained control of each subsidiary.

The Company’s wholly-owned subsidiaries, The Green Organic Dutchman Ltd. (“TGOD”) and Medican Organic Inc. (“Medican”), are licensed producers under the Cannabis Act (Canada) and hold licences to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and, with respect to The Green Organic Dutchman Ltd. only, sell such cannabis products within Canada to provincially authorized retailers and distributors and federally licensed entities. The Company has a cannabis cultivation and processing facility in Hamilton, Ontario (the “**Hamilton Facility**”) and another facility located in Valleyfield, Québec (the “**Quebec Facility**”).

In addition to its Canadian operations, through its subsidiaries and strategic investments, the Company is pursuing an international growth strategy, including through a hemp extraction business based in Poland. The Company has established other strategic partnerships for the distribution of cannabis and hemp-derived medical products in Mexico, Germany, and other countries as regulations allow.

The outbreak of the novel strain of the coronavirus, SARS-COV-2 (“COVID-19”), and its eventual declaration as a pandemic by the World Health Organization (“WHO”) on March 11, 2020 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown. The Company implemented measures to protect its global workforce from COVID-19 and endeavouring to mitigate any long-term impacts of the pandemic on its business which remain unknown.

2. BASIS OF PRESENTATION

[i] Statement of compliance

These Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). These Consolidated Financial Statements were approved and authorized for issue by the Board of Directors of the Company on March 9, 2021.

[ii] Going concern

These Consolidated Financial Statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

As of December 31, 2020, the Company had negative working capital of \$21,997 (December 31, 2019 – positive working capital of \$14,939) primarily due to the Company presenting its senior secured first lien credit facility (“Senior Loan”) and revolving credit facility (“Revolver Loan”) as current liabilities as at December 31, 2020 and an accumulated deficit of \$436,559 (December 31, 2019 - \$254,018). During the year ended December 31, 2020, the Company used cash in operating activities of \$35,958 (year ended December 31, 2019 - \$56,697) resulting primarily from the net loss of \$183,131 (year ended December 31, 2019 - \$195,750) offset by items not affecting cash such as depreciation, amortization, share based compensation, change in fair value of investments, and impairment charges of \$145,923 (year ended December 31, 2019 - \$146,253). As at December 31, 2020, the Company had insufficient cash to fund its planned operations, including debt repayments for the next twelve months. The Company’s ability to continue as a going concern is dependent upon its ability to generate sufficient revenues and positive cash flows from its operating activities to meet its obligations.

The Company may need to reschedule its current debt obligations or obtain further financing in the form of debt, equity or a combination thereof to continue operations for the next twelve months. There can be no assurance that the existing debt obligations will be rescheduled or that additional funding will be available to the Company, or, if available, that this financing will be on

The Green Organic Dutchman Holdings Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in thousands of Canadian Dollars except as otherwise indicated)

acceptable terms. If existing debt obligations are not rescheduled or adequate financing is not available, the Company may be required to delay or reduce the scope of any or all of its projects. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These Consolidated Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from financing and operating activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these financial statements should such events impair the Company's ability to continue as a going concern.

As described in Note 13, the Company filed a base shelf prospectus on November 27, 2020, allowing for proceeds of up to \$50,000 to be raised through various combination of debt and equity as any funding becomes available and as the Company deems appropriate. On December 10, 2020, through a prospectus supplement dated December 4, 2020, the Company issued 45,178,900 units of the Company, each unit consisting of one common share of the Company and one common share purchase warrant of the Company for gross proceeds of \$12,650. Subsequent to December 31, 2020, the Company:

- issued 14,341,958 common shares of the Company under its at-the-market ("ATM") Prospectus Supplement dated December 2, 2020 for gross proceeds of \$7,893. Under this specific prospectus supplement, the Company is permitted to raise up to \$15,000.
- issued 24,197,600 common shares as a result of warrant exercises for gross proceeds of \$7,559.

[iii] Basis of measurement

These Consolidated Financial Statements have been presented in thousands of Canadian dollars (unless otherwise noted) on a historical cost basis, except for certain financial instruments that are measured at fair value and biological assets which are recorded at fair value less costs to sell. The Company's functional currency is Canadian dollars. The expenses within the statements of operations and comprehensive loss are presented by function.

[iv] Use of estimates and judgments

The preparation of these Consolidated Financial Statements requires the use of estimates and judgements that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effected.

(a) Biological assets and inventory

In calculating the fair value less costs to sell of the biological assets, management is required to make a number of judgements and estimates, including estimating the stage of growth of the cannabis plants up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plants. In calculating inventory values, management is required to determine an estimate of indirectly attributable production costs as well as obsolete inventory and compares the inventory cost to estimated net realizable value.

(b) Impairment, estimated useful lives, depreciation and amortization of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, residual values, and depreciation rates. The depreciation and amortization methods are judgements based on the Company's assessment of the pattern of use of the assets. The estimate of useful lives and residual values are based on the Company's intended use of the assets. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions.

(i) Cash generating units:

Judgment is required to assess the Company's determination of cash generating units for the purpose of impairment testing.

(ii) Impairment of non-financial assets:

The process to calculate the recoverable amount of each cash generating unit requires use of valuation methods such as the discounted cash flow method which uses assumptions of key variables including estimated cash flows, discount rates and terminal value growth rates. The Company applied judgment when determining which methods are most appropriate to estimate that value in use and fair value less costs of disposal for each CGU. Please see note 6 and note 7 for additional estimates and judgment applied by the Company in connection with the impairment of non-financial assets.

The Green Organic Dutchman Holdings Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(expressed in thousands of Canadian Dollars except as otherwise indicated)

(c) Revenue and accounts receivable

The Company estimates whether certain vendors will exercise the right to early payment discounts based on past experience with each vendor. The Company also uses estimates to determine the likelihood of returns and discounts and rebates it may offer to distributors. This is based on trends observed by the Company related to its historical financial sales and industry practices. Due to the complexity in tax legislations, significant judgement is applied in the assessment of whether taxes are borne by the Company or collected on behalf of a third party impacting the net or gross presentation of revenue.

(d) Shared based compensation

Significant estimates are used to determine the fair value of stock options and restricted stock units of the Company. The Company typically uses a Black Scholes pricing model to determine the valuations. Refer to notes 13 and 14 for further information.

(e) Warrants

Significant estimates are used to determine the fair value of warrants issued by the Company. The Company typically uses a Black Scholes pricing model to determine the valuations. Refer to notes 13 and 14 for further information.

(f) Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Significant estimates are used to determine the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate for new leases.

[v] Basis of consolidation

These Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intercompany balances and transactions are eliminated upon consolidation and preparation of these Consolidated Financial Statements. The Company's primary controlled subsidiaries are as follows:

Major subsidiary	Percentage ownership	Functional currency
The Green Organic Dutchman Ltd. ("TGOD")	100%	Canadian Dollar
Medican Organic Inc. ("Medican")	100%	Canadian Dollar
9371-8633 Quebec Inc. ("QuebecCo")	100%	Canadian Dollar
TGOD Europe B.V.	100%	European Euro
HemPoland S.p.a. Z.o.o. ("HemPoland")	100%	European Euro

All shareholdings are of ordinary shares or other equity. Other subsidiaries, while included in the consolidated financial statements, are not material and have not been included in the table above.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement Uncertainty

The Company continues to monitor the evolution of the COVID-19 pandemic. The extent to which the COVID-19 pandemic may impact the Company's business and activities will depend on future developments which remain highly uncertain and cannot be predicted with confidence, such as the spread and severity of the disease, the duration of the outbreak including any possible

The Green Organic Dutchman Holdings Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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resurgence, and actions taken by authorities to control the spread of the virus, the impact of the pandemic on spending, and the ability or willingness of suppliers and vendors to provide products and services.

Any of these developments, and others, could have a material adverse effect on the Company's business, affairs, operations, results of operations, financial condition, liquidity, availability of credit and foreign exchange exposure. In addition, because of the severity and global nature of the COVID-19 pandemic, it is possible that estimates in the Company's financial statements could change in the near term and the effect of any such changes could be material, which could result in, among other things, an impairment of non-current assets and a change in the expected credit losses on accounts receivable. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts on its business.

(b) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is recognized on a declining basis using the following rates:

Building	2.5 - 5%
Furniture and fixtures	20 - 33%
Production equipment	14 - 100%
Building and leasehold improvements	5 - 20%, or straight line over the lease term if applicable
Computer equipment	33 - 100%
Automobiles	14 - 30%

Residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at least each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Land is not depreciated.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item at the date of disposal and recognized in profit or loss.

Assets and construction in progress are transferred to building, production equipment, and building improvements when available for use and depreciation of the asset commences at that point.

(c) Intangible assets

Finite-lived intangible assets are recorded at cost less accumulated amortization and impairment losses. Amortization is provided on a straight-line basis over the following term:

Health Canada Licences	20 years, in accordance with the estimated useful life of a building at the Hamilton facility
Technology Licences	6 years
IT Systems and Applications	10 years
Distribution Channels	10-20 years
Brands	10-20 years

The estimated useful lives and amortization methods of intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Company does not currently have any intangible assets with indefinite useful lives.

(d) Impairment of non-financial assets

Non-financial assets (other than biological assets and inventories) are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Goodwill is tested for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). Goodwill arising from a business combination is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other non-financial assets in the CGU, excluding biological assets and inventories, on a pro-rata basis. Impairment losses in respect of goodwill are not subsequently reversed. For other non-financial assets excluding biological assets and inventories, an impairment loss is subsequently reversed only to an amount that is the lesser of the revised

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estimate of recoverable amount, and the carrying amount, net of depreciation or amortization, that would have been recorded at the date of the reversal had no impairment loss been recognized previously. The Company currently has three CGUs being (i) cannabis related activities from production in Canada, (“Canadian CGU”) (ii) hemp related activities in Europe (“European CGU”) and (iii) other strategic international investments (“International CGU”).

(e) Inventories

Inventories are valued at the lower of cost and net realizable value. Inventories of harvested cannabis (i.e. – raw materials) are transferred from biological assets at their fair value less costs to sell at harvest, which becomes the initial cost of the harvested cannabis. Any subsequent post-harvest costs, such as processing and packaging the inventories to a finished state, are capitalized to inventory as they are incurred to the extent that the aggregated cost of the inventory item is less than its net realizable value and are subsequently recorded within cost of sales related to inventory production costs in the consolidated statement of loss and comprehensive loss. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis.

(f) Biological assets

While the Company’s biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are capitalized using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. Direct and indirect costs of biological assets include the direct cost of seeds and growing materials, and indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included. Certain direct and indirect costs of biological assets, excluding depreciation, are capitalized as they are incurred, and are subsequently recorded in inventories on the consolidated statement of financial position after the biological assets are harvested, and subsequently recorded within the line item ‘cost of sales related to inventory production’ on the consolidated statement of loss and comprehensive loss in the period that the related product is sold or impaired. Unrealized gain on changes in fair value of biological assets are recorded in a separate line on the consolidated statement of loss and comprehensive loss. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position.

(g) Revenue

The Company’s accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows the five-step model:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligations are satisfied.

Revenue from the direct sale of cannabis products for a fixed price is recognized when the Company transfers control of the good to the customer, which is at the point of shipment for medical cannabis and at the point of delivery for recreational cannabis. For sales of hemp-based products the Company transfers control of the good to the customer on delivery.

Revenue earned in Canada includes excise duties, which the Company pays as principal, but excludes sales taxes collected on behalf of tax authorities. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, revenue is stated net of expected price discounts, allowances for customer returns and certain promotional activities and similar items. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices.

Under certain revenue arrangements, the Company provides production or licensing services. For these revenue arrangements, the Company earns a manufacturing or licencing fee, which is recognized as revenue net of associated costs as the Company acts as an agent in the arrangement. The Company does not control pricing or bear inventory, or credit risk associated with the goods in these arrangements, and as such is acting as an agent in these arrangements.

(h) Financial instruments

[i] Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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[ii] Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified and measured at: amortized cost; fair value through other comprehensive income (“FVOCI”) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (“OCI”). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets, if applicable. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized costs	These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI. Changes in fair value are recognized in OCI and are never recycled to profit and loss, even if the asset is sold or impaired.

Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

[iii] Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company may enter into transactions whereby

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it transfers assets recognized in its statements of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Transaction Costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

[iv] Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(i) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortized costs, debt investments measured at FVOCI, and contract assets – the Company had no debt investment measured at FVOCI and no contract assets as at December 31, 2020 and December 31, 2019.

When determining whether the credit risk of a financial asset has increased significantly and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Company’s historical experience and informed credit assessment and including forward looking information.

(j) Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is usually evidenced by but not limited to, the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost, inclusive of transaction costs. Subsequent to initial recognition, the Company includes in its consolidated financial statements the Company’s share of the income and expenses of equity accounted investees until the date on which significant influence ceases. In accordance with IFRS, the investee’s most recent available financial statements are used in the application of the equity method. The Company does not recognize losses exceeding the carrying value of its interest in the associate.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee. Unrealized losses arising from transaction with equity-accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee, but only to the extent there is no evidence of impairment.

(k) Goodwill

Goodwill represents the excess of the price paid for a business combination over the net fair value of the identifiable assets acquired and liabilities assumed in the business combination and is subsequently measured at historical cost less accumulated impairment losses, if any.

(l) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are

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recognized in profit or loss as incurred. Subsequent to initial recognition, capitalized development expenditures are measured at costs less accumulated amortization and impairment losses.

(m) Taxes

Income tax expense comprises of current and deferred tax. It is recognized in net loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current taxes

Current tax comprises the expected tax payable or receivable on the taxable earnings for the period and any adjustments to the tax payable or receivable in respect of previous years. Taxable earnings may differ from earnings as reported in the Consolidated Statement of Loss and Comprehensive Loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's receivables and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Refundable sales tax receivable

The Company recognizes receivables for refundable input tax credits for various value added taxes paid in conjunction with the laws governing each jurisdiction where the credits are claimed.

(n) Share-based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share-based payments granted to non-employees the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital.

(o) Loss per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. In a period of losses, the options are excluded for the determination of dilutive net loss per share because their effect is antidilutive.

(p) Strategic business initiatives

Costs of strategic business initiatives that are directly attributable to any business combinations are expensed through the consolidated statements of loss and comprehensive loss.

(q) Related party transactions

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Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

(r) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies at the reporting date are re-measured to the functional currency at the exchange rate at the reporting date and the date they are settled. Non-monetary items that are based on historical cost in a foreign currency are translated into Canadian dollars using the exchange rate at the date of the transaction. Foreign currency gains and losses due to translating foreign currency transactions are reported in the consolidated statement of loss and comprehensive and loss on a net basis. The effect of currency translation adjustments on cash and cash equivalents is presented separately in the statements of cash flows and separated from investing and financing activities when deemed significant.

(s) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the month during which the transactions occurred. These foreign currency differences are recognized in other comprehensive income in the reserve for foreign currency translations.

(t) Changes in significant accounting policies

i. Government Grants

The Company applied for and received government grants under the Canadian Emergency Wage Subsidy (“CEWS”) provided by the Government of Canada as a result of the COVID-19 pandemic. The Company made an accounting policy choice under *IAS 20 - Government Grants* to record and present the grants net against the associated salary expenses for which it was subsidizing and recognized each grant upon receipt.

ii. Definition of a Business (Amendments to IFRS 3)

The Company applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The adoption of this amendment had no impact on the Company’s financial statements

(u) New standards, interpretations and amendments not yet adopted by the Company

A number of new standards are effective for annual periods beginning on or after January 1, 2021 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company’s consolidated financial statements.

i. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has determined that all contracts existing at December 31, 2020 will be completed before the amendments become effective.

ii. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark,

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including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

4. SEGMENTED INFORMATION

The Company's business activities are conducted through one reportable operating segment which consists of the production and distribution of cannabis and related products which report to one chief decision maker, the Company's Interim CEO. Segment performance is based by region. The Company's Canadian and European operating segments are aggregated into one reportable segment based on similarities in the nature of their products and types of customers. The North American region is comprised primarily of the Company's operations and assets in Canada which is the country in which the Company is domiciled.

[i] Revenue, gross profit and select expenses by region is as follows

For the year ended December 31, 2020, the Company had two customers in North America that accounted for 39% of total revenue (year ended December 31, 2019 – no customers that accounted for 10% of total revenue). Customer A accounted for 26% of revenues and Customer B accounted for 13% of revenues.

	For the year ended December 31, 2020			December 31, 2019		
	North America	Europe	Total	North America	Europe	Total
Revenue	\$ 15,761	\$ 8,751	\$ 24,512	\$ 1,277	\$ 9,886	\$ 11,163
Gross profit	\$ 1,369	\$ 4,745	\$ 6,114	\$ 2,056	\$ 7,488	\$ 9,544
Operating expenses, excluding stock-based compensation, depreciation and amortization	\$ 30,858	\$ 6,036	\$ 36,894	\$ 52,612	\$ 7,100	\$ 59,712
Share based compensation	\$ 4,873	\$ —	\$ 4,873	\$ 14,288	\$ —	\$ 14,288
Depreciation and amortization	\$ 5,509	\$ 1,711	\$ 7,220	\$ 2,611	\$ 1,626	\$ 4,237
Impairment of investment in associates	\$ (3,082)	\$ —	\$ (3,082)	\$ (4,296)	\$ —	\$ (4,296)
Impairment charge for non-financial assets	\$ (120,602)	\$ (8,644)	\$ (129,246)	\$ (123,432)	\$ —	\$ (123,432)
Other non-operating income (expense) (excluding impairment)	\$ (7,346)	\$ (808)	\$ (8,154)	\$ 539	\$ (534)	\$ 5
Net loss	\$ (170,899)	\$ (12,232)	\$ (183,131)	\$ (194,642)	\$ (1,108)	\$ (195,750)

[ii] Property, plant and equipment, net is domiciled as follows

	December 31, 2020	December 31, 2019
North America	\$ 142,612	\$ 232,827
Europe	\$ 4,651	\$ 4,206
	\$ 147,263	\$ 237,033

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[iii] Intangible assets and goodwill, net are domiciled as follows

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
North America	\$ 2,383	\$ 5,032
Europe	<u>6,550</u>	<u>15,088</u>
	<u>\$ 8,933</u>	<u>\$ 20,120</u>

The Company's remaining non-current assets are domiciled in North America as at December 31, 2020 and December 31, 2019.

5. LOANS

The following tables illustrate the continuity schedule and presentation of the Company's loans:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Opening Balance	\$ 17,433	\$ 688
Additions	24,658	21,042
Deferred financing fee	(3,044)	(3,425)
Residual fair value of equity portion	(1,628)	(758)
Accretion	4,199	50
Debt modification	(799)	—
Principal payments	(500)	(123)
Effects of movements in foreign exchange	(19)	(41)
Outstanding draw on Revolver Loan	455	—
Ending Balance	<u>\$ 40,755</u>	<u>\$ 17,433</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Loans	\$ 40,755	\$ 17,433
Current portion	(40,755)	(524)
Long term portion	\$ —	\$ 16,909
Senior Loan	\$ 27,839	\$ 16,909
Revolver Loan	12,409	—
HemPoland Loan	507	524
	<u>\$ 40,755</u>	<u>\$ 17,433</u>

Senior secured credit facility ("Senior Loan")

On December 24, 2019, the Company closed a senior secured first lien credit facility (the "Senior Loan") with a commercial lender. The first tranche of the Senior Loan for gross proceeds of \$21,042 was advanced by the lender upon closing at a thirteen percent (13%) rate of interest. Per the Senior Loan agreement, there are no scheduled principal repayments for the first twelve months of the term of the Senior Loan and after which the Company is required to make monthly principal repayments commencing on January 1, 2021 plus interest, with the remaining unpaid balance upon maturity. During the year ended December 31, 2020, the lender advanced the remaining \$6,658 of the first tranche. The second tranche of the Senior Loan included an accordion feature, which made available up to an additional \$15,000 which could be advanced upon the achievement by the Company of certain operational milestones. The Company may repay the Senior Loan at any time with a 2% penalty on the outstanding principal of the Senior Loan. The Senior Loan possesses several covenants which the Company has met as at December 31, 2020.

On April 13, 2020, the Company executed an amendment with the lender of the Senior Loan on the \$15,000 accordion feature that made \$5,000 of the accordion available upon the Company closing an equity financing which was achieved on April 27, 2020 (see note 13). The Company received gross proceeds from the accordion loan of \$5,000 on April 27, 2020. In addition, on April 27, 2020 a total of 1,500,000 warrants were issued to the lender of the Senior Loan, in consideration for this accordion advance, exercisable at \$0.39 for 36 months from the date of issuance.

On October 2, 2020, the Company executed an amendment with the lender of the Senior Loan to extend the maturity date of the Senior Loan to December 15, 2021 and in connection with the extension to re-price 7,000,000 common share purchase warrants of the Company previously issued to the lender and expiring on December 20, 2022 from an exercise price of \$1.00 per share of the Company to \$0.30 per share, and to issue an additional 1,000,000 common share purchase warrants of the Company to the lender with an exercise price of \$0.30 per share expiring November 2, 2025, consistent with the terms of the warrants. As at December 31, 2020 the total principal balance outstanding related to the Senior Loan was \$32,200.

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Revolving credit facility (“Revolver Loan”)

On April 22, 2020, the Company closed a revolving secured second lien credit facility (the “Revolver Loan”) with a commercial lender for gross proceeds of up to \$30,000 of which \$10,000 was funded on April 22, 2020. The Revolver Loan is secured by a second lien over the assets of the Company with a first lien over substantially all of the cannabis and cannabis derived inventory and Canadian trade receivables. As the accounts receivable balance eligible for collateral increases, additional credit was available to the Company up to a maximum of an additional \$20,000. The Revolver Loan was originally scheduled to mature on April 1, 2021, subject to renewal for an additional year. In connection with the Revolver Loan, the Company issued the lender of the Revolver Loan 3,000,000 common share purchase warrants of the Company exercisable for a period of 36 months following the date of issuance at an exercise price of \$0.39 per share in exchange for one common share of the Company. A finder’s fee of \$450 was paid to the lender of the Company’s Senior Loan in connection with the closing of the initial proceeds of the Revolver Loan.

On May 27, 2020, the Company executed an amendment with the lender of the Revolver Loan which extended the original term by six months to October, 2021 and allowed the Company to receive \$3,000 in gross proceeds from the \$20,000 revolving component subject to the same terms of the first \$10,000 previously advanced by this lender. In consideration of this, a total of 500,000 warrants exercisable into common shares of the Company were issued to the lender on May 22, 2020 exercisable at \$0.50 per share for 48 months from the date of issuance. The Company received this \$3,000 on July 7, 2020.

On October 1, 2020, the Company agreed with this lender of the Revolver Loan to extend the maturity date for the Revolver Loan to December 31, 2021 in exchange for common share purchase warrants of the Company to purchase 500,000 common shares of the Company at a price of \$0.30 per share, expiring November 2, 2025. As at December 31, 2020 the total principal balance outstanding related to the Revolver Loan was \$13,455.

HemPoland Loan

The Company assumed a loan payable on certain premises in Poland (“HemPoland Loan”) on the acquisition of its wholly owned subsidiary HemPoland on October 1, 2018, of which approximately \$507 remained outstanding as at December 31, 2020 (December 31, 2019 - \$524). During the year ended December 31, 2020, the Company received an extension to defer payment on the outstanding balance to December 31, 2021.

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6. PROPERTY, PLANT AND EQUIPMENT

Cost:	Land	Buildings	Furniture and fixtures	Production equipment	Building improvements	Computer equipment	Automobiles	Construction in progress	Right-of-use assets	Total
Balance, December 31, 2019	\$ 2,683	\$ 56,480	\$ 265	\$ 15,674	\$ 710	\$ 1,337	\$ 551	\$ 277,646	\$ 4,154	\$ 359,500
Transfers	—	4,068	110	48,351	—	2	27	(52,566)	8	—
Additions	4,172	670	13	1,768	—	13	105	26,396	3,583	36,720
Disposals	—	—	—	(114)	(12)	—	(318)	(1,456)	(436)	(2,336)
Effects of movements in foreign exchange and other	—	(13)	2	35	—	—	1	(1)	(36)	(12)
Balance, December 31, 2020	\$ 6,855	\$ 61,205	\$ 390	\$ 65,714	\$ 698	\$ 1,352	\$ 366	\$ 250,019	\$ 7,273	\$ 393,872
Accumulated depreciation and impairment:										
Balance, December 31, 2019	\$ —	\$ 19,559	\$ 139	\$ 5,730	\$ 401	\$ 673	\$ 261	\$ 95,062	\$ 642	\$ 122,467
Transfers	—	1,816	5	20,126	—	2	1	(21,950)	—	—
Depreciation	—	1,443	35	3,397	26	157	117	—	949	6,124
Disposals	—	—	—	(33)	(1)	—	(143)	—	(111)	(288)
Impairment	—	17,244	57	13,260	77	265	41	87,372	—	118,316
Effects of movements in foreign exchange and other	—	(1)	—	(1)	1	—	—	—	(9)	(10)
Balance, December 31, 2020	\$ —	\$ 40,061	\$ 236	\$ 42,479	\$ 504	\$ 1,097	\$ 277	\$ 160,484	\$ 1,471	\$ 246,609
Net book value, December 31, 2020	\$ 6,855	\$ 21,144	\$ 154	\$ 23,235	\$ 194	\$ 255	\$ 89	\$ 89,535	\$ 5,802	\$ 147,263

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Cost:	Land	Buildings	Furniture and fixtures	Production equipment	Building improvements	Computer equipment	Automobiles	Construction in progress	Right-of-use assets	Total
Balance, December 31, 2018	\$2,683	\$2,711	\$196	\$1,837	\$699	\$503	\$767	\$99,010	\$1,279	\$109,685
Transfers	—	53,838	4	11,525	—	(1)	(107)	(65,727)	468	—
Additions	—	—	65	2,403	12	836	—	244,403	2,446	250,165
Disposals	—	—	—	(31)	—	—	(97)	(22)	—	(150)
Effect of movements in foreign exchange	—	(69)	—	(60)	(1)	(1)	(12)	(18)	(39)	(200)
Balance, December 31, 2019	\$2,683	\$56,480	\$265	\$15,674	\$710	\$1,337	\$551	\$277,646	\$4,154	\$359,500
Accumulated amortization and impairment:										
Balance, December 31, 2018	\$ —	\$96	\$32	\$252	\$231	\$122	\$144	\$ —	\$ —	\$877
Transfers	—	—	—	(96)	—	—	(53)	—	149	—
Depreciation	—	713	42	1,172	76	207	140	—	508	2,858
Disposals	—	—	—	(37)	—	2	(14)	—	—	(49)
Impairment	—	18,750	65	4,440	94	343	43	95,062	—	118,797
Effects of movements in foreign exchange and other	—	—	—	(1)	—	(1)	1	—	(15)	(16)
Balance, December 31, 2019	\$-	\$19,559	\$139	\$5,730	\$401	\$673	\$261	\$95,062	\$642	\$122,467
Net book value, December 31, 2019	\$2,683	\$36,921	\$126	\$9,944	\$309	\$664	\$290	\$182,584	\$3,512	\$237,033

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Impairment of property, plant and equipment

The Company performs tests for impairment of its property, plant and equipment, a non-financial asset, when there are indicators of impairment. The following factors were identified as impairment indicators during the year ended December 31, 2020:

- i. Economic environment: Increased supply of cannabis coming online in the market, price compression, as well as certain governments imposing lockdowns and stay-at-home orders, which has resulted in a change of certain expected outcomes initially forecasted by management, being primarily lower than forecasted revenues.
- ii. Change in strategic plans: On March 27, 2020, the Company temporarily ceased construction activities and temporarily laid off the majority of its staff located at the Quebec Facility due to multiple factors, most particularly the COVID pandemic, affecting planned production output. In August 2020, the Company announced that start-up commissioning and calibrations challenges within the energy center at the Company's Ancaster facility led to inconsistent climate controls in the hybrid greenhouse during the very hot weather in late July and early August which led to several recent August harvests not meeting the Company's strict premium flower specifications. As a result, most of the flower from these harvests were repurposed for extraction. The Company also experienced capacity challenges with third party processing which had an impact on planned production output and led to the strategic decision to transform its Quebec Facility into a processing hub to support its product portfolio.

As a result of impairment assessments at March 31, 2020 and September 30, 2020, the cannabis related activities from production in Canada ("the Canadian CGU") as part of the North American segment, yielded a lower recoverable amount in comparison to its applicable carrying values considering different scenarios that have been probability weighted. The recoverable amount of the Canadian CGU was based on its value in use, which was determined to be greater than its fair value less cost of disposal. The CGU's value in use was estimated by discounting the probability weighted future cash flows expected to be generated from the continuing use of the Canadian CGU using level 3 inputs.

The following table indicates the year-to-date non-cash impairment charges recognized by the Company for its Canadian CGU by period:

Period ending	Recoverable amount [Value in Use]	Carrying Amount	Impairment for the period then ended
March 31, 2020	\$196,600	\$249,365	\$52,765
September 30, 2020	\$150,745	\$218,582	\$67,837
Total impairment for the year ended, December 31, 2020:			\$120,602

Period ending	Recoverable amount [Value in Use]	Carrying Amount	Impairment for the period then ended
December 31, 2019	\$254,511	\$377,943	\$123,432
Total impairment for the year ended, December 31, 2019:			\$123,432

The significant assumptions applied in the determination of the recoverable amount are described as follows:

- i. Cash flows: Estimated cash flows were projected based on industry and market trends in addition to the Company's own internal sources which included estimates for price compression and industry growth. Estimated cash flows are primarily driven by estimated sales volumes, selling prices and operating costs. The projections were extended to a total of five years (and a terminal period). The present value of future cash flows was estimated using an expected cash flow approach;
- ii. Long-term growth rate: A long-term growth rate has been determined as an inflationary rate for the country in which the CGU operates estimated by management. The long-term growth rate used by management was calculated as 2%;
- iii. Discount rate: The discount rate is estimated based on the Company's weighted average cost of capital ("WACC") in which the Company's cost of equity and cost of debt are proportionately weighted. The inputs into the WACC are based on the Company's specific borrowing rate, over 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for risk premium to reflect both the increased risk of investing in equities generally and the unsystematic risk on the specified CGU. The discount rate calculated and used by management in calculating the recoverable amount for the Canadian CGU during the year ended December 31, 2020 was 16.5%.

The non-cash impairment charges were allocated pro rata on the basis of the carrying amount of each non-financial asset, excluding biological assets, inventories and certain other assets already recorded at approximate fair values in the CGU. The non-cash impairment charges specific to property, plant and equipment for the year ended December 31, 2020 was \$118,316 (year ended December 31, 2019 - \$118,797), all of which were related to the Canadian CGU. Refer to Note 7 for non-cash impairment charge

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of intangible assets.

7. INTANGIBLE ASSETS AND GOODWILL

A continuity of the intangible assets and goodwill is as follows:

	Health Canada Licence	Technology Licences	Website	Distribution Channels	Brands	Other acquired rights	Goodwill	Total
Cost:								
Balance, December 31, 2019	\$ 5,870	\$ 2,872	\$ 400	\$ 5,500	\$ 982	\$ 1,256	\$ 10,108	\$ 26,988
Additions	—	242	—	—	—	46	—	288
Disposals	—	—	—	—	—	(66)	—	(66)
Transfers	—	(69)	—	—	—	69	—	—
Effect of movements in foreign exchange	—	20	—	369	66	83	543	1,081
Balance, December 31, 2020	\$ 5,870	\$ 3,065	\$ 400	\$ 5,869	\$ 1,048	\$ 1,388	\$ 10,651	\$ 28,291
Accumulated amortization and impairment:								
Balance, December 31, 2019	\$ 2,596	\$ 1,035	\$ 159	\$ 491	\$ 88	\$ 492	\$ 2,007	\$ 6,868
Amortization for the period	150	383	34	412	74	399	—	1,452
Impairment	1,516	666	104	—	—	—	8,644	10,930
Effect of movements in foreign exchange	—	22	—	40	7	39	—	108
Balance, December 31, 2020	\$ 4,262	\$ 2,106	\$ 297	\$ 943	\$ 169	\$ 930	\$ 10,651	\$ 19,358
Net book value, December 31, 2020	\$ 1,608	\$ 959	\$ 103	\$ 4,926	\$ 879	\$ 458	\$ -	\$ 8,933

	Health Canada Licence	Technology Licences	Website	Distribution Channels	Brands	Other acquired rights	Goodwill	Total
Cost:								
Balance, December 31, 2018	\$5,870	\$200	\$	\$5,904	\$1,054	\$1,344	\$10,702	\$25,074
Additions	—	2,678	400	—	—	—	—	3,078
Effect of movements in foreign exchange	—	(6)	—	(404)	(72)	(88)	(594)	(1,164)
Balance, December 31, 2019	\$5,870	\$2,872	\$400	\$5,500	\$982	\$1,256	\$10,108	\$26,988
Accumulated amortization and impairment:								
Balance, December 31, 2018	\$590	\$22	\$	\$105	\$19	\$101	\$	\$837
Amortization for the period	295	222	33	401	72	405	—	1,428
Impairment	1,711	791	126	—	—	—	2,007	4,635
Effect of movements in foreign exchange	—	—	—	(15)	(3)	(14)	—	(32)
Balance, December 31, 2019	\$2,596	\$1,035	\$159	\$491	\$88	\$492	\$2,007	\$6,868
Net book value, December 31, 2019	\$3,274	\$1,837	\$241	\$5,009	\$894	\$764	\$8,101	\$20,120

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Impairment of intangible assets and goodwill

During the year ended December 31, 2020, the Company recognized non-cash impairment charges within its Canadian CGU as described in Note 6, of which \$2,286 related to intangible assets (year ended December 31, 2019 - \$4,635 related to intangible assets and goodwill related to the Canadian CGU).

All of the Company's goodwill as at December 31, 2020 prior to any impairment charges was related to the European CGU. The Company performed its annual impairment test on its indefinite life intangible assets and goodwill. The recoverable amount of the European CGU was based on its fair value less costs of disposal ("FVLCD"), which was determined to be greater than its value in use. The FVLCD was estimated using level 3 inputs, probability weighted approach between a discounted cash flow analysis approach and a market approach. The FVLCD of the European CGU was greater than its VIU.

The significant assumptions applied in the determination of the recoverable amount are described below for the discounted cash flow method:

- i. Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by sales volumes, selling prices and operating costs. The forecasts are extended to a total of five years (and a terminal year thereafter)
- ii. Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators and projected industry growth which combined yield 5%;
- iii. Post-tax discount rate: The post-tax discount rate is reflective of the European CGU WACC which is estimated between 13.5% and 14.9%. The WACC was estimated based on the risk-free rate, equity risk premium and after-tax cost of debt based on corporate bond yields.

The market approach was based on revenue multiples of other comparable companies.

The Company concluded that the recoverable amount (which was determined to be the FVLCD as it was greater than the VIU determined for the European CGU, using the discounted cash flows approach) of the European CGU was lower its carrying value after applying a 50% probability weighting to each approach described above, and therefore recognized non-cash impairment charges for the Company's European CGU as follows:

Period ending	Recoverable amount [FVLCD]	Carrying Amount	Impairment for the period then ended
December 31, 2020	\$19,891	\$28,535	\$8,644
Total impairment for the year ended, December 31, 2020:			\$8,644

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8. BIOLOGICAL ASSETS

As at December 31, 2020, the Company's biological assets consisted of cannabis seeds and cannabis plants. The continuity of the Company's biological assets is as follows:

	Capitalized cost	Biological asset fair value adjustment	Amount
Balance, January 1, 2019	265	130	395
Purchase of seeds	12	—	12
Unrealized gain on changes in fair value of biological assets	—	2,505	2,505
Production costs capitalized	2,784	—	2,784
Write-down of capitalized costs	(341)	—	(341)
Transfer to inventory upon harvest	(1,477)	(1,107)	(2,584)
Balance, December 31, 2019	\$ 1,243	\$ 1,528	\$ 2,771
Unrealized gain on changes in fair value of biological assets	—	7,988	7,988
Production costs capitalized	5,827	—	5,827
Transfer to inventory upon harvest	(5,696)	(8,906)	(14,602)
Balance, December 31, 2020	\$ 1,374	\$ 610	\$ 1,984

The Company measures its biological assets at their fair values less estimated costs to sell. This is determined using a model which estimates the expected harvest yields in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram, waste and also for any additional costs to be incurred, such as post-harvest costs.

The following significant unobservable inputs, all of which are classified as level three on the fair value hierarchy, were used by management as part of this model:

- Estimated selling price per gram – calculated as the expected approximate future per gram selling prices of the Company's cannabis products.
- Stage of growth – represents the weighted average number of weeks out of the total estimated growing period of the Company's biological assets (based on historical experience) that biological assets have reached as of the measurement date. The Company accretes fair value of biological assets and estimated costs to complete on a straight-line basis according to the stage of growth.
- Yield by plant – represents the expected number of grams of harvested cannabis which are expected to be obtained from each harvested cannabis plant based on historical experience.

The inter-relationship between these aforementioned unobservable inputs and the fair-value of the biological assets is such that the carrying value of the biological assets as at December 31, 2020 and December 31, 2019 would increase (decrease) if any of these inputs were to be higher (lower).

Other unobservable, level three inputs into the biological asset model include estimated post harvest costs, costs to complete and wastage. These additional level three inputs are not considered to be significant inputs.

The following table quantifies each significant unobservable input, and provides the impact of a 10% increase or decrease in each input would have on the fair value of biological assets:

	As at December 31, 2020	As at December 31, 2019	Impact of 10% change as at December 31, 2020	Impact of 10% change as at December 31, 2019
Estimated net selling price per gram (1)	\$2.19 to \$6.06	\$1.50 to \$6.29	\$ 503	\$ 466
Estimated stage of growth	7 to 8 weeks	8 to 9 weeks	\$ 552	\$ 163
Estimated yield of agricultural produce by plant (2)	52 to 100 grams	70 to 75 grams	\$ 241	\$ 303

- (1) The estimated net selling prices per gram is based on the negotiated distribution selling prices which exclude duties but includes an estimate for the selling price of trim as at December 31, 2019 collected as part of the harvesting process which may have value in the oil production process.

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(2) The estimated yield varies based on the Company's different cannabis strains.

The Company's estimates are, by their nature, subject to change. Changes in the significant assumptions described will be reflected in future changes in the gain or loss on biological assets. There were no changes between fair value hierarchy levels.

9. INVENTORIES

The Company's inventories include the following as of December 31, 2020 and December 31, 2019:

	Cannabis and cannabis derived products	Hemp and hemp derived products	As at December 31, 2020
Raw Materials and Packaging	\$ 2,614	\$ 1,589	\$ 4,203
Work-in-progress	7,561	2,152	9,713
Finished Goods	2,424	795	3,219
Total Inventory	\$ 12,599	\$ 4,536	\$ 17,135

	Cannabis and cannabis derived products	Hemp and hemp derived products	As at December 31, 2019
Raw Materials and Packaging	\$ 805	\$ 1,727	\$ 2,532
Work-in-progress	2,041	2,442	4,483
Finished Goods	518	735	1,253
Total Inventory	\$ 3,364	\$ 4,904	\$ 8,268

During the year ended December 31, 2020, inventories expensed directly to cost of sales was \$11,260 (for year-ended December 31, 2019, \$2,106). Included in this figure for the year-ended December 31, 2020, the Company recorded an inventory provision of \$1,478, which is included in the Company's cost of sales for the period (December 31, 2019 - \$nil).

10. INVESTMENTS IN ASSOCIATES

	Note	Balance, December 31, 2019	Share of net income (loss)	Foreign exchange gain	Impairment	Transfer on purchase of remaining interest	Balance, December 31, 2020
QuebecCo	10 [a]	2,191	3	—	—	(2,194)	—
Epican Medicinals Ltd.	10 [b]	2,727	(151)	506	(3,082)	—	—
		4,918	(148)	506	(3,082)	(2,194)	—

[a] QuebecCo

On January 12, 2018, the Company completed the purchase of 2,001,134 Class A shares of QuébecCo representing a 49.99% interest in the company. The purchase price paid was \$2,001 and \$170 in transaction costs were capitalized in accordance with IAS 28 Investment in Associates. QuébecCo holds a property located in the City of Salaberry-de-Valleyfield, Québec. Also, on January 12, 2018, the Company advanced \$1,001 to QuébecCo which was included in other assets.

During the year ended December 31, 2020, the Company purchased the remaining outstanding shares of QuébecCo in exchange for cash consideration of \$1,000 and setting off the previous advance of \$1,001.

The acquisition did not meet the definition of a business under IFRS 3, and as a result was accounted for as an asset acquisition. Land was the only asset identified in relation to the purchase.

[b] Investment in Epican Medicinals Limited ("EML")

The Company recognized an impairment of its investment in EML of \$3,082 during the year-ended December 31, 2020 (\$4,296 for the year ended December 31, 2019) due to changing market conditions. On May 25, 2020, the Company sold its interest in EML to another shareholder of EML for a nominal amount. Upon completion of the disposition, EML repaid

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\$258 of a \$707 loan owing by EML to the Company as at the date of the sale and issued the Company a promissory note for the balance of \$449 that is included in other assets, Note 11.

11. OTHER ASSETS

A summary of other assets is presented as follows:

	Additional Reference	As at December 31, 2020	As at December 31, 2019
Deposit per Hydro-Quebec contribution agreement	11[a]	5,681	5,681
Investment in Califormulations	11[b]	1,272	2,885
Term deposits held as letter of credit collateral	16	935	1,800
Term deposits not held as letter of credit collateral	16	100	292
Other		3,864	1,820
		11,852	12,478
Less: Current portion		(853)	(534)
		10,999	11,944

[a] Power supply agreement

On May 31, 2018, the Company entered into a contribution agreement with a Québec power supply company for power supply for twenty years and the construction of equipment to ensure the adequate connection of the Québec Facility to the electricity network. On August 19, 2019, the agreement was modified to include updated power specification needs and required a greater deposit and guarantee pursuant to the agreement, the Company deposited \$5,681 into an escrow account to complete the modified transaction.

[b] Investment in Califormulations

On April 18, 2019, the Company purchased 580,714 Class A units of Califormulations LLC (“Califormulations”), a US based beverage company, representing a 15% ownership in Califormulations, for total cash consideration of \$1,434. In accordance with the Company’s accounting policies, the investment met the criteria for initial recognition at fair value and subsequent recognition based on estimated discounted cash flows through fair value through profit and loss. In conjunction with the purchase, the Company issued a promissory note to Califormulations in the amount of \$1,451 to be used for working capital purposes and is included in other assets.

The Company recognized a loss in the change in fair value of its investment in Califormulations from its carrying value of \$2,774 (USD \$2.2 million) to \$1,272 (USD \$1.0 million) as at December 31, 2020.

12. LEASES

Below is a summary of the activity related to the Company’s lease liabilities:

	December 31, 2020	December 31, 2019
Opening Balance	\$ 3,545	\$ 1,731
Additions	2,889	2,143
Interest on lease liabilities	494	139
Interest payments on lease liabilities	(494)	(139)
Principal payments on lease liabilities	(525)	(319)
Extinguishment of lease liabilities	(315)	—
Foreign exchange differences	(24)	(10)
Closing Balance	\$ 5,570	\$ 3,545
Current portion lease liabilities	\$ 1,019	\$ 590
Long-term portion lease liabilities	\$ 4,551	\$ 2,955

The Company received certain rent deferrals arising from conditions created by COVID-19 from one of its landlords. The

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Company applied the practical expedient under IFRS 16 not to account for the rent deferral as a modification to the Company's lease liabilities, however the Company's lease obligation as at December 31, 2020 was updated to account for the deferral of certain rent payment obligations.

13. SHARE CAPITAL

[i] Authorized

An unlimited number of common shares.

[ii] Key Transactions in 2020

- a) On April 14, 2020, the Company issued a total of 6,025,042 common shares to a consultant of the Company to settle accounts payable of \$1,626.
- b) On April 17, 2020, the Company completed a bought deal financing of 20,536,700 units at a price of \$0.28 for aggregated proceeds of \$5,750. Each unit is comprised of one common share and one-half of one common share purchase warrant of the Company with value of the warrant being calculated using the Black Scholes valuation approach of \$0.04 per half warrant. Each full warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.38 for a period of 36 months from the date they were received on April 27, 2020. In addition, 1,232,202 broker warrants of the Company were issued to the underwrite in this bought deal; each broker warrant is exercisable at a price of \$0.38 per share for a period of 36 months from April 27, 2020 into one common share of the Company.
- c) On April 30, 2020, the Company issued a total of 833,333 common shares with a value of \$250 to a former employee in respect of severance.
- d) On June 12, 2020, the Company completed a bought deal financing of 43,125,000 units at a price of \$0.40 for aggregated proceeds of \$17,250. Each unit is comprised of one common share and one common share purchase warrant of the Company with value of the warrant being calculated using a market price approach of \$0.09 per warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.50 for a period of 48 months from the date they were received on June 12, 2020.
- e) On September 22, 2020, the Company issued 136,488 common shares to a vendor to settle accounts payable of \$60.
- f) On October 23, 2020, the Company completed a bought deal financing of 53,263,400 units at a price of \$0.24 for aggregated proceeds of \$12,783. Each unit is comprised of one common share and three quarters (3/4) of one common share purchase warrant of the Company with value of the warrant being calculated using a market price approach of \$0.04 per three quarters (3/4) warrant. Each full warrant entitles the holder to purchase one common share at an exercise price of \$0.30 for a period of 60 months from the date they were received on October 23, 2020. In addition, 3,195,804 broker warrants of the Company were issued to the underwrite in this bought deal; each broker warrant is exercisable at a price of \$0.30 per share for a period of 60 months from October 23, 2020 into one common share of the Company.
- g) On December 10, 2020, the Company completed a bought deal financing of 45,178,900 units at a price of \$0.28 for aggregated proceeds of \$12,650 as part of its \$50,000 Base Shelf Prospectus which was filed on November 27, 2020. Each unit is comprised of one common share and one common share purchase warrant of the Company with value of the warrant being calculated using a market price approach of \$0.04 per warrant. Each full warrant entitles the holder to purchase one common share at an exercise price of \$0.35 for a period of 60 months from the date they were received on December 10, 2020. In addition, 2,710,734 broker warrants of the Company were issued to the underwrite in this bought deal; each broker warrant is exercisable at a price of \$0.35 per share for a period of 60 months from December 10, 2020 into one common share of the Company.
- h) On December 24, 2020, the Company issued 2,703,525 common shares with a value of \$703 to former employees in respect of severance. In addition the Company signed an agreement to settle severance owing of \$404 in respect to a former employee via issuance of common shares whereby the Company issued 1,591,535 common shares on January 7, 2021.
- i) During the year ended December 31, 2020, a total of 847,600 common shares of the Company were issued as a result of previously issued and outstanding stock options of the Company that were exercised at a weighted average exercise price of \$0.50 per option, for aggregate gross proceeds of \$424 (year ended December 31, 2019 – 506,933 shares exercised at a weighted average exercise price of \$0.85 per option, for aggregate gross proceeds of \$430).
- j) During the year ended December 31, 2020, a total of 564,000 common shares of the Company were issued as a result of

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564,000 previously issued and outstanding warrants of the Company that were exercised at a weighted average exercise price of \$0.38 per option, for aggregate gross proceeds of \$214 (year ended December 31, 2019 – 5,455,567 warrants exercised at a weighted average exercise price of \$2.19 per warrant, for aggregate gross proceeds of \$11,963).

- k) During the year ended December 31, 2020, a total of 703,837 common shares of the Company were issued as a result of 703,837 previously issued and outstanding equity settled restricted share units (“RSU’s”) of the Company that were previously issued at a weighted average fair value of \$0.37 per RSU. There are no cash proceeds related to RSUs.
- l) During the year ended December 31, 2020, a total of 24,691 common shares of the Company were issued as a result of 24,691 previously issued and outstanding convertible share units of the Company that were previously issued at a fair value of \$4.05 per convertible share units. There are no cash proceeds related to convertible share units.

[iii] Key Transactions in 2019

- m) On December 19, 2019, the Company completed a bought deal financing of 36,800,000 units and 20,608,000 warrants at a price per unit of \$0.75 for aggregate gross proceeds of \$27,600. Each unit is comprised of one common share and one-half of one common share purchase warrant of the Company with the value of the warrant being detailed using a market price approach of \$0.08 per half warrant. Each full warrant entitles the holder to purchase one common share at an exercise price of \$1.00 for a period of 36 months from the date they were received.

14. CONTRIBUTED SURPLUS

[a] Share based payments

The Company’s Employee Stock Option Plan (the “ESOP”) is administered by the Board of Directors of the Company (the “Board of Directors”) which establishes exercise prices, at not less than the market price at the date of grant, and expiry dates, which have been set at three years from issuance. Options remain exercisable in increments with one third being exercisable on each of the first, second and third anniversaries from the date of the grant, except as otherwise approved by the Board of Directors. Under the ESOP, the Board of Directors may grant options, alone or in combination with other plans, of up to 10% of the common shares outstanding at the time of the grant for a term not exceeding five years. The exercise price of the options under the ESOP is fixed by the Board of Directors at the time of the grant at the market price of the common shares, subject to all applicable regulatory requirements. For the year ended December 31, 2020, the Company recorded \$3,176 in non-cash share-based compensation expense pursuant to the grant of stock options (year ended December 31, 2019 - \$14,074).

The following is a summary of the changes in the Company’s ESOP options:

	For the year ended December 31, 2020		For the year ended December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	17,897,599	3.24	12,430,732	2.83
Granted	15,021,000	0.31	7,172,000	3.73
Exercised	(847,600)	0.50	(506,933)	0.85
Cancelled/Expired	(7,731,598)	2.58	(1,198,200)	2.91
Outstanding, end of period	24,339,401	1.74	17,897,599	3.24
Exercisable, end of period	5,663,387	3.82	5,871,199	2.34

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Grant date	Options Outstanding #	Options Exercisable #	Exercise Price \$	Weighted Average remaining contractual life of outstanding options in years
January 8, 2018 - January 12, 2018	420,400	420,400	\$1.65	0.02 - 0.03
March 28, 2018	2,811,667	2,130,000	\$3.65	0.24
June 25, 2018 - December 14, 2018	1,456,667	1,110,001	\$3.08 - \$6.91	2.48 - 2.95
January 8, 2019 - August 21, 2019	4,738,667	1,764,660	\$2.67 - \$5.13	3.02 - 3.64
November 18, 2019	715,000	238,326	\$0.83	3.88
March 13, 2020 - December 21, 2020	14,197,000	-	\$0.26 - \$0.51	4.20 - 4.98
Balance, December 31, 2020	24,339,401	5,663,387		3.76

In determining the amount of share-based compensation, the Company uses the Black-Scholes option pricing model to establish the fair value as at the grant date of options granted. The fair value of stock options granted during the respective periods highlighted below was determined based on the following weighted average assumptions:

	Averages for the year ended December 31, 2020	Averages for the year ended December 31, 2019
Risk-free interest rate	0.36%	1.55%
Expected dividend yield	Nil	Nil
Expected annualized volatility	88.55%	83.04%
Expected life of options (years)	3.70	3.50
Black-Scholes value of each option	\$0.15	\$2.04

Volatility was estimated by using the historical volatility of the Company's common shares and other companies' shares that the Company considers comparable that have trading and volatility history. The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based upon the Canada government bonds with a remaining term equal to the expected life of the options.

[b] Reserve for warrants

The following table reflects the continuity of warrants:

	Number of warrants #	Weighted Average Exercise Price \$	Amount, net of warrant issue costs \$
Balance, December 31, 2019	91,855,628	4.02	64,415
Bought deal offering units	148,246,040	0.38	8,210
Issuance of warrants in connection with debt	6,500,000	0.38	1,743
Warrants exercised in the period	(564,000)	0.38	(34)
Warrants expired in the period	(15,222,613)	6.97	(8,223)
Balance, December 31, 2020	230,815,055	1.37	66,111

	Number of warrants #	Weighted Average Exercise Price \$	Amount, net of warrant issue costs \$
Balance, January 1, 2019	69,759,127	5.07	62,801
Bought deal offering units	20,608,000	1.00	3,103
Issuance of warrants in connection with debt	7,000,000	1.00	758
Warrants exercised in the period	(5,455,567)	2.19	(2,229)
Expiry of warrants in the period	(55,932)	2.15	(18)
Balance, December 31, 2019	91,855,628	4.02	64,415

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As at December 31, 2020, the following warrants were outstanding:

Expiry Date	Exercise Price \$	Number of Warrants #
February 28, 2021	3.00	34,477,515
April 19, 2021	9.00	12,592,500
June 26, 2021	9.50	1,955,000
December 19, 2022	1.00	20,607,500
April 1, 2023	0.39	3,000,000
April 13, 2023	0.39	1,500,000
April 27, 2023	0.38	10,938,052
May 27, 2024	0.50	500,000
June 12, 2024	0.50	45,712,500
October 23, 2025	0.30	43,142,354
November 2, 2025	0.30	8,500,000
December 10, 2025	0.35	47,889,634
		230,815,055

[c] Restricted share units

Under the Company’s Original Restricted Share Unit Plan (“Original RSU Plan”), restricted share units may be granted up to a fixed maximum of 5,000,000 common shares, which entitle the holder to receive one common share without payment of additional consideration at the end of the restricted period, as determined by the Board of Directors at the time of the grant. The RSU’s vest in tranches based on certain performance conditions being met, with share-based compensation expense being recognized from grant to the expected performance completion date. On December 15, 2020, the Company’s shareholders approved an Amended and Restated Restricted Share Unit Plan (“New RSU Plan”) at the Company’s Annual General and Special Meeting (“AGSM”) which increased the fixed maximum reserve from 5,000,000 common shares to 10,000,000 common shares.

At December 31, 2020, 1,243,845 (December 31, 2019 – 54,348) shares of the Company were reserved for issuance under the RSU Plan. For the year ended December 31, 2020, the Company recorded an expense of \$309, in non-cash stock-based compensation related to the RSU Plan compensation (year ended December 31, 2019 - \$108).

	December 31, 2020		December 31, 2019	
	Number of Units	Weighted Fair Value	Number of Units	Weighted Fair Value
Outstanding - beginning of period	54,348	2.76	—	-
Granted	2,600,000	0.27	54,348	2.76
Exercised	(703,837)	0.37	—	-
Forfeited	(706,666)	0.27	—	-
Outstanding, end of period	1,243,845	0.33	54,348	2.76

The accounting fair value of the equity settled RSUs as at the grant date is calculated using the number of RSU’s expected to be earned multiplied by the grant date fair market value of a share of the Company’s stock. Each reporting period, the number of RSU’s that are expected to be earned is re-determined and the “fair value” of these RSU’s is amortized over the remaining requisite period less amounts previously recognized.

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[d] Employee Stock Purchase Plan

On December 15, 2020, at the AGSM, the Company's shareholders approved an Amended and Restated Employee Stock Purchase Plan ("New ESPP Plan") which created a reserve of 3,000,000 shares that may be issued from treasury. As at December, 31, 2020, no securities were issued from treasury under this plan.

15. SUPPLEMENTARY CASH FLOW INFORMATION

The changes in non-cash working capital items are as follows:

	For the year ended	
	December 31, 2020	December 31, 2019
Prepaid expenses	\$ 5,087	\$ (4,861)
Refundable sales taxes receivable	8,393	4,779
Accounts receivable	(8,535)	(289)
Capitalized cost of biological assets	5,565	499
Inventory	(13,003)	(5,148)
Deferred financing costs	(1)	—
Other current assets	(169)	(3,012)
Other assets	(1,431)	(2,138)
Accounts payable and accrued liabilities	4,152	4,956
Deferred revenue	150	—
Total	\$ 208	\$ (5,214)

16. COMMITMENTS AND CONTINGENCIES

The Company has the following estimated gross contractual obligations as at December 31, 2020, which are expected to be payable in the following respective periods:

	Carrying amount	Contractual cash flows - 12 months ending						Thereafter
		Total	December 2021	December 2022	December 2023	December 2024	December 2025	
	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	24,453	24,453	24,453	-	-	-	-	-
Loans	40,755	51,537	51,537	-	-	-	-	-
Lease liabilities	5,570	8,894	1,073	1,009	865	828	730	4,389
Contingent consideration payable	39	57	-	57	-	-	-	-
Total contractual obligations	70,817	84,941	77,063	1,066	865	828	730	4,389

[a] Construction agreements

The Company entered into contracts to facilitate the construction of its facilities in Hamilton, Ontario and Salaberry-de-Valleyfield, Québec with various vendors. Pursuant to some of these agreements, as at December 31, 2020, the Company has letters of credit in the amount of \$585 which may be drawn upon in the event of material breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates ("GIC") securing the letters as collateral. The Company has pledged corresponding GICs as collateral, which has been recorded in other assets. As at December 31, 2020, there have been no material breaches as defined by the agreements and no amounts have been drawn on the letters of credit.

The Company entered into escrow agreements in prior years with its construction partners in Ontario and in Québec and as such \$8,578 was included in restricted cash at December 31, 2019. During the year ended December 31, 2020, the Company paid \$8,359 to the construction partners leaving a balance of \$219 in restricted cash as at December 31, 2020 related to its construction partners.

[b] Other contractual commitments

The lease for the office space of the Company's headquarters required the issuance of a letter of credit in the amount \$350,

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which may be drawn upon by the landlord in the event of a material breach of the agreement. As at December 31, 2020, there have been no breaches and no amounts have been drawn upon this letter of credit.

The Company has also entered into certain agreements for equipment and services that allow for deferred payment terms and/or the inclusion of permitted subordinated liens on personal property, per the Senior Loan agreement, associated with the equipment located at both the Hamilton and the Quebec facilities should there be any material breaches of the agreements. As at December 31, 2020, there have been no breaches of the respective agreements.

[c] Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to defend itself vigorously against all legal claims. The Company is subject to certain employment related claims by former employees for which provisions in accounts payable and accrued liabilities have been recognized only to the extent that they are likely to result in future economic outflows. The Company has also been subject to a claim by former warrant holders for approximately \$1,250 and a separate claim for a customer in Europe for approximately \$2,100. No provision in relation to these claims has been recognized as the Company estimates that it is more likely than not that a present obligation does not exist that will result in a payment to be made by the Company for these claims. On August 3, 2020 the Company was named as a defendant in a litigation matter commenced in the United States District Court for the Middle District of Georgia relating to its minority investment in a US based beverage incubation business, seeking, among other things, unquantified compensatory damages and injunctive relief. No provision in relation to this claim has been recognized as the Company estimates that it is more likely than not that a present obligation does not exist that will result in a payment to be made by the Company for this claim and the Company intends to vigorously defend the matter. Other than the claims previously described, the Company is not aware of any other material or significant claims against the Company.

17. INCOME TAXES

Income tax expense (recovery) varies from the amount that would be computed by applying the basic federal and provincial tax rates to loss before income taxes, shown as follows:

	For the year ended	
	December 31, 2020	December 31, 2019
Expected tax rate	26.50%	26.50%
	\$	\$
Expected tax benefit resulting from loss	(48,589)	(52,050)
Permanent differences	4,271	7,645
Changes in deferred tax benefits not recognized	47,094	44,435
Differences from statutory tax rate	256	38
Non-taxable foreign exchange	8	(88)
Deferred financing through equity	(1,971)	—
Other	(1,293)	(646)
Income tax recovery	(224)	(666)

The following income tax expense (recovery) has been recognized for accounting purposes:

	December 31, 2020	December 31, 2019
	\$	\$
Current income tax expense (recovery)	—	(346)
Deferred income tax recovery	(224)	(320)
Income tax recovery	(224)	(666)

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Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of asset and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended December 31, 2020 are as follows:

	Opening Balance	Recognized in Equity	Recognized in Other Comprehensive Loss	Recognized in Profit and Loss	Closing Balance
	\$	\$	\$	\$	\$
Deferred tax assets					
Non-capital losses	22,233	—	—	12,659	34,892
Depreciation on property, plant and equipment	32,267	—	—	30,702	62,969
Contingent Reserves	115	—	—	(105)	10
Financing Costs	3,045	1,971	—	(700)	4,316
Investments	—	—	—	627	627
Other	271	—	—	(257)	14
Deferred tax liabilities					
Intangible assets	(1,823)	—	—	882	(941)
Unrealized gain on biological assets	(606)	—	—	(525)	(1,131)
Long term liabilities	(1,079)	—	—	494	(585)
Deferred tax assets not recognized	(55,451)	(1,971)	—	(43,553)	(100,975)
Net deferred tax liability	(1,028)	—	—	224	(804)

The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended December 31, 2019 are as follows:

	Opening Balance	Recognized in Equity	Recognized in Other Comprehensive Loss	Recognized in Profit and Loss	Closing Balance
	\$	\$	\$	\$	\$
Deferred tax assets					
Non-capital losses	8,937	—	—	13,296	22,233
Depreciation on property, plant and equipment	583	—	—	31,684	32,267
Contingent Reserves	115	—	—	—	115
Financing Costs	1,742	776	—	527	3,045
Other	143	—	2	126	271
Deferred tax liabilities					
Intangible assets	(3,006)	—	85	1,098	(1,823)
Unrealized gain on biological assets	(134)	—	—	(472)	(606)
Long term liabilities				(1,079)	(1,079)
Deferred tax assets not recognized	(9,815)	(776)	—	(44,860)	(55,451)
Net deferred tax liability	(1,435)	—	87	320	(1,028)

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The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset, which have not been recognized are approximately as follows:

	December 31, 2020	December 31, 2019
	\$	\$
Non-capital losses	130,530	83,898
Financing costs	13,441	5,335
Property, plant and equipment	234,361	120,919
Other	2,366	—

The non-capital losses of \$131,943 are expected to start expiring as follows:

Year	Non-Capital Losses
	\$
2024	1,807
2025	22
2029	1,445
2036	127,604
Indefinitely	1,065
	131,943

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

[a] Fair values

The Company's financial instruments were comprised of the following as at December 31, 2020: cash and cash equivalents; restricted cash; refundable sales tax receivable; trade receivables; due from related parties; certain other investments; certain other current assets; accounts payable and accrued liabilities; loans and contingent consideration.

The fair values of the financial assets and financial liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instruments recorded at amortized costs that the instruments' fair values approximate their carrying amounts is largely due to the short-term maturities of these instruments.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the year ended December 31, 2020, there were no transfers of amounts between levels (year ended December 31, 2019 – none).

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[c] Management of risks arising from financial instruments

[i] Market risk

All foreign currencies shown in this note are also presented in thousands.

Foreign currency risk

Foreign currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at December 31, 2020, a portion of the Company's financial assets and liabilities held in US dollars ("USD"), Polish Zloty ("PLN") and European Euros ("EUR") which consisted of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities, lease liabilities, loans, and other assets. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company is exposed to currency risk in other comprehensive income, relating to foreign subsidiaries which operating in a foreign currency. The Company has not used foreign exchange contracts to hedge its exposure to foreign currency cash flows for the year ended December 31, 2020 or December 31, 2019 as management has determined that this risk was not significant. The Company is exposed to unrealized foreign exchange risk through its accounts payable and accrued liabilities. As at December 31, 2020, a 10% change in the foreign exchange rate would result in an unrealized gain or loss of approximately \$457 (December 31, 2019 - \$1,617).

Interest rate risk

The Company's exposure to interest rate risk relates to any investments of surplus cash as the Company's debt is fixed at a prescribed rate. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at December 31, 2020, the Company had term deposits of \$585 bearing interest between 0.80% and 1.00% (December 31, 2019 - \$2,000, bearing interest between 1.60% and 3.05%). The Company also has \$219 in restricted cash held in trust related to the Quebec Facility construction projects and earning a conventional rate of interest from a reputable top tier Canadian bank as well as \$403 in a separate account related to the Credit Facility.

[ii] Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and cash equivalents, trade receivable, refundable sales tax receivable, due from related parties, prepaids and deposits, and other assets represents the maximum exposure to credit risk as at December 31, 2020. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into sales contracts with stable, creditworthy parties and through frequent reviews of exposures to individual entities.

The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date and credit worthiness. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. During the year ended December 31, 2020, the Company wrote off \$694 of accounts receivable for which it had previously recognized a provision for expected credit losses in the prior year due to it being considered uncollectible thus no current impact to the statement of loss and comprehensive loss (year ended December 31, 2019 - \$nil). Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of loss and comprehensive loss. As at December 31, 2020, the Company's trade receivables are primarily concentrated in Canada with the exception of \$972 in Europe. The Company had two customers whose balances individually were greater than 10% of total trade receivables as at December 31, 2020 (December 31, 2019 - one customer).

The following tables set forth details of trade receivables, including aging of trade receivables, as well as amounts and related allowance for doubtful accounts:

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	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	\$	\$
Total trade receivables	10,023	2,254
Less allowance for expected credit losses	—	(766)
Total trade receivables, net	10,023	1,488
Of which		
Current	6,182	1,053
31-90 days	3,784	372
Over 90 days	57	829
Less allowance for expected credit losses	—	(766)
Total trade receivables, net	10,023	1,488

[iii] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements in relation to its current cash balances, maturity schedules and internal budgets. Refer to Note 16 – Commitments and Contingencies and Note 2[ii] – Going concern.

19. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base to maintain investor, creditor and supplier confidence and to sustain future development of the business and provide the ability to continue as a going concern (See Note 2[ii] – Going Concern). Management defines capital as the Company's shareholders' equity and loans. The Board of Directors of the Company does not establish quantitative return on capital criteria for management but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders. As at December 31, 2020, total managed capital was comprised of share capital and loans of \$509,134 (December 31, 2019 - \$446,084), contributed surplus of \$108,874 (December 31, 2019 - \$95,763), and reserve for foreign translations of \$255 (December 31, 2019 – \$2,241). There were no changes in the Company's approach to capital management during the year ended December 31, 2020 (year ended December 31, 2019 – no changes).

20. OPERATING EXPENSES

Sales and marketing expenses included the following items:

	Year ended	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Personnel costs	\$ 2,760	\$ 2,907
Third party marketing expenses	3,009	6,542
Travel and promotion expenses	197	880
Strategic partnership payments	3,181	2,831
Other marketing expenses	301	121
	9,448	13,281

Research and development expenses included the following items:

	Year ended	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Personnel costs	\$ 1,015	\$ 1,313
Product development	228	602
Travel related expenses	50	102
Other research and development expenses	102	254
	1,395	2,271

General and administrative expenses included the following items:

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	Year ended	
	December 31, 2020	December 31, 2019
Personnel costs	\$ 10,054	\$ 14,998
Office and other administrative expenses	7,915	14,207
Third party professional, consulting, legal fees	5,927	12,974
Computer and IT expenses	1,128	1,981
Termination benefits	1,027	—
	<u>26,051</u>	<u>44,160</u>

The following table presents stock-based compensation, depreciation and amortization by function:

	Year ended	
	December 31, 2020	December 31, 2019
Cost of sales related to inventory production	\$ 5,799	\$ 3,542
Sales and marketing expenses	827	2,023
Research and development expenses	438	1,025
General and administrative expenses	5,029	11,935

As described in Note 3(t), during the year ended December 31, 2020, the Company received benefits under the CEWS program and recognized the benefit against the related personnel costs which amounted to \$987, of which, \$96 related to sales and marketing expenses, \$45 related to research and development expenses and \$342 in general and administrative expenses. The remainder of the benefits were allocated to inventory production related personnel. No benefits were received during the year ended December 31, 2019.

21. RELATED PARTIES

Key Management Personnel

Key management personnel compensation comprised the following:

	Transactions for the year ended		Outstanding balances payable as at	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Compensation	1,997	4,352	91	131
Share-based payments	1,777	9,339	-	-
	<u>3,774</u>	<u>13,691</u>	<u>91</u>	<u>131</u>

There were no purchases or repayments to related parties during the current period.

All outstanding balances with these related parties were conducted at the exchange amount. None of the balances are secured. No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received by related parties other than QuebecCo's participation in the senior secured credit facility agreement.

22. EVENTS AFTER THE REPORTING PERIOD

- a) On January 1, 2021, the Company amalgamated its QuebecCo entity with Medican.
- b) Subsequent to December 31, 2020, the following transactions occurred affecting the Company's share capital and warrants:
 - i. The Company issued 14,341,958 common shares under its ATM Prospectus Supplement filed on December 2, 2020 for gross proceeds of \$7,893. Under this specific prospectus supplement, the Company is permitted to raise up to \$15,000.

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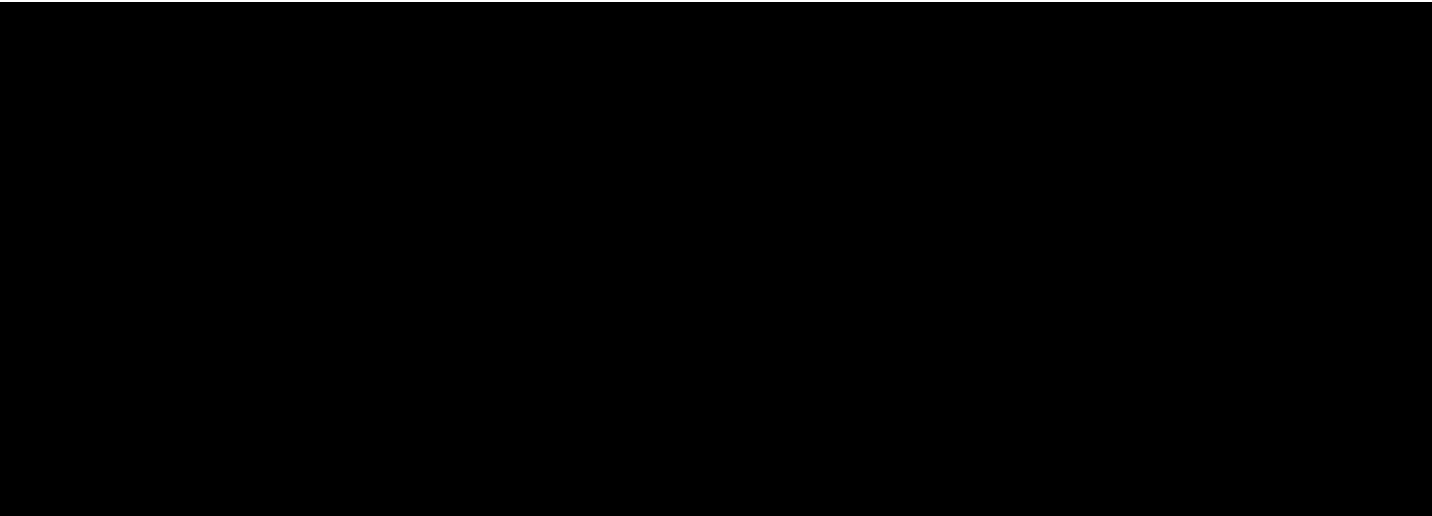
- ii. The Company issued 24,197,600 common shares as a result of warrant exercises for gross proceeds of \$7,559 in February 2021.
- iii. The Company issued 1,591,535 common shares to settle severance owing to a former employee as described in Note 13(h).
- iv. On February 28, 2021, 34,477,515 warrants of the Company, each exercisable at \$3.00 per common share, expired.
- v. On March 2, 2021, the Company cancelled 1,643,548 restricted shares and 2,390,939 contingent consideration shares pursuant to an agreement with the holder.

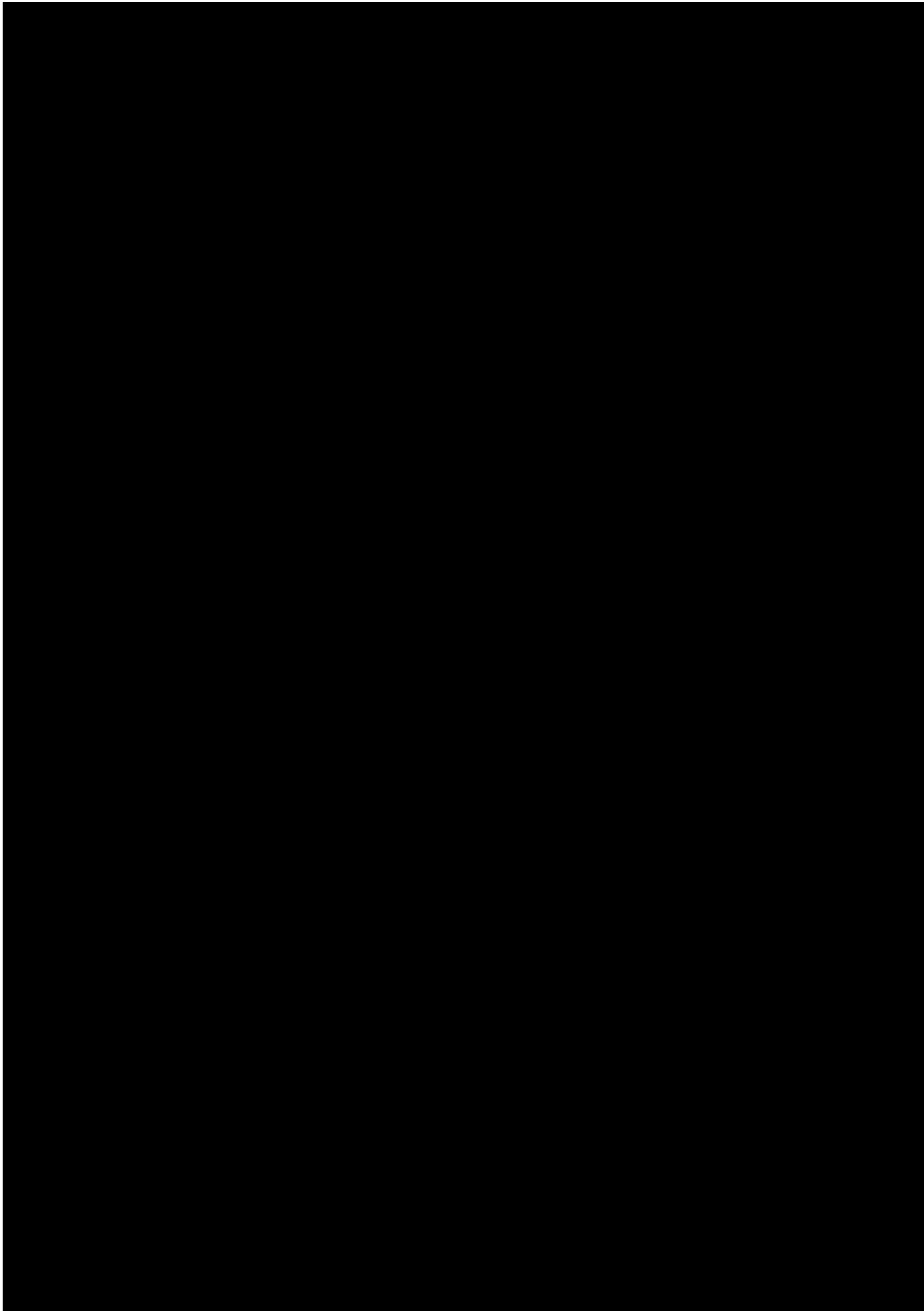
**Exhibit "T" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

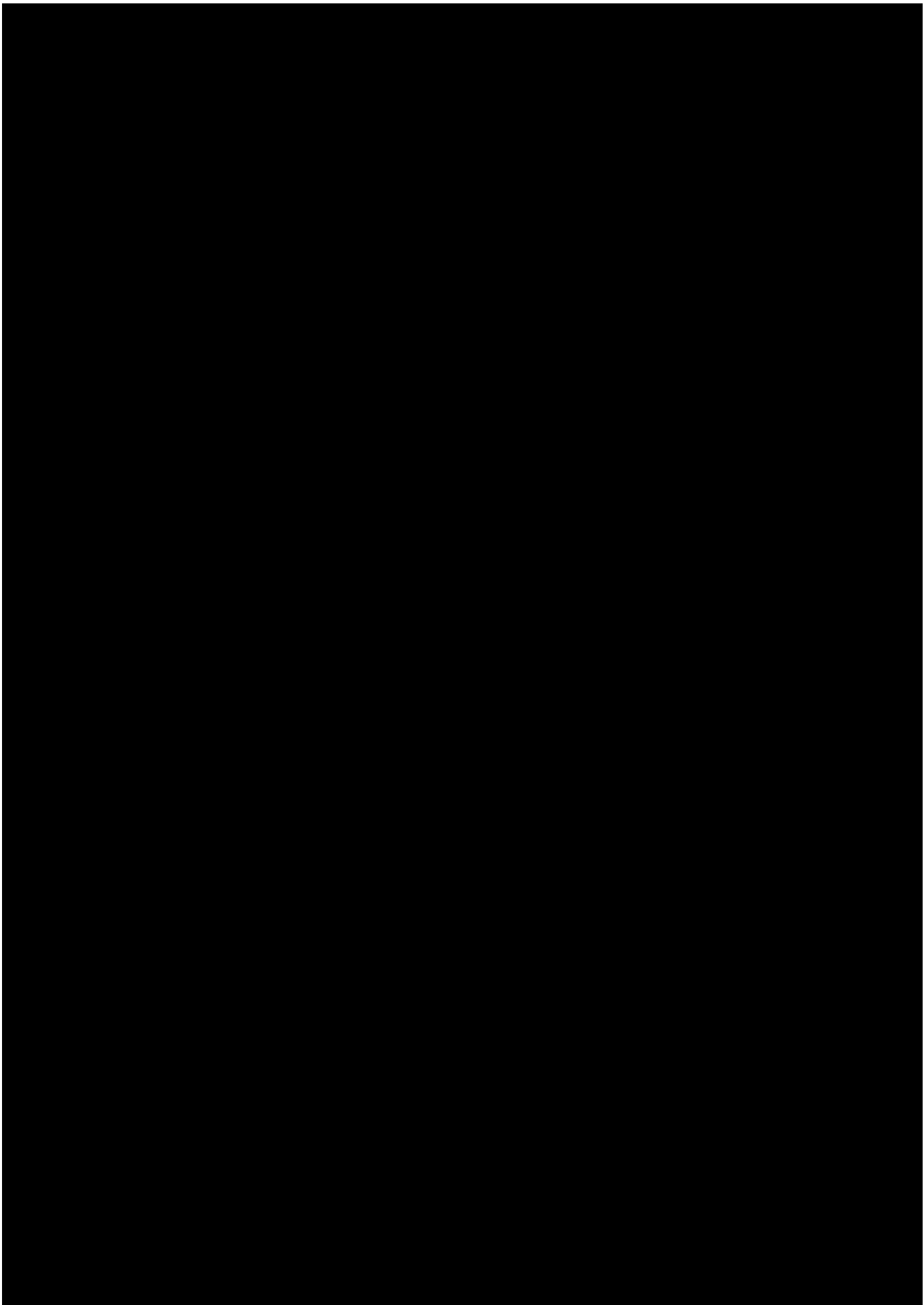
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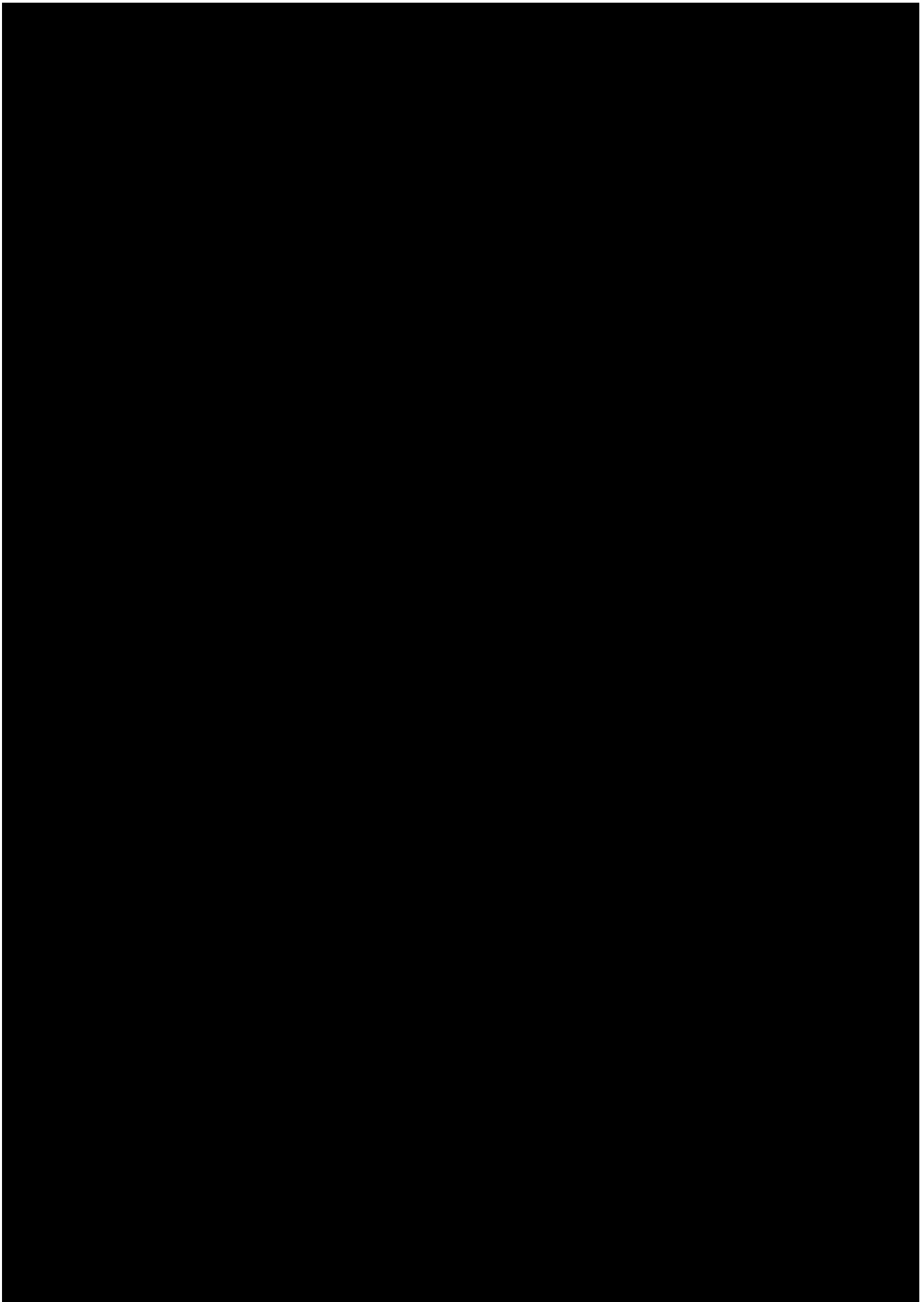
TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

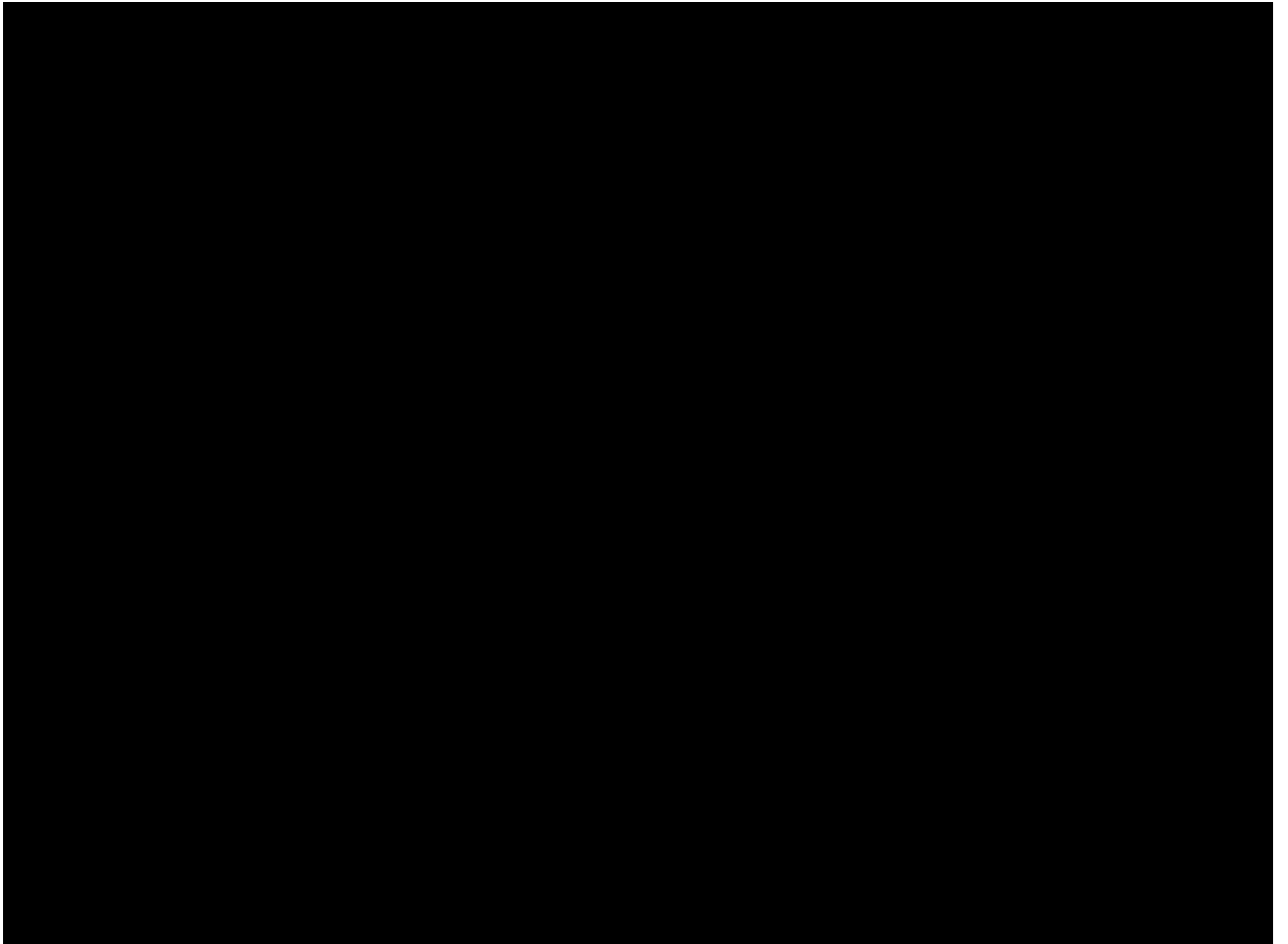


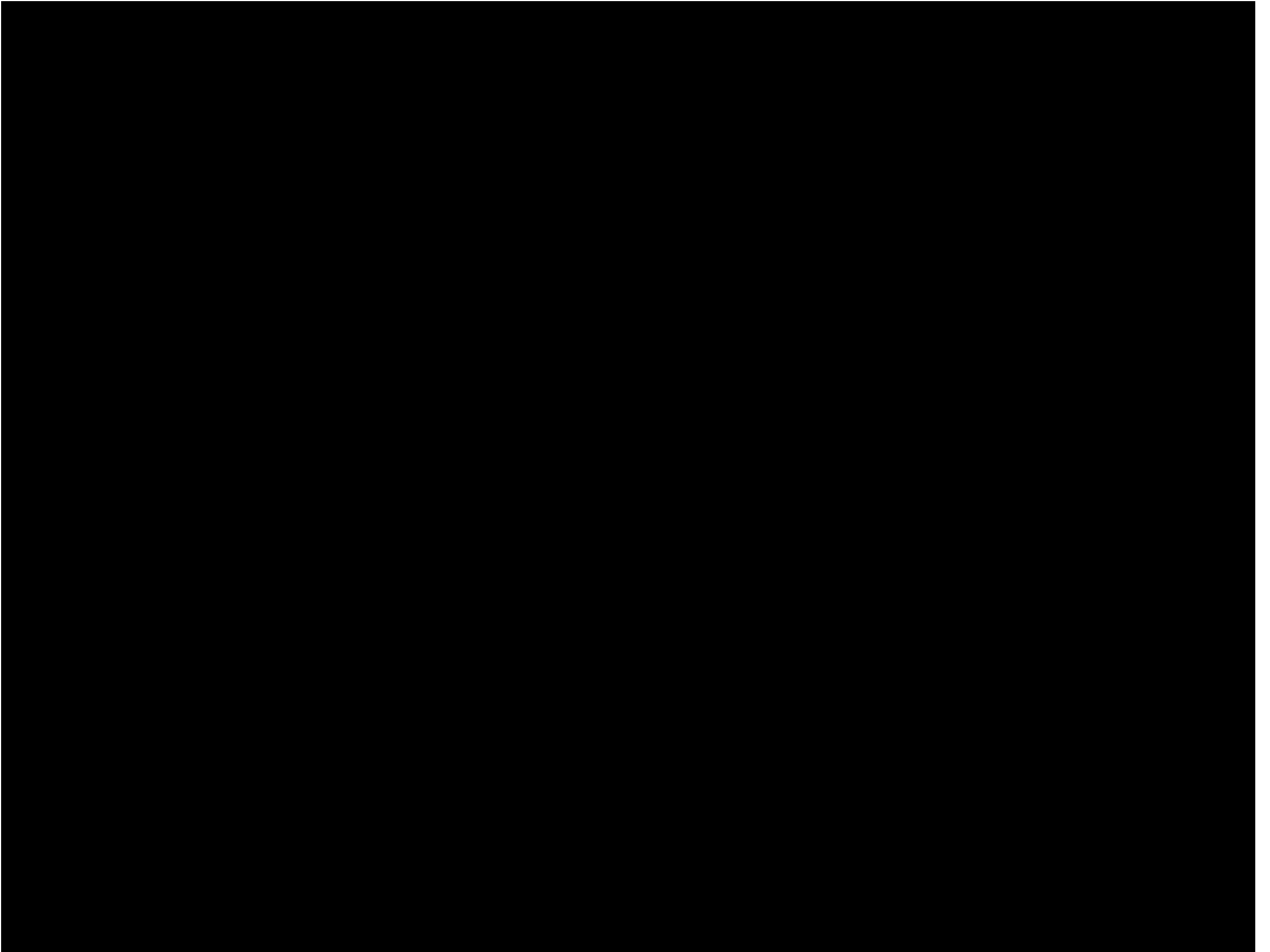


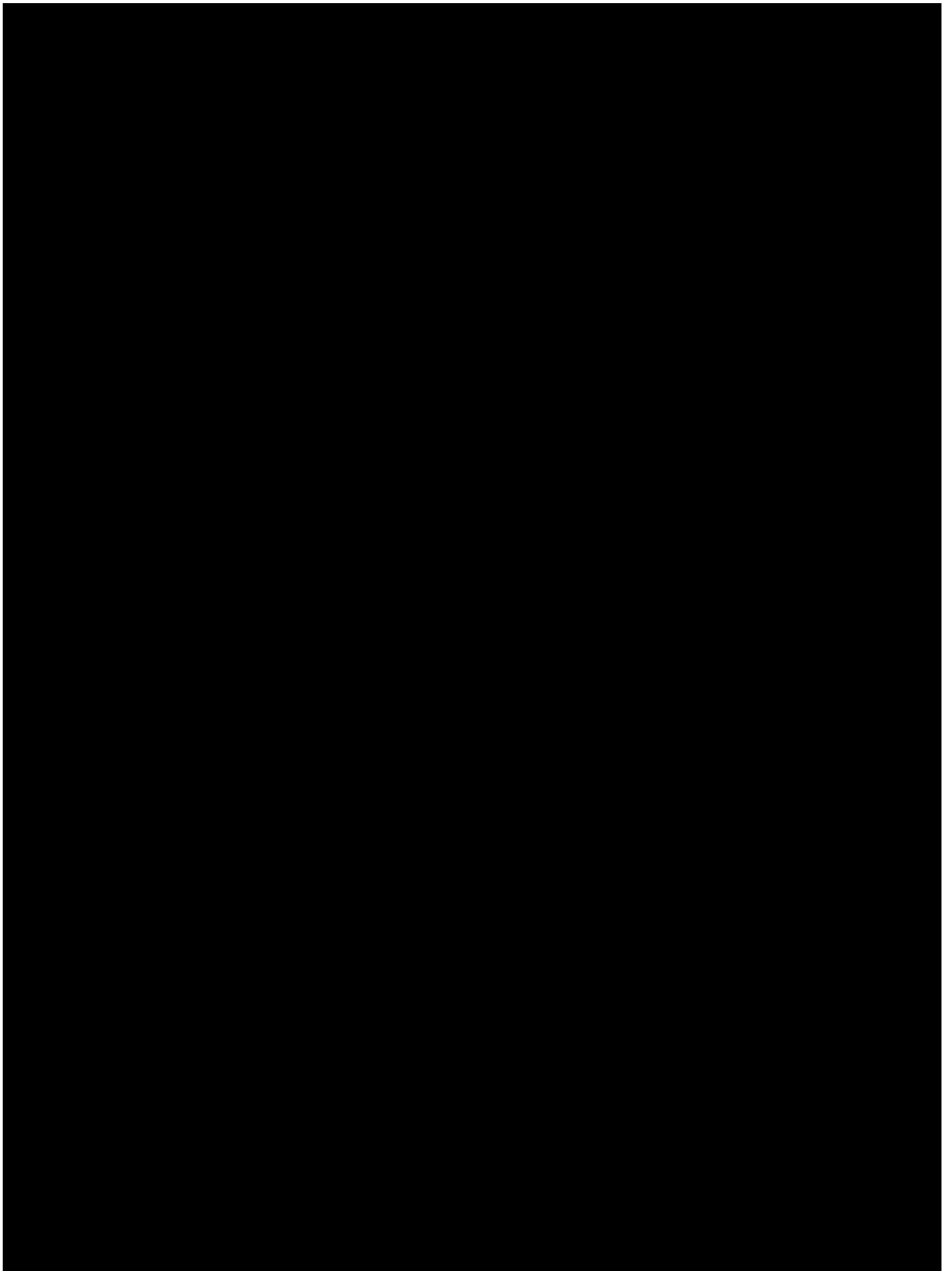


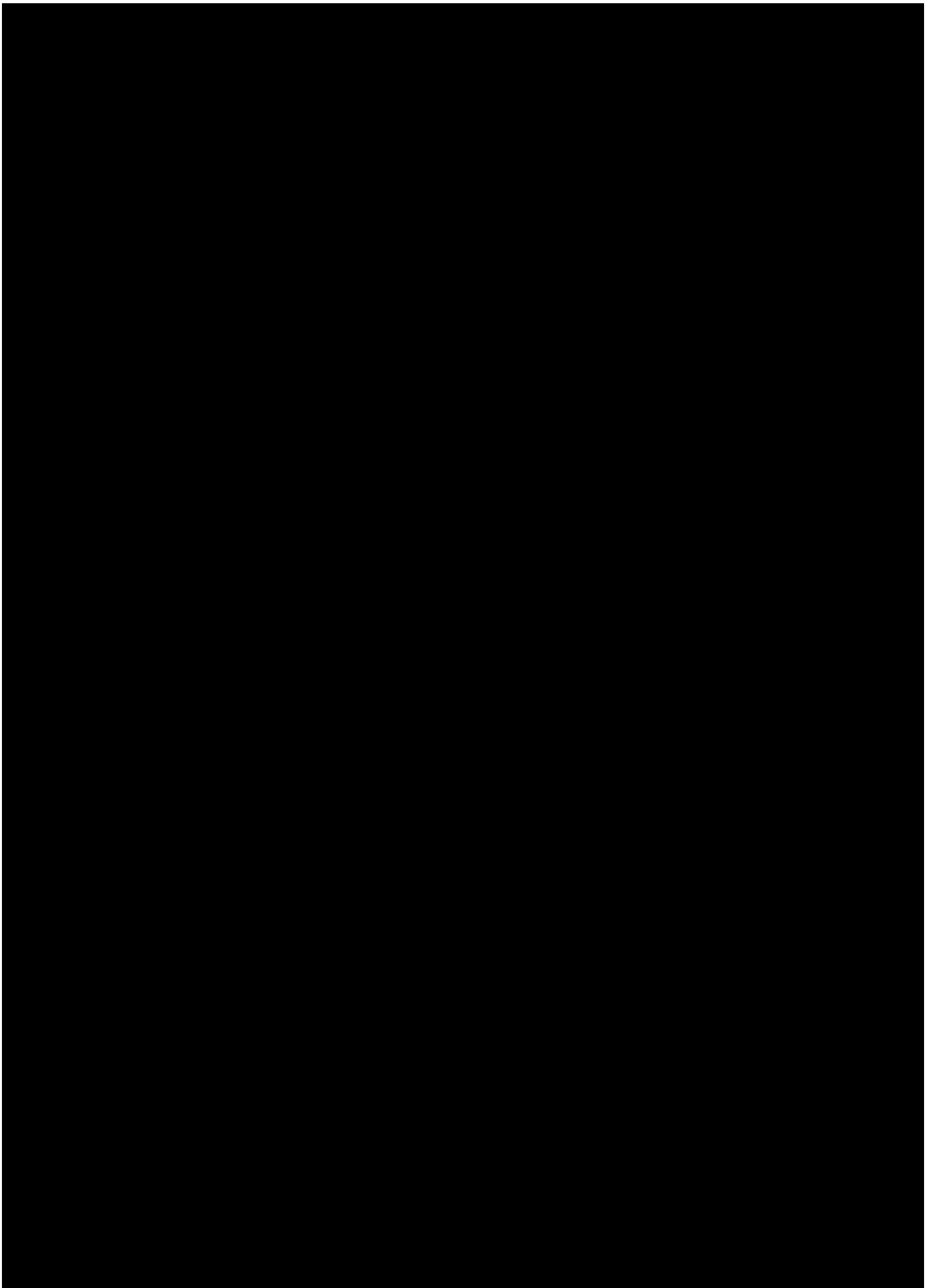


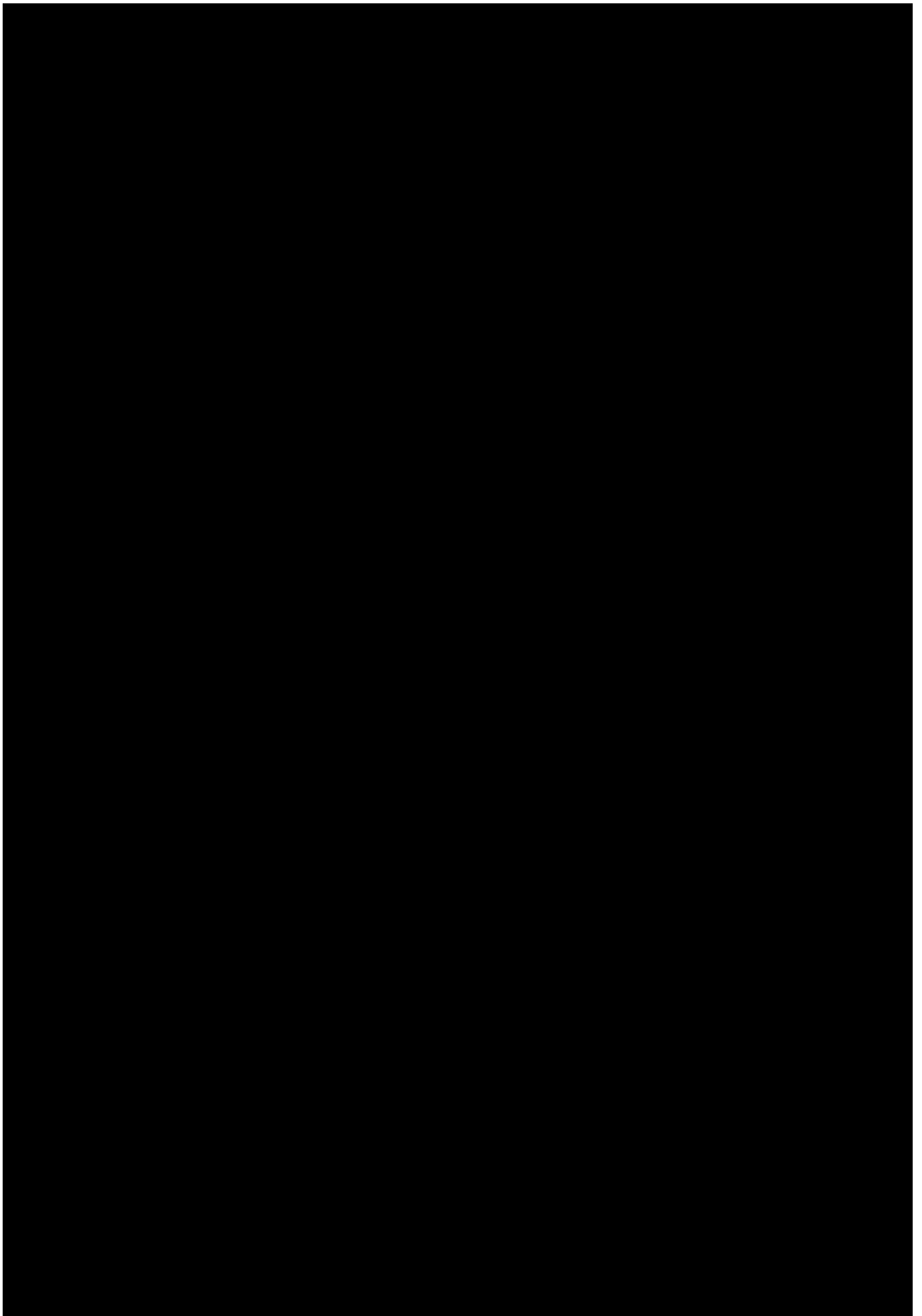


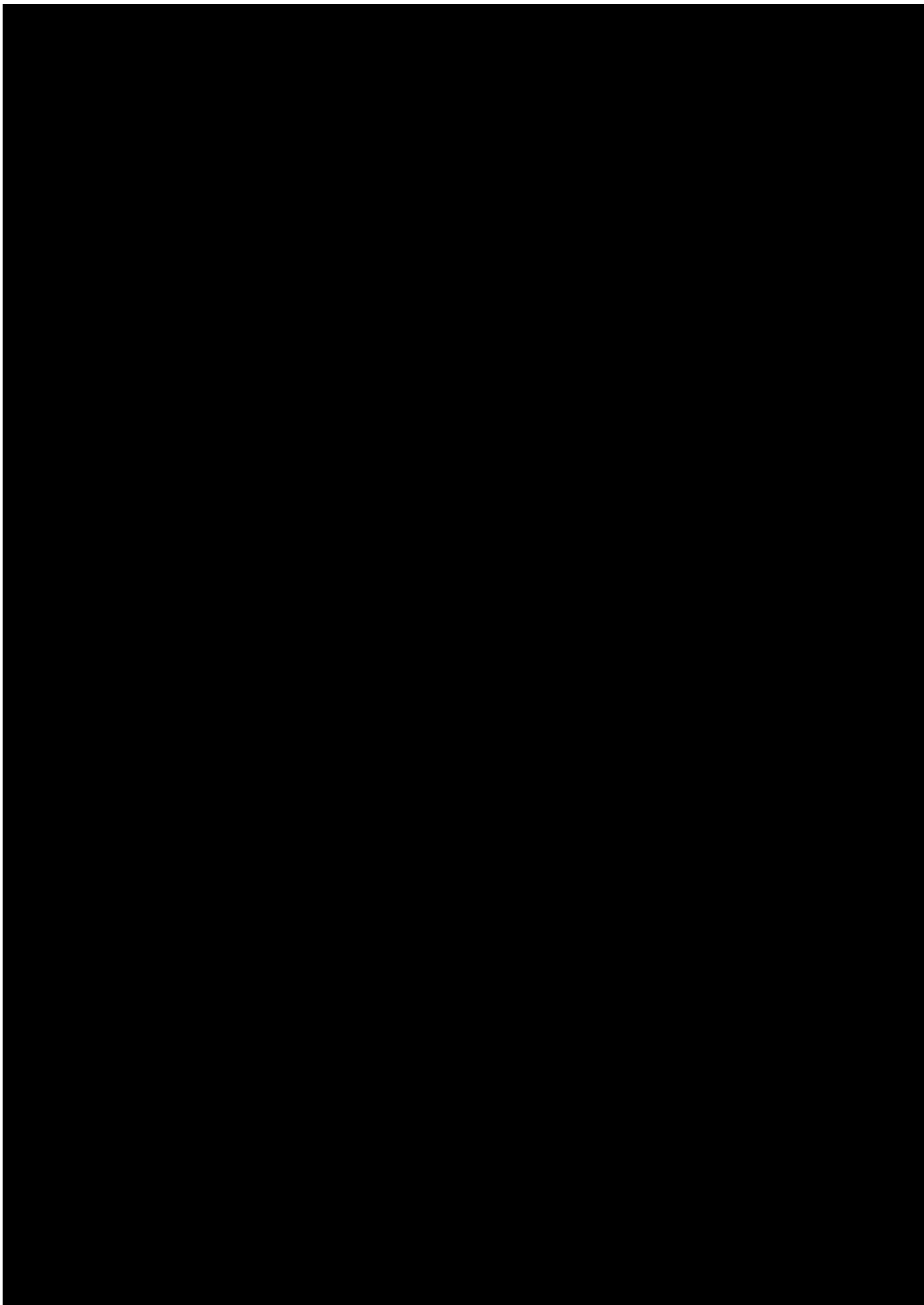


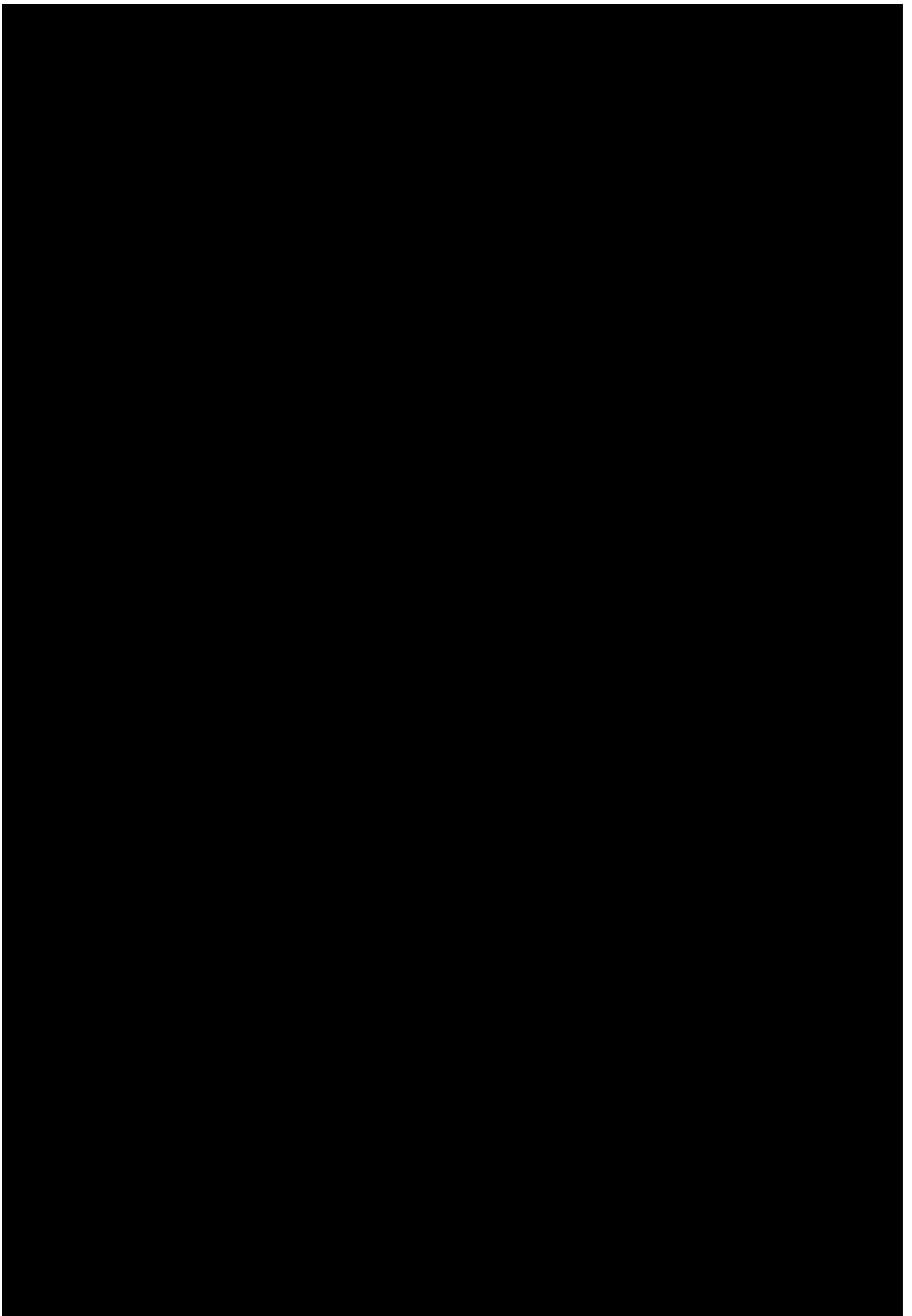


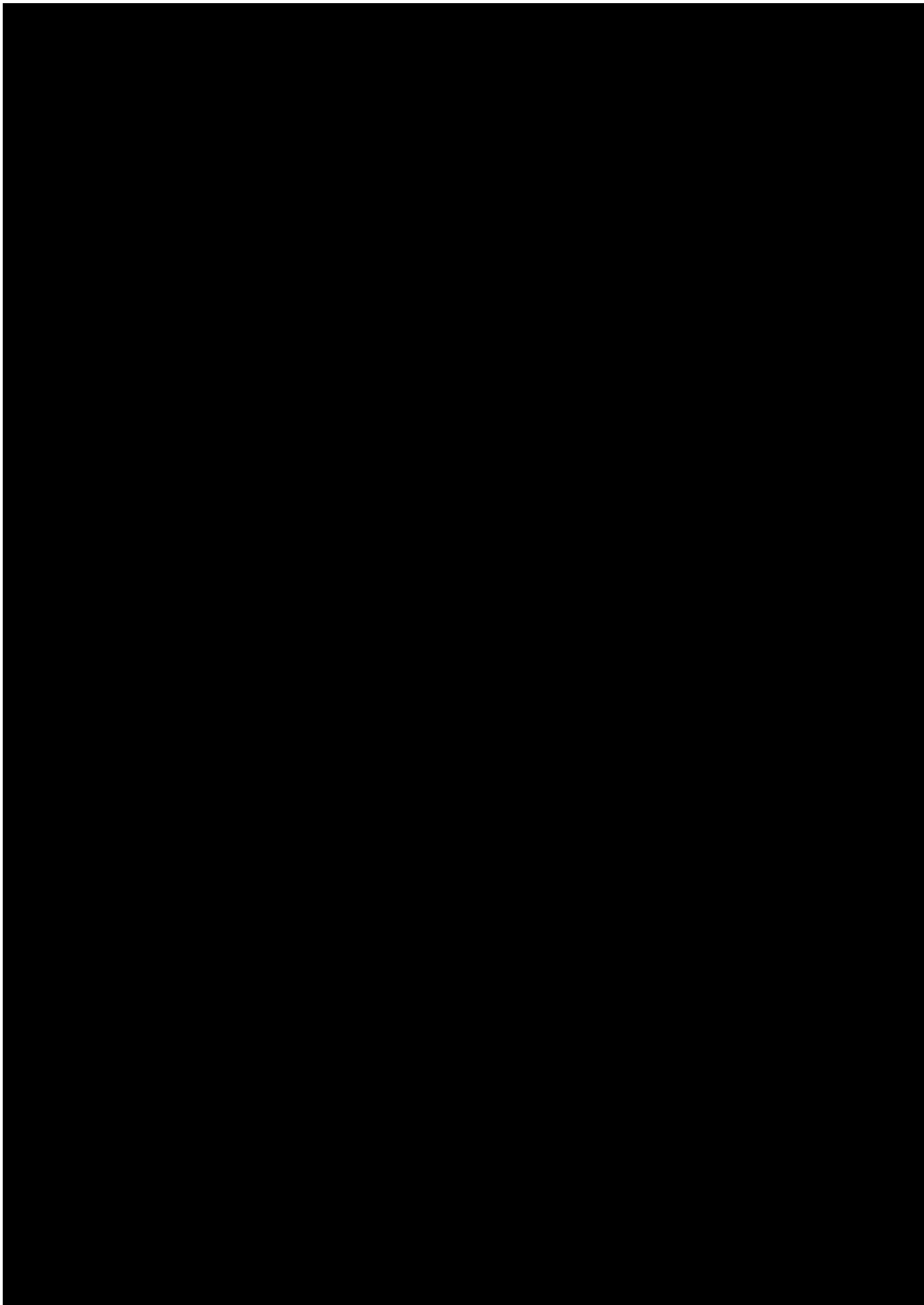


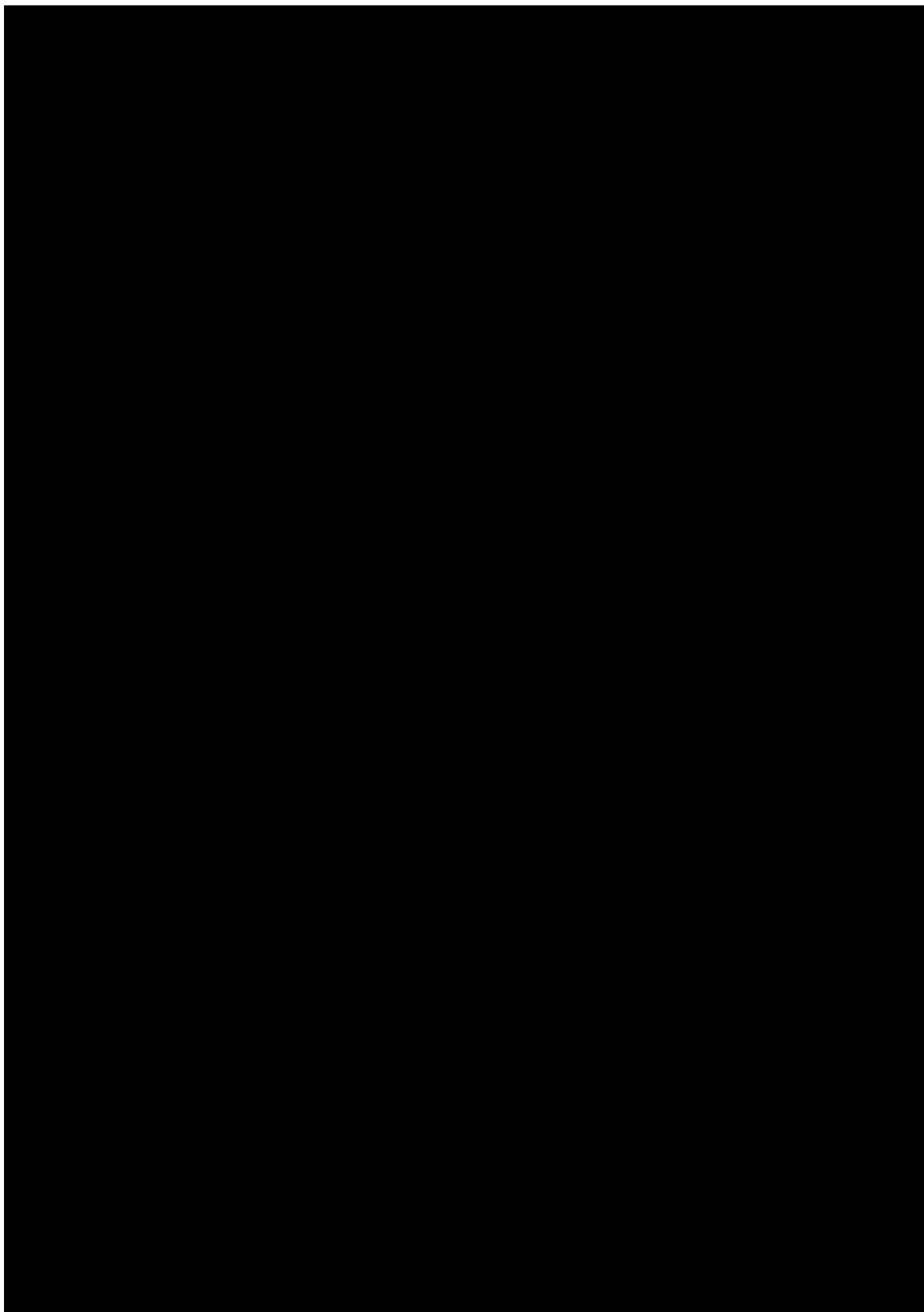


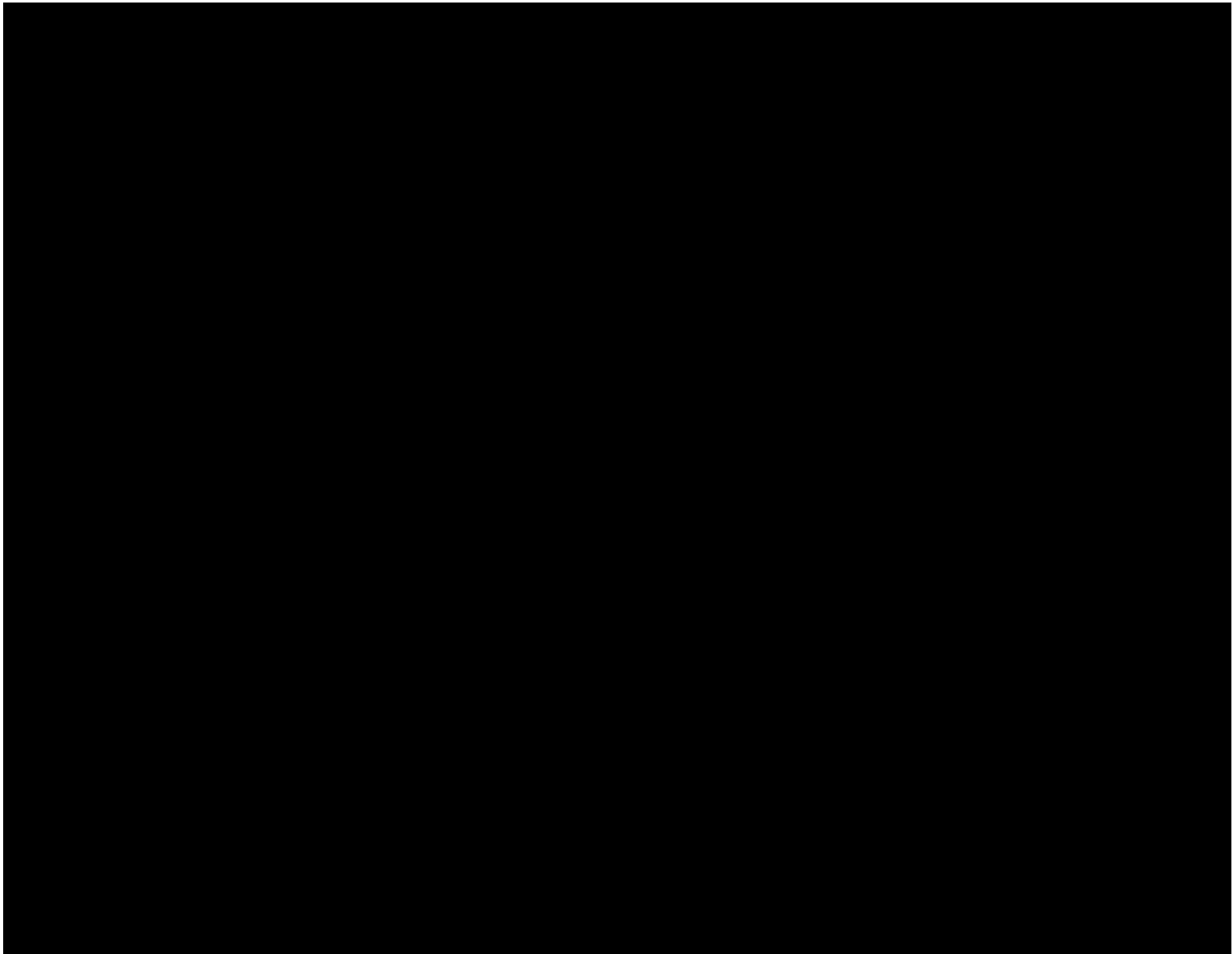


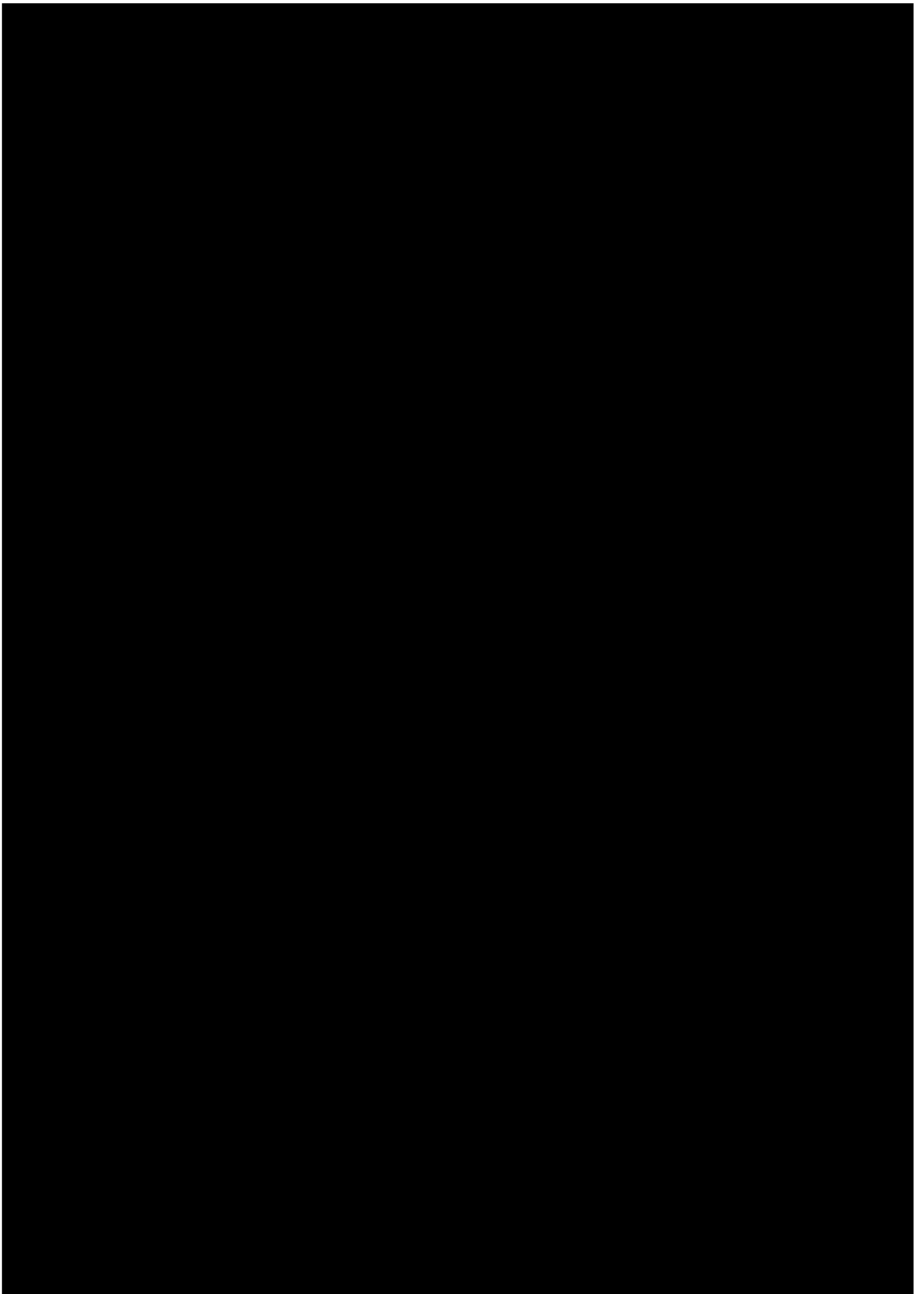


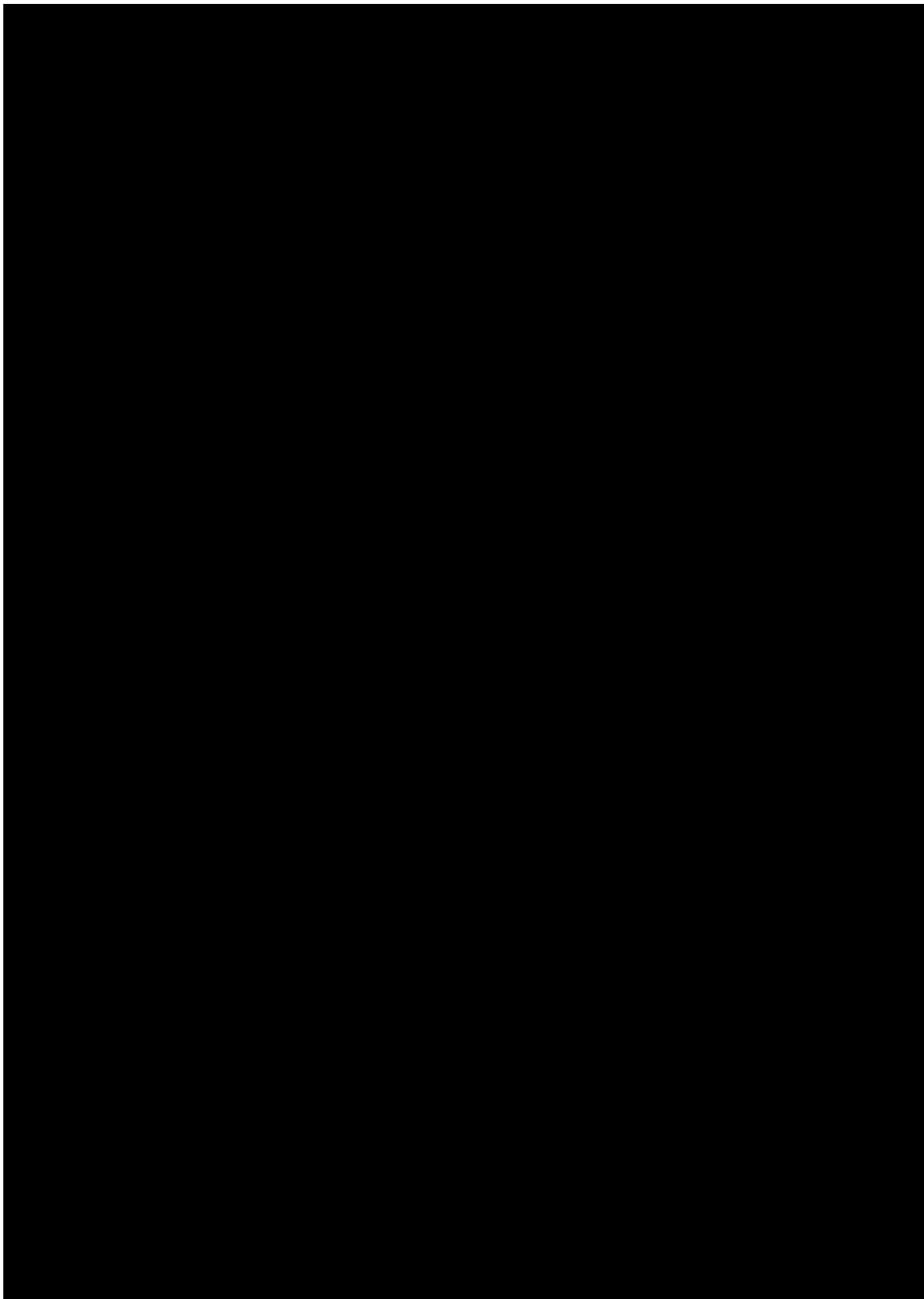


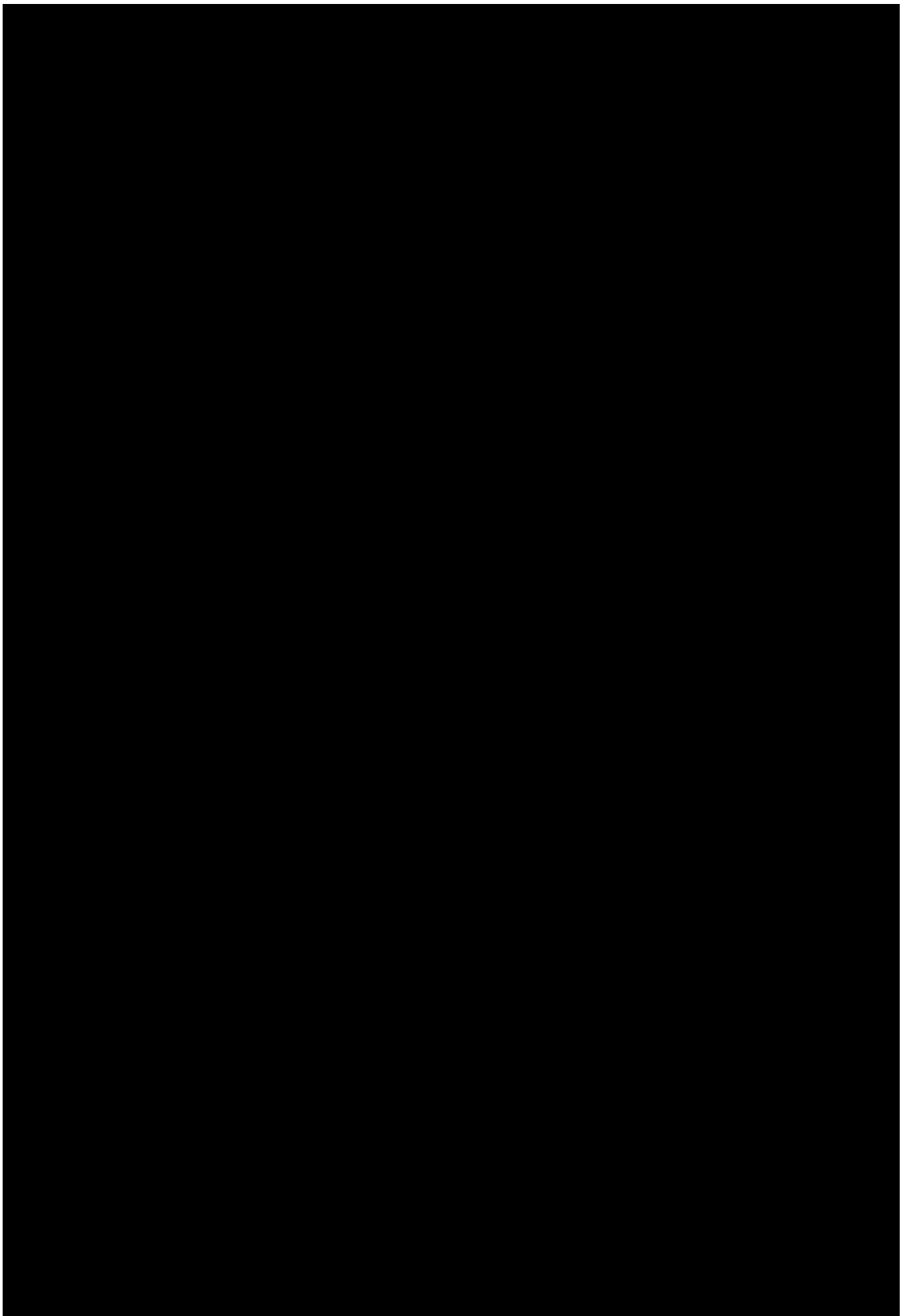


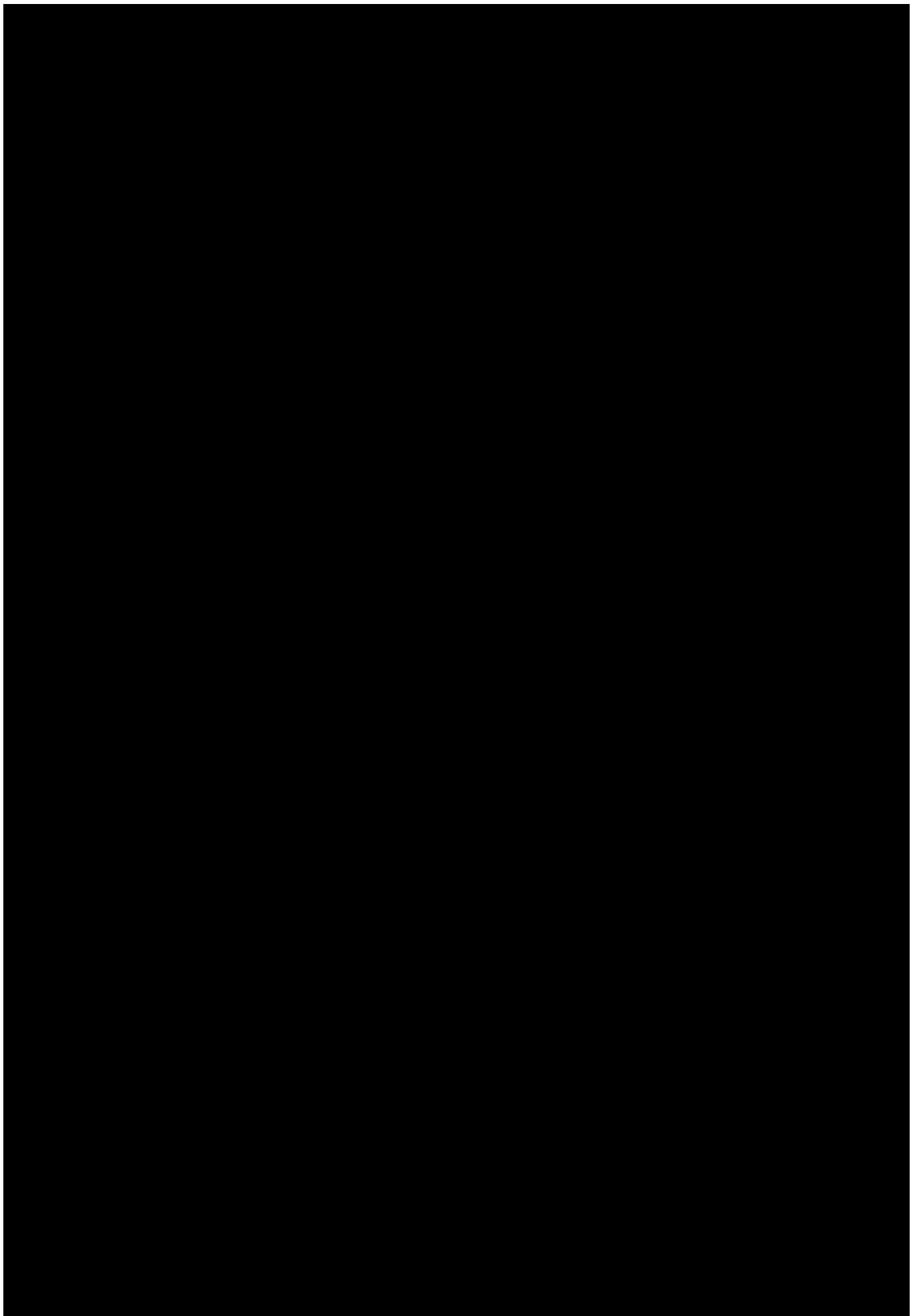


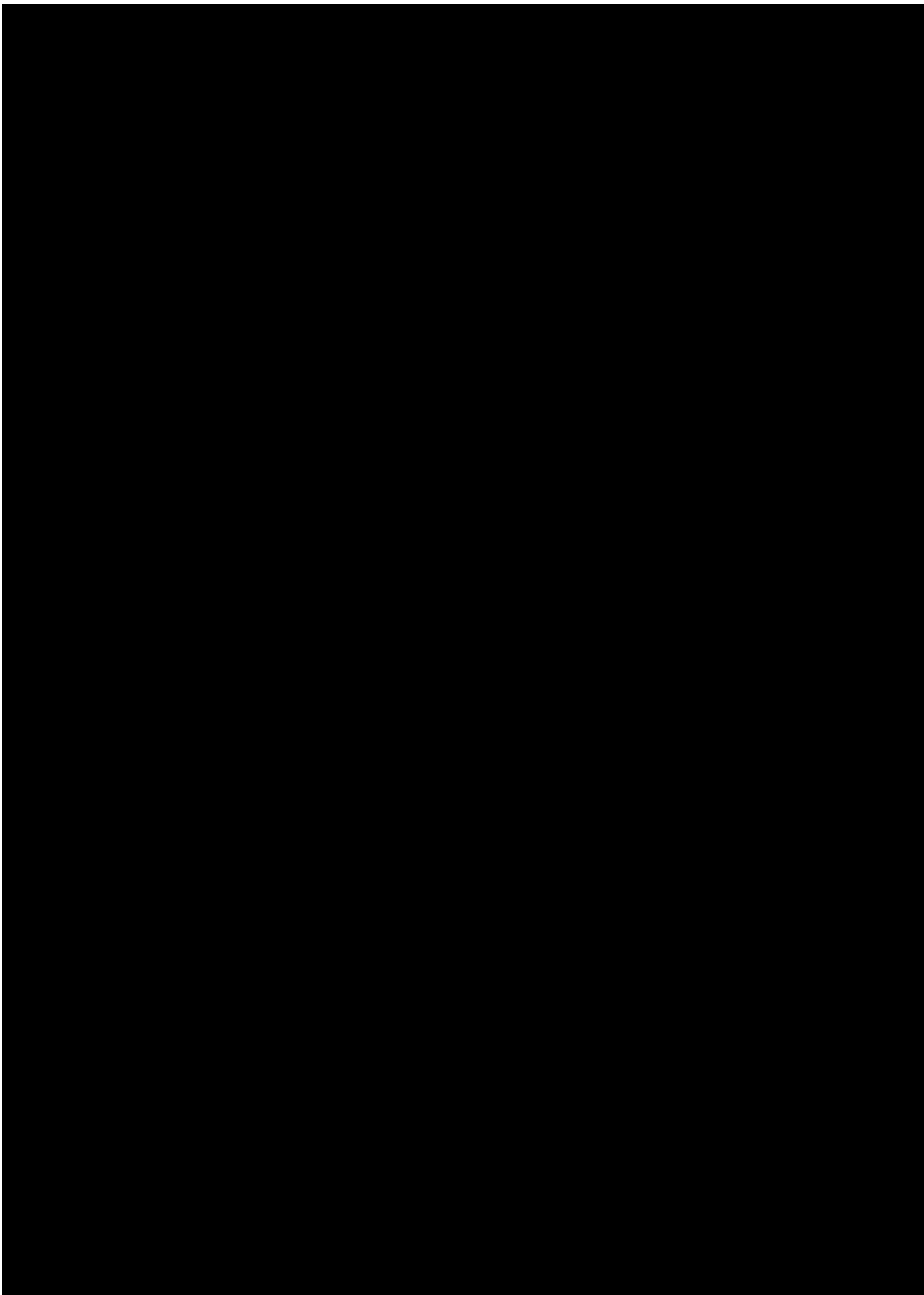


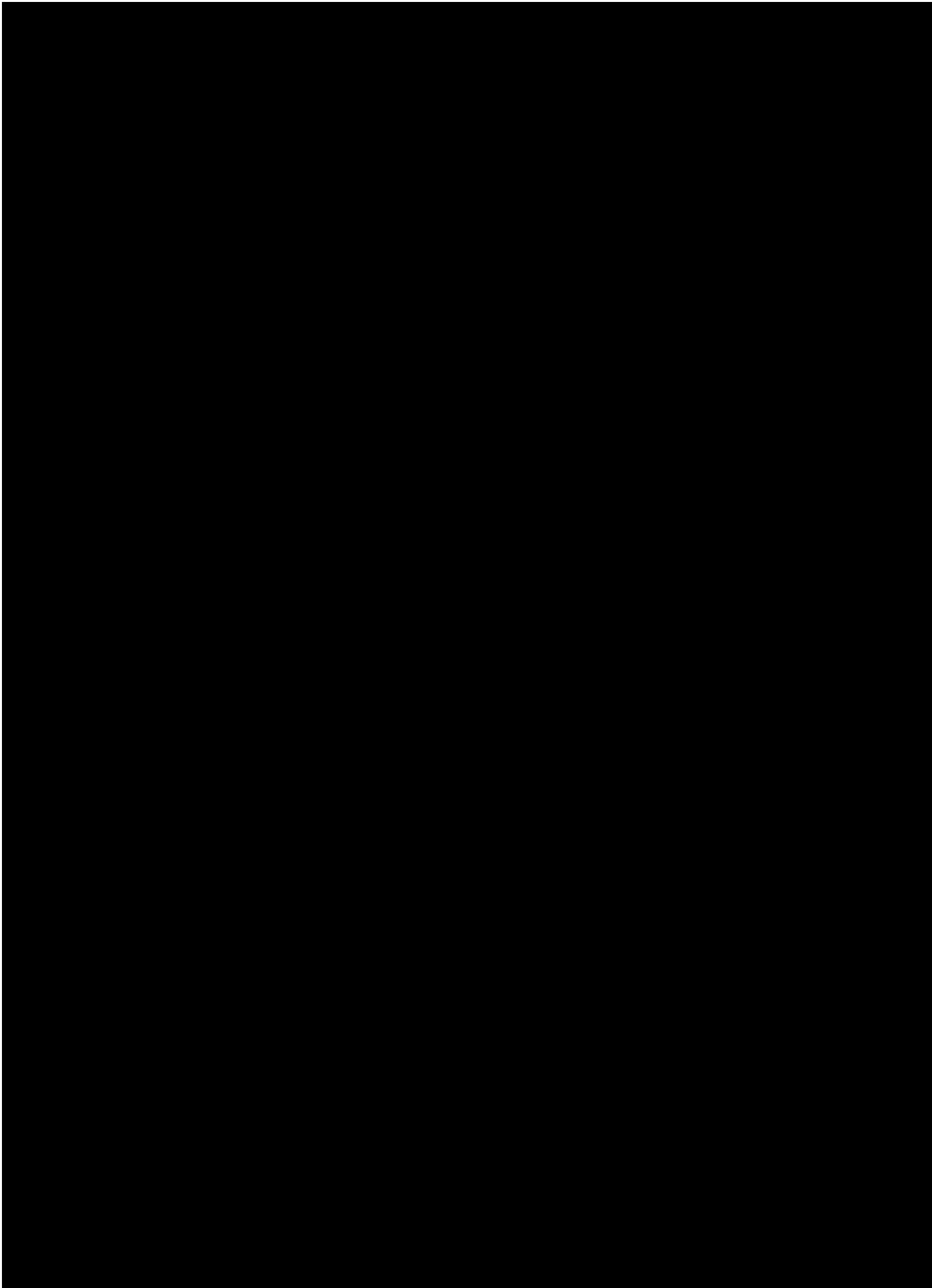


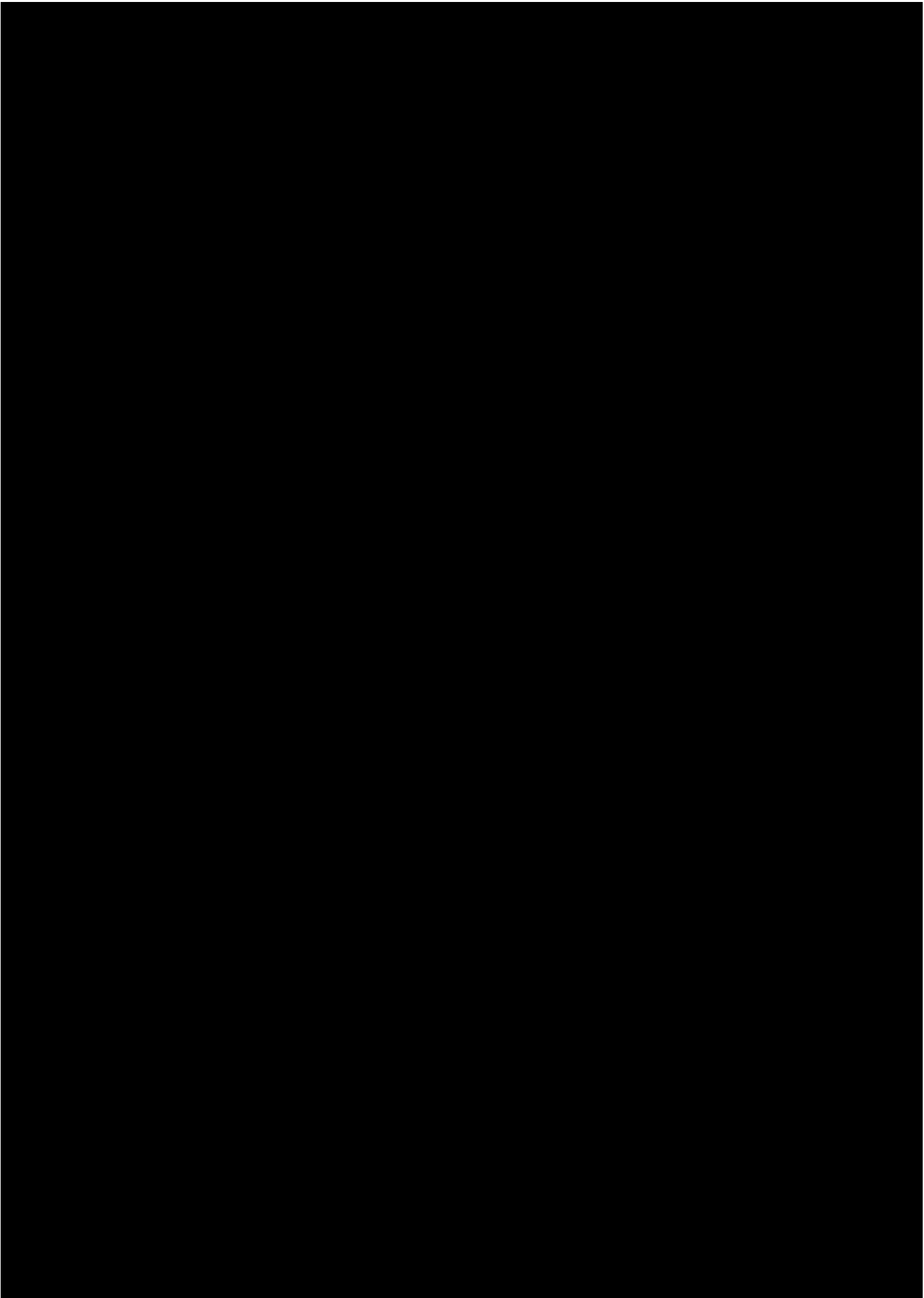


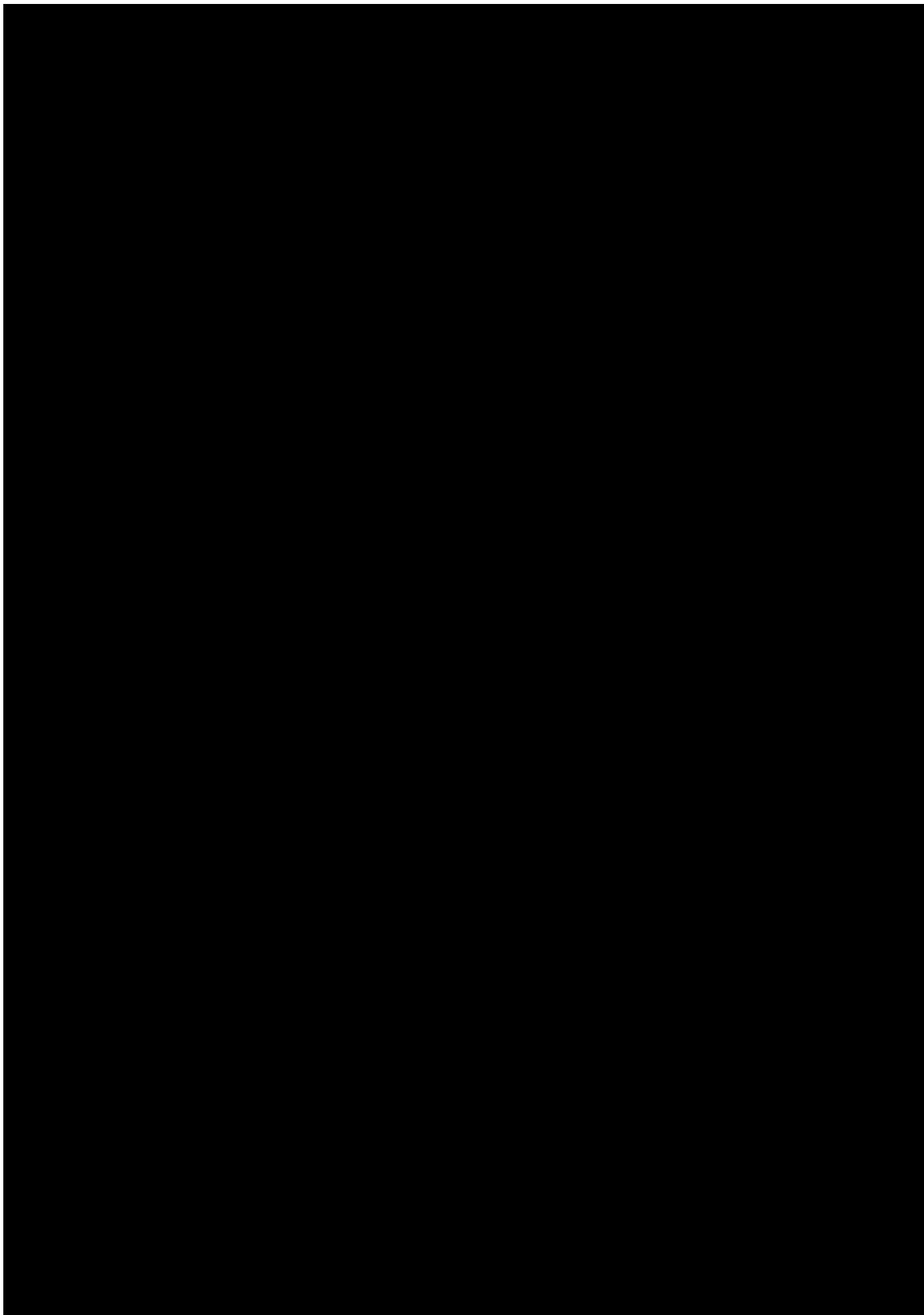


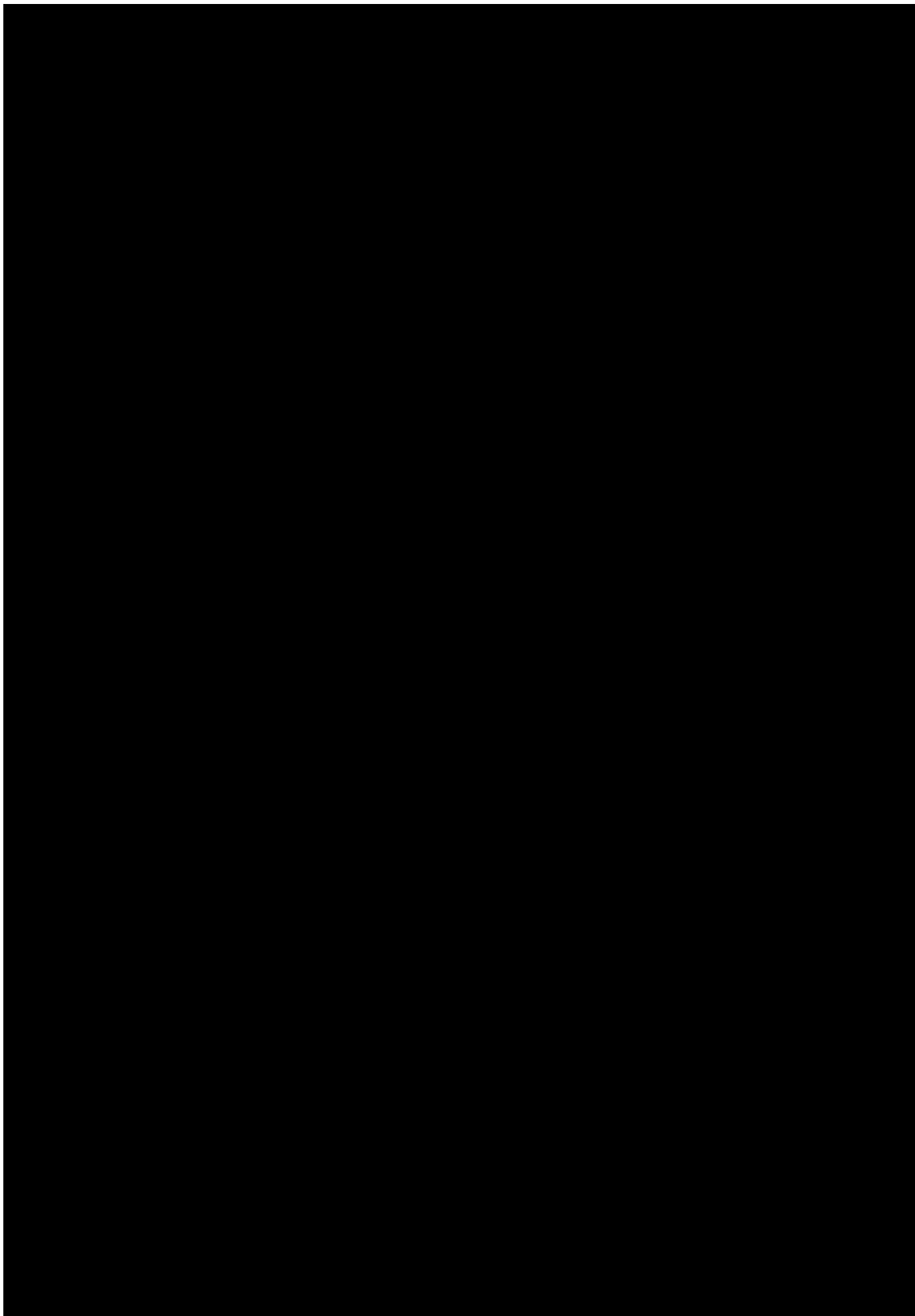


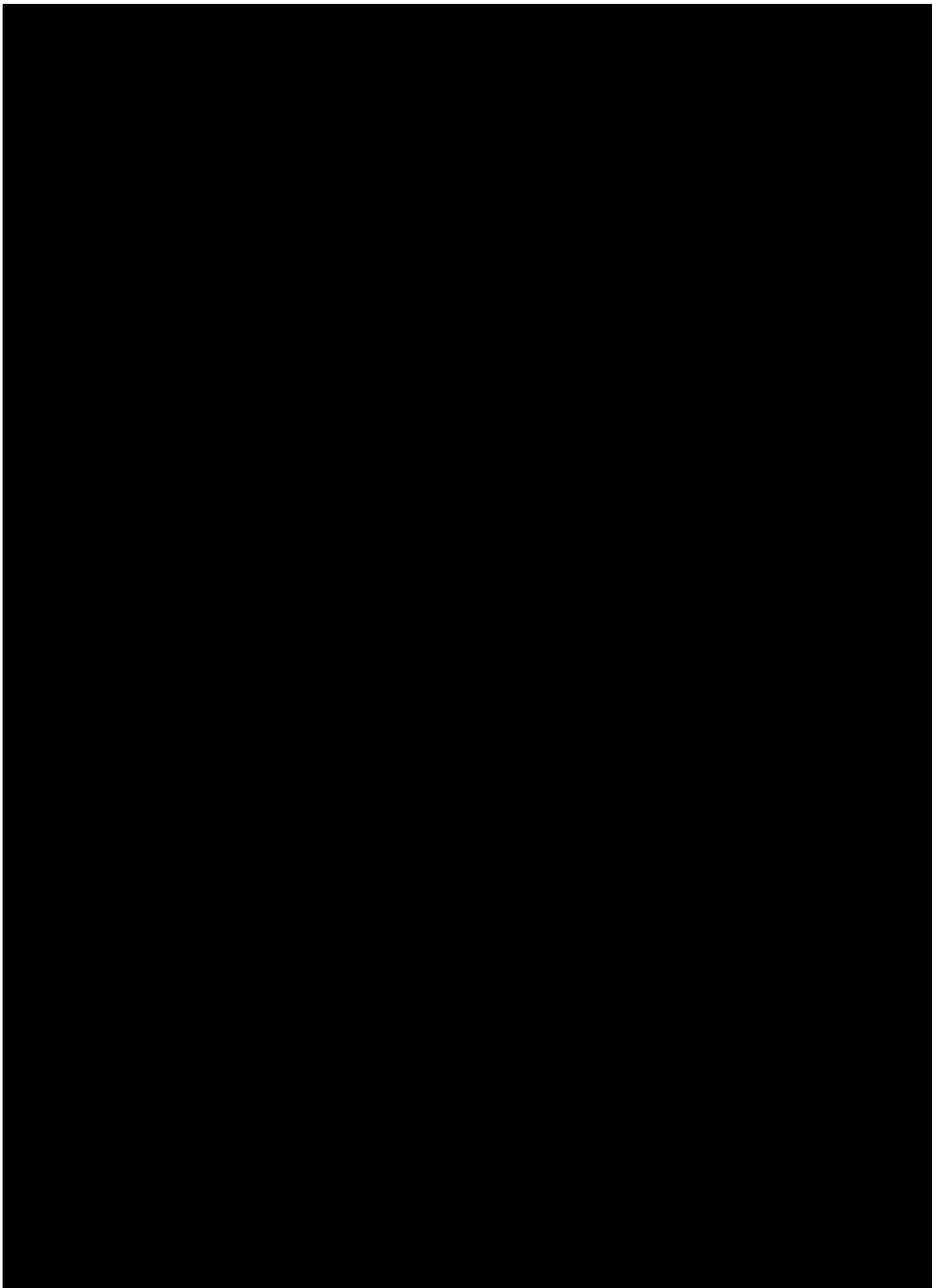












**Exhibit "U" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Keith Adams <kadams@finalbell.com>
Sent: Wednesday, November 22, 2023 2:52 PM
To: Matthew Milich
Subject: Re: Financial Statements and MD&A - September 30, 2023
Attachments: BZAM Ltd. - September 30 2023 (3 and 9 months) MDA.docx; BZAM Ltd. - September 30, 2023 (3 and 9 months) Financial Statements.docx

Thank you

Keith Adams

On Nov 22, 2023, at 9:54 AM, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith, here are the latest versions.

**Exhibit "V" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



BZAM Ltd., formerly The Green Organic Dutchman Holdings Ltd.

Management's Discussion and Analysis

For the years ended December 31, 2022 and December 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") reports on the consolidated financial condition and operating results of BZAM Ltd. (formerly, The Green Organic Dutchman Holdings Ltd.) (the "Company" or "BZAM") for the years ended December 31, 2022, and 2021. The MD&A should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2022, and December 31, 2021 (the "Consolidated Financial Statements") which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A provides information on the operating activities, performance and financial position of the Company and is intended to assist in understanding the Company's business and key factors underlying its financial results. All references to the Company's common shares (the "Common Shares") referenced herein have been updated to reflect the Consolidation (as defined herein) that occurred on November 8, 2022.

Additional information relating to the Company, including the Company's most recent annual information form for the year ended December 31, 2021 (the "Annual Information Form"), can be found on the Company's website at www.bzam.com or at the Company's SEDAR profile at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities laws. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events.

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "should", "could", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. Some examples of forward-looking statements include but are not limited to the expected costs, production capacity, receipt of licences, etc.

Assumptions

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to:

- (i) the Company's ability to continue as a going concern and successfully execute its plans and intentions, including but not limited to the generation of revenues, positive operating cash flows from the sale of its products;
- (ii) the continued compliance of current financing arrangements and availability of additional financing at reasonable terms;
- (iii) with respect to all statements relating to the Company's intention to expand offerings in major and smaller markets, the markets for cannabis in those areas continuing on a relatively stable trajectory, the Company's products selling at the current pace and there being no material slowdown in production or transportation of its products that would negatively impact the Company's ability to get products to market;
- (iv) the implications of the Galaxie Acquisition and BZAM Transaction (both as defined herein) to the Company's business;
- (v) with respect to all statements relating to the Company being able to complete sales of any assets being held for sale, negotiations with potential buyers continuing to progress on terms that are commercially reasonable to the Company, the market for cannabis products in Canada remaining relatively stable, and there being no regulatory issues at any of the facilities discussed herein; continuing to obtain necessary regulatory approvals or renewals, including renewal of the Company's licenses granted by Health Canada;
- (vi) general business and economic conditions, particularly in the Canadian medicinal and adult-use cannabis markets;
- (vii) regulation of the markets in which the Company operates;
- (viii) the Company's ability to attract and retain skilled staff;
- (ix) market competition, including the products and technology offered by the Company's competitors;
- (x) maintenance of our strong ongoing relationships with our suppliers, service providers and other third parties.

Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking

statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada. The Company's forward-looking statements are based on the reasonable beliefs, expectations, and opinions of management as of April 28, 2023, the date of this MD&A.

Use of Non-IFRS Financial Measures

This MD&A contains certain financial and operational performance measures that are not recognized or defined under IFRS (the "Non-IFRS Measures"). As there are no standardized methods of calculating these Non-IFRS Measures, the Company's approaches may differ from those used by others, and this data may not be comparable to similar data presented by other licensed producers of cannabis and cannabis companies. As such, users are cautioned that these measures should not be construed as alternatives to measures determined in accordance with IFRS, including net income (loss) and gross profit, as measures of profitability or as alternatives to the Company's IFRS-based Consolidated Financial Statements. For an explanation of these measures to the most directly comparable financial information presented in the Consolidated Financial Statements prepared in accordance with IFRS, refer to the discussion below.

The Company believes that these Non-IFRS Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operating performance of the Company. These Non-IFRS Measures include, but are not limited, to the following:

- "Average Net Selling Price Per Gram" is calculated by taking net revenue, which is then divided by total grams sold in the period. Management believes the Average Net Selling Price Per Gram measures provide more specific information about the pricing trends over time by product type.
- "Yield Per Plant", presented in grams, is calculated by taking the total amount of grams of dried flower harvested, excluding trim, and dividing it by the total number of plants harvested. Management believes that the Yield Per Plant provides a useful measure about the efficiencies gained through its operating activities.
- Gross margin before fair value adjustments is calculated by subtracting cost of sales, before the effects of unrealized gain (loss) on changes in fair value of biological assets, realized fair value on inventories sold and provisions and impairment of inventories and biological assets. Gross margin before fair value adjustments percentage is calculated by dividing gross margin before fair value adjustments (defined above) by net revenue. Management believes that these measures provide useful information to assess the profitability of our cannabis operations as it excludes the effects of non-cash fair value adjustments on inventory and biological assets, which are required by IFRS.
- "Adjusted Gross Margin" is calculated by subtracting cost of sales, before the effects of: (i) unrealized gain (loss) on changes in fair value of biological assets; (ii) Realized fair value adjustments on sale of inventories; (iii) provisions and impairment of inventories and biological assets; (iv) provisions to net realizable value; (v) COVID-19 related charges; and (vi) unabsorbed overhead relating to underutilization of the production facility grow rooms and manufacturing equipment, most of which is related to non-cash depreciation expense, from net revenue. Adjusted Gross Margin percentage is calculated by dividing Adjusted Gross Margin by net revenue. Adjusted Gross Margin is reconciled to IFRS in the "Financial Review and Discussion of Operations" section of this MD&A. Management believes that these measures provide useful information to assess the profitability of our operations as they represent the normalized gross margin generated from operations and exclude the effects of non-cash fair value adjustments on inventories and biological assets, which are required by IFRS. The most directly comparable measure to Adjusted Gross Margin calculated in accordance with IFRS is "Gross Margin Before Fair Value".
- "Adjusted Gross Profit" refers to gross profit excluding the adjustments for accelerated depreciation, write down of non-current deposits and write down of inventory. Adjusted Gross Profit is a useful measure as it represents gross profit for management purposes based on costs to manufacture, package and ship inventory sold, exclusive of any impairments due to changes in internal or external influences.
- "Adjusted EBITDA" has been identified by the Company as a relevant industry performance indicator. Adjusted EBITDA is a Non-IFRS financial Measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines Adjusted EBITDA as loss for the period, as reported, excluding foreign exchange gains and losses, finance costs, accretion expenses, finance income, revaluation loss (gain) of contingent consideration, loss (gain) on disposal of assets, impairment (reversal of impairment) charge for non-financial assets, loss on derecognition of investment in joint venture, expenditures incurred in connection with research and development activities, debt modification, impairment loss on remeasurement of disposal group, gain on disposal of subsidiary, realized fair value adjustment on sale of inventories, unrealized gain on changes in fair value of biological assets, provisions and impairment of inventories and biological assets, share based compensation, depreciation, amortization, legal provisions, ERP implementation costs, restructuring costs and transaction costs. Management believes Adjusted EBITDA provides useful information as it is a commonly used measure in capital markets to approximate operating earnings. The Company provides the Non-IFRS Measure as

supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. The Non-IFRS Measure is also presented because management believes such measures provide information which is useful to shareholders and investors in understanding its performance and which may assist in the evaluation of the Company's business relative to that of its peers. Management believes the Non-IFRS Measure is a useful financial metric to assess the Company's operating performance on a cash basis before the impact of non-cash items, and on an adjusted basis as described above. However, such Non-IFRS Measure should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the most comparable Non-IFRS Measure.

A reconciliation of these non-IFRS financial measures is presented in the "Selected Operational Information" section below.

Non-IFRS Measures should be considered together with other data prepared in accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to the Company's management. Accordingly, these Non-IFRS Measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

BUSINESS OVERVIEW

The Company was incorporated under the Canada Business Corporations Act on November 16, 2016. The Company's registered office is located at 5520 Explorer Drive, Suite 402, Mississauga, ON L4W 5L1. The Company's head office is located at 200 Burrard Street, Suite 1570, Vancouver, BC, V6C 3L6. The Common Shares trade on the Canadian Securities Exchange ("CSE") under the symbol "BZAM" and on the OTCQX under the symbol "BZAMF". The Company also has three classes of warrants listed on the CSE under the symbols "BZAM.WR", "BZAM.WA" and "BZAM.WB".

The Company's wholly-owned Canadian subsidiaries, The Green Organic Dutchman Ltd. ("TGOD"), Galaxie Brands Corporation ("Galaxie"), BZAM Management Inc., and its partially owned subsidiaries, Folium Life Science Inc. and BZAM Cannabis Corp., are all licensed producers under the Cannabis Act (Canada) (the "Cannabis Act") and hold licences to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and sell such cannabis products within Canada to provincially authorized retailers or distributors and federally licensed entities. The Company owns cannabis cultivation and processing facilities near Hamilton, Ontario (the "Hamilton Facility"), in Edmonton, Alberta (the "Edmonton Facility"), in Midway, British Columbia (the "Midway Facility") and in Maple Ridge, British Columbia (the "Maple Ridge Facility").

The Company also has leases for and operating licences with facilities holding cultivation and processing licences in Puslinch, Ontario (the "Puslinch Facility"), Vaudreuil, Québec (the "Quebec Facility"), Airport Way, British Columbia, Saanichton, British Columbia (the "Saanichton Facility") and Pitt Meadows, British Columbia (the "Pitt Meadows Facility") and sells direct to customers under retail sales licences from two leased stores in Manitoba and Saskatchewan.

In addition to its Canadian operations, the Company, through its subsidiaries and strategic investments, is pursuing a limited international growth strategy, and has established strategic partnerships for the distribution of cannabis derived medical products primarily focused on Germany.

The Company's goal is to build a sustainable global cannabis company that is trusted to improve the lives of its customers, employees, communities, and investors, with a focus on delivering a diverse range of cannabis products. The pillars under the Company's strategy and value proposition include:

1. **Sustainability:** Environmental stewardship and sustainability are important aspects of day-to-day operations. Responsible and environmentally sensitive approaches are to the forefront, in particular in relation towards cultivation, production, and waste disposal. Each facility has their own unique practices, some of which include grinding plant waste and adding compost accelerator for faster decomposition, using a controlled drip water system to boost irrigation efficiency and conserve as much water as possible, using living soil as a grow medium which reduces material waste, conserving energy by using insulation to keep hot processes hot and cold processes cold, using heat recovery in the HVAC systems to recapture and reuse heating and cooling energy, recycling cardboard, plastic, metal and glass.

Three acres of the Hamilton Facility are cultivated for the organic produce farm which produces fresh fruit and vegetables for donation to local foodbanks and uses the composted biomass by-product from cannabis cultivation. The site has approximately 170 staff on site, including supporting full-time coverage of the Energy Centre, Cultivation and Security. The Hamilton Facility operates fully "off the grid" which means it is not connected to the local electrical grid and generates its own power from clean burning natural gas CHP units (Combined Heat and Power Units). All irrigation for

the site comes from collected rainwater stored in a 4.2 million litre pond, which provides over a year's worth of irrigation. The condensate recovery systems in the greenhouse return 90% of the water back to the pond.










For the Company's organic brands, the soil's microbes are reused year after year, not thrown out after each harvest.

2. **Innovation:** In Canada, the Company has a growing product portfolio within multiple brands which cater to a diverse set of consumer segments. The Company's core brands include BZAM™, TGOD™, -ness™, Highly Dutch Organic™, TABLE TOP™, as well as partner brands DUNN Cannabis, FRESH and Wyld and retail stores in Winnipeg, Manitoba and Regina, Saskatchewan. The Company is focusing on adapting and optimizing its product portfolio. Notable categories include:
 - *Infused:* The Company launched infused pre-rolls across three brands; its distillate/terp infused pre-rolls from BZAM & -ness and its organic hash infused pre-rolls from Highly Dutch Organic.
 - *Multi-packs:* Multiple vape flavours or pre-roll strains in one pack – infused and craft options too. Fruity + flavourful -ness pre-rolls and vapes, alongside bold & potent infused options from BZAM. For a more classic experience the Company has BZAM x DUNN wholecraft flower pre-rolls.
 - *Edibles:* With real fruit flavours inspired by the Pacific Northwest, high-quality ingredients and consistent dosing, Wyld is formulated to provide the best possible experience. Made with real fruit in a variety of natural flavours and a synergistic blend of cannabinoids + botanical terpenes wrapped up in its award-winning compostable packaging.
 - *Organic:* The Company has created a natural, certified organic environment for growing its TGOD and Highly Dutch Organic brands. With the transition to hang drying and hand manicuring in the Spring of 2023, offerings from these brands aim to optimize terpene profile and bag appeal starting with 14g offerings.
 - *Craft:* The Company includes partner brands DUNN Cannabis, FRESH and Wyld, as well as its collaboration brand, BZAM x DUNN™ Craft Series, in partnership with DUNN Cannabis. The Company is proud to work with Logan Dunn of DUNN Cannabis and Traviss Graham from FRESH to bring their products across Canada while they support BZAM's core brands with their craft cultivation knowledge.

3. **Market Expansion:** The Company is currently targeting 50 to 70 unique stock-keeping units ("SKUs") being listed in each major market while servicing smaller markets with a more precision focused portfolio to bring both national product awareness as well as regionally unique products to each marketplace. Based on ongoing consumer research, the portfolio is refreshed frequently with different formats, new package formats and new product introductions with an emphasis on "convenience-based" categories. Key products include BZAM Juicy Jet Pack – 4x0.5g infused pre-rolls; 2 unique flavours, BZAM Mango Diesel – 4x0.5g infused pre-rolls; the expansion of the top selling –ness Ninja Fruit vape flavour into a single unit 0.5g infused pre-roll. The Company's strategic approach to marketing includes a highly skilled, integrated marketing team committed to surpassing the demands of a fast-growing industry with a constantly evolving consumer base. Tactics include:
 - Omni-channel approach hyper-focused on retail education, product launches and sellthrough support
 - Investment in channels, resources, and partners cannabis consumers' trust
 - Creation and deployment of engaging and educational content, in-store merchandising assets and unique experiences.
 - Data driven with a deep understanding of consumer and retailer needs and buying behaviour.

Core Brands and Products

The Company’s portfolio includes five core brands, three partner brands and one collaboration brand, allowing for offerings catered to a diverse set of consumer segments. Taken together, the Company’s brand portfolio covers a broad mix of categories and formats, including organic cannabis, real fruit edibles and value bulk products.

BRAND	PRODUCT MIX	MARKETS
	<ul style="list-style-type: none"> - Dried Flower - Pre-Rolls - Live Rosin Vape Cartridges 	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Yukon
	<ul style="list-style-type: none"> - Dried Flower 	British Columbia, Alberta, Quebec, Manitoba, Saskatchewan, Ontario, Yukon
	<ul style="list-style-type: none"> - Dried Flower - Pre-Rolls 	Alberta, Saskatchewan, Manitoba, Ontario
	<ul style="list-style-type: none"> - Dried Flower - Pre-Rolls 	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nunavut, PEI, Northwest Territories
	<ul style="list-style-type: none"> - Dried Flower - Pre-Rolls - Concentrates (Infused) - Vape 	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nunavut, PEI, Northwest Territories
	<ul style="list-style-type: none"> - Dried Flower - Pre-Rolls - Concentrates (Infused) - Vape 	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nova Scotia, Nunavut, PEI, Northwest Territories
	<ul style="list-style-type: none"> - Dried Flower - Pre-Rolls - Extracts - Vape 	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, PEI
	<ul style="list-style-type: none"> - Dried Flower - Pre-Rolls - Extracts (milled) 	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nova Scotia, PEI
	<ul style="list-style-type: none"> - Edibles 	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, PEI, Nova Scotia, Newfoundland

Production Facilities and Licences

The Company's products are currently cultivated and manufactured in the following licensed production facilities:

Facility	Location & Size (Sq Ft)	2023 Capacity ⁽¹⁾	Activities	Expiry of Current License Terms
Hamilton Facility	Ancaster, ON 166,000 Sq Ft	17,230kg flower	Owned facility with a research and development ("R&D") licence, and cultivation, processing and sales licence. The greenhouse space is where the Company grows and processes its organic cannabis flower. The facility also produces cannabis extracts, and packages flower, pre-rolls, oil, and infused pre-rolls products.	Cultivation/Processing/Sale: July 20, 2027 R&D licence: February 12, 2025
Quebec Facility	Vaudreuil, QC 8,800 Sq Ft 1,500 Sq Ft Cultivation	225kg flower 1,300kg hash	Leased facility with an indoor cultivation and processing licence, operating national hash production.	Cultivation/Processing: July 20, 2027
Saanichton Facility	Saanichton, BC 10,831 Sq Ft 3,600 Sq Ft Cultivation	700kg flower	Leased facility with an indoor cultivation and processing licence.	Cultivation/Sale for Medical Purpose Processing/Sale: May 10, 2024
Edmonton Facility	Edmonton, AB 113,184 Sq Ft 25,000 SqFt cultivation	2,400kg flower	Owned facility with a cultivation, processing and sales licence. Indoor space equipped to support cultivation and processing of flower, as well as bulk packaging of flower and pre-rolls products.	Cultivation/Processing/Sale: December 5, 2027
Midway Facility	Midway, BC 392 acres land 90 acres planted	37,500kg flower	Owned facility with a cultivation licence. The outdoor annual crop supplies flower for extraction.	Cultivation: September 4, 2023
Pitt Meadows Facility	Pitt Meadows, BC 39,098 Sq Ft Land 18,000 Sq Ft Processing	1,684kg distillate	Leased facility with a processing and sales licence. Highly equipped to operate extraction of distillates, production and packaging of vapes, pre-rolls, infused pre-rolls, gummies and final packaging of flower.	Processing/Sale: March 27, 2025

Notes:

(1) "2023 Capacity" refers to the potential output that could be produced in the fiscal year based on facility square footage and equipment, which may differ from actual outputs based on operational decisions.

The production capacity is based on yields in each facility from previous years and assumes that those yields will continue to be accurate for 2023. It also assumes none of the facilities will be impacted by poor harvest, disease, lack of proper production resources in material and labour and other factors described in "Risk Factors and Uncertainties", below. The Company anticipates that Health Canada will renew all licences at the end of their respective terms; however, the Company cannot provide assurances that the licences will be renewed or renewed on the same terms and conditions. See "Risk Factors".

KEY HIGHLIGHTS

- Completed the BZAM Transaction (as defined herein) in November 2022, which approximately doubled the Company's revenue and asset base;
- Achieved gross revenues of \$68.8 million for the fiscal year 2022, a 76% increase over prior year;
- Achieved record quarterly gross revenues of \$24.8 million for the three months ended December 31, 2022 ("Q4 2022"), a 100% increase from the three months ended December 31, 2021 ("Q4 2021"), and an increase of 79% from Q3 2022.
- Achieved net revenues of \$49.4 million for the fiscal year 2022, a 63% increase over prior year;
- Achieved record quarterly net revenues of \$17.2 million for Q4 2022, a 82% increase from Q4 2021, and an increase of 74% from Q3 2022;
- Maintained an Adjusted Gross Margin of 39% in 2022 and 2021;
- Increased its recreational market share to 4.7% in December 2022, from 1.7% in September 2022 and 1.4% in December 2021 as per Hifyre data;
- Expanded cultivation and processing footprint across Canada, with right-sized facilities in the largest provinces, listing the Maple Ridge Facility and certain assets under the Puslinch Facility as available for sale as at 2022-year end;
- Achieved an adjusted SG&A (as defined below, excluding one-time non-recurring costs) of 57% of sales in 2022, from

80% in 2021, primarily as a result of increasing revenues whilst reducing headcount, renegotiating service level agreements with its respective vendors, and maintaining cost discipline;

- Reduced the Adjusted EBITDA loss to \$18.1 million in 2022 compared with \$22.6 million in 2021;
- Incorporated the assets acquired as part of the BZAM Transaction into the security collateral, maximising loan advances under its secured revolving credit facility (the “Revolver Loan”);
- Completed the sale of HemPoland S.p.a. Z.o.o. (“HemPoland”) for gross proceeds of \$6.8 million in September 2022.

RECENT DEVELOPMENTS

BZAM Transaction

On October 18, 2022, the Company entered into a share exchange agreement with BZAM Holdings Inc., a corporation incorporated under the laws of the province of British Columbia (“BZAM Holdings”) and its sole shareholder BZAM International Ltd. (the “BZAM Shareholder”), to purchase and acquire all of the issued and outstanding common shares of BZAM Holdings from the BZAM Shareholder in exchange for 49.5% of the issued and outstanding shares of the combined entity formed upon closing of the transaction (the “BZAM Transaction”), at a deemed priced per Common Share of \$0.596 (the “Issue Price”). The BZAM Shareholder also has the ability to earn additional Common Shares valued up to \$33 million based on the issue price, subject to the achievement of certain milestones tied to annual net revenue targets and positive Adjusted EBITDA targets for the 2023 calendar year.

On closing of the BZAM Transaction on November 3, 2022 (“Closing”), the Company paid an aggregate purchase price comprised of (shown on a post share Consolidation basis): (a) a cash payment in the amount of \$100.00, and (b) 65,522,781 Common Shares which constituted, on a pro forma basis immediately following Closing, 49.5% of the aggregate number of the issued and outstanding Common Shares as of immediately following the Closing (the “Closing Shares”). For the purposes of calculating the Closing Shares, the determination of the issued and outstanding Common Shares as of immediately following the Closing did not take into account (i) any securities issued by the Company that are convertible into, or exercisable for, Common Shares; or (ii) the 8,571,428 Common Shares (the “Milestone Escrow Shares”) held in escrow pursuant to a certain indemnity escrow agreement (the “Indemnity Escrow Agreement”) dated November 17, 2021, between the Company, Computershare Trust Company of Canada, and certain securityholders of the Company (the “Vendors”).

Following the release from escrow of the Milestone Escrow Shares, the Company issued an additional 1,120,226 Common Shares to the BZAM Shareholder at the Issue Price, equal to 49.5% of the aggregate number of Milestone Escrow Shares issued to the Vendors. The remaining 7,428,571 Common Shares held in the indemnity escrow account pursuant to the Indemnity Escrow Agreement were returned to treasury and cancelled.

On October 3, 2022, and October 6, 2022, the Company received funds totalling \$2.2 million under a demand promissory note with a company controlled by the BZAM Shareholder, Stone Pine Capital Ltd. (the “Stone Pine Promissory Note”). The Stone Pine Promissory Note bore interest at a rate of 12% per annum and demand could only occur after December 1, 2022. The Stone Pine Promissory Note is subordinated to the Amended and Restated Agreement (as defined herein). On January 4, 2023 the Company issued an aggregate of 5,500,000 Common Shares, at a deemed issuance price of \$0.40 per Common Share, to settle the Stone Pine Promissory Note. The Common Shares issued are subject to a four-month plus one day statutory hold period.

Sale of HemPoland Operations

Since September 2021, the Company had been engaged with advisors for the sale of the Company’s entity in Poland, HemPoland, which was deemed non-core to future operations and the Company’s strategy. On September 6, 2022, the sale of HemPoland was completed with the purchaser paying a total of \$1.35 million in cash. A loan payable to HemPoland by the Company, of \$5.46 million was also forgiven. This brought the total proceeds to \$6.81 million.

The results of the HemPoland operations (the “HemPoland Operations”) up to the date of sale have been included as discontinued operations in the Consolidated Financial Statements and this MD&A.

Revolver Loan Credit Facility

The Company entered into the Revolver Loan on April 22, 2020, which was amended and restated on September 29, 2021, and further amended on November 29, 2021 (the “Amended and Restated Agreement”). The Revolver Loan had a credit limit of \$25 million, bearing interest at a minimum of 12%, with a maturity date of June 30, 2023. The Company must comply with certain financial covenants as set out in the Amended and Restated Agreement relating to the achievement of positive EBITDA (as defined in the Amended and Restated Agreement).

On March 10, 2022, the Company entered into a second amendment to the Amended and Restated Agreement (the “Second Amendment”) whereby the Revolver Loan was amended to increase the overall Revolver Loan limit from \$25 million to \$30 million, allow certain eligible inventory to be included as collateral to the Revolver Loan, and relax certain covenants set forth in the Amended and Restated Agreement relating to the Revolver Loan. As consideration for the Second Amendment, the Company issued 50,000 Common Shares worth \$50 thousand to the lender.

On April 29, 2022, the Company entered into a third amendment to the Amended and Restated Agreement (the “Third Amendment”), whereby the Revolver Loan was amended to increase the overall Revolver Loan limit from \$30 million to \$34 million, increase the term portion of the Revolver Loan from \$20 million to \$24 million, amend the EBITDA financial covenant to take effect for the month ended June 30, 2022, remove the covenant requiring a \$6 million prepayment through funds raised by public issuance of equity securities in the Company, remove the covenant requiring a \$4 million prepayment through funds raised by the sale of HemPoland, and introduce certain prepayment fees in the combined amount of 2% of any prepayments, subject to the satisfaction of the various conditions set out therein.

On November 3, 2022, in connection with the BZAM Transaction, the Company entered into a fourth amendment to the Amended and Restated Agreement (the “Fourth Amendment”) to incorporate the assets of BZAM Holdings into the security collateral and, amongst other things: (i) remove the reduction of the limit to the revolving portion of the credit facility as a result of prepayment on the term portion of the credit facility; (ii) amend the EBITDA financial covenant to take effect on the month of April 2023; (iii) extend the maturity date of the credit facility to March 24, 2024; and (iv) introduce a 1.5% reduction of the interest rate upon achieving three consecutive months of positive earnings before depreciation and amortization, from TD Prime plus 8.05% to TD Prime plus 6.55%. All other terms of the Amended and Restated Agreement not specifically amended remained the same as before. As consideration for the Fourth Amendment, the Company issued to the lender 700,000 warrants to purchase Common Shares at a price of \$0.95 per Common Share for a period of 60 months.

The Revolver Loan is secured by a first lien over the Hamilton Facility and assets of the Company, including a lien over substantially all of the cannabis and cannabis derived inventories and Canadian trade receivables. As the accounts receivable balance is eligible for collateral increases, additional credit is available to the Company up to \$10.0 million.

As of December 31, 2022, the total principal balance outstanding related to the Revolver Loan was \$26.8 million.

Puslinch Facility

On May 17, 2022, the Company closed an agreement of purchase and sale of its leasehold improvements of the Puslinch Facility (the “Puslinch Transaction”) with the landlord for \$3 million (the “Consideration”). Of the Consideration, \$1.9 million was paid in cash, and \$1.1 million of the Consideration settled previous loans advanced to the Company by the landlord, including all accrued interest and transaction costs thereon. In connection with the Puslinch Transaction, the Company also agreed to an increase in rent of \$25 thousand a month for the remainder of the lease term on the Puslinch Facility of approximately 19 years.

Potential Sale of Galaxie Assets (Puslinch Facility)

Since November 2022, the Company has been engaged with a potential purchaser for a portion of the assets and liabilities acquired in connection with the acquisition of all of the issued and outstanding shares of Galaxie on November 17, 2021 (the “Galaxie Acquisition”). Preliminary approval by the board of directors of the Company (the “Board”) and lender consents were obtained to proceed with the transaction. The Company anticipates completing the sale within the twelve months. As a result of this assessment, the Company has classified the specific assets and liabilities as held for sale. Based on the fair value of the net assets using a market approach (level 2 fair value hierarchy), the Company has included an assumption that net proceeds of approximately \$0.5 million are expected to be recorded on the sale.

Potential Sale of the Maple Ridge Facility

Since November 2022, the Company has been engaged with a potential purchaser of a portion of the Maple Ridge Facility. Preliminary Board approval and lender consents were obtained to proceed with the transaction. The Company anticipates completing the sale within the twelve months. As a result of this assessment, the Company has classified the specific assets and liabilities as held for sale. Based on the fair value of the net assets using a market approach (level 2 fair value hierarchy), the Company has included an assumption that gross proceeds of approximately \$4 million are expected to be recorded on the sale.

Other strategic initiatives including international expansion.

The Company continues to review other strategic initiatives to maximize shareholder value, including acquisitions in Canada. The Company also continues to pursue international and partnership growth opportunities in Germany.

Refer to the Company’s summary of regulatory framework for the international markets in the “Regulatory Landscape” section below.

Executive Leadership and Board Composition

On February 1, 2022, the Company announced the appointment of Ms. Nichola Thompson as Chief Financial Officer (“CFO”), effective immediately. Concurrent with the appointment of Ms. Thompson as CFO, Mr. Sean Bovingdon resigned as interim CFO of the Company. On July 12, 2022, Ms. Thompson resigned from her position as CFO of the Company, effective August 4, 2022, to pursue unique opportunities outside of the cannabis industry. Mr. Bovingdon, Chief Executive Officer (“CEO”) of the Company, was re-appointed Interim CFO, effective August 4, 2022.

On April 5, 2022, Mr. Nicholas Kirton retired as a member of the Board of Directors and the Chair of the Audit Committee of the Company (the “Audit Committee”). Mr. Chris Schnarr was appointed as the new Chair of the Audit Committee.

In connection with closing of the BZAM Transaction on November 3, 2022, Mr. Matt Milich was appointed as CEO, replacing Mr. Bovingdon, and Mr. Jordan Winnett was appointed Chief Commercial Officer. Mr. Bovingdon was appointed as CFO of the Company from Interim CFO. Also at this time, Dr. Caroline McCallum, Mr. Bovingdon and Mr. Adam Jaffe resigned from the Board of Directors, with two nominees of BZAM joining the Board, namely Mr. Keith Merker and Mr. Tony Moschella.

On January 11, 2023, Mr. Tony Moschella resigned from the Board of Directors. Mr. Bassam Alghanim joined the Board of Directors on the same date.

On January 31, 2023, Mr. Michel Gagne resigned from his position of Chief Operating Officer to pursue other opportunities.

On February 20, 2023, Mr. Angus Footman and Mr. Olivier Dufourmantelle resigned as directors of the Board. Mr. Sean Bovingdon, the Company’s CFO, was re-appointed to the Board. Mr. Bassam Alghanim was appointed as the new Chairman of the Board, effective January 24, 2023.

Equity Issuances

The Company issued Common Shares under its at-the-market (“ATM”) prospectus supplement dated December 2, 2020 (“ATM Supplement”), to the short form base shelf prospectus dated November 27, 2020 (the “Base Shelf Prospectus”). The ATM Supplement permitted the Company to raise up to \$15.0 million from the issuance of Common Shares from time to time at a price equal to the then prevailing market price of the Common Shares as traded on the facilities of the CSE at the time of each direction. Under the ATM Supplement, during the year ended December 31, 2022, the Company issued 90,400 Common Shares for gross proceeds of \$105,000. The ATM Supplement expired on February 25, 2022.

ATM Issuances	Common Shares issued	Weighted average share price per share	Aggregate gross proceeds (\$ 000’s)	Aggregate commissions paid (\$ 000’s)	Aggregate net proceeds (\$ 000’s)
February 2021	# 1,434,196	\$ 5.50	\$ 7,893	\$ 237	\$ 7,656
June 2021	107,300	3.63	389	12	377
August 2021	332,650	2.67	887	27	860
September 2021	135,050	2.49	336	10	326
December 2021	94,350	1.12	106	3	103
January 2022	39,800	1.11	44	1	43
February 2022	50,600	1.21	61	2	59
Total Issued under ATM	# 2,193,946	\$ 4.43	\$ 9,716	\$ 292	\$ 9,424

On November 30, 2022, the Company issued an aggregate of 3,486,888 Common Shares at a deemed issuance price of \$0.7337 per Common Share to settle \$2,558,330 of aggregate indebtedness of certain subsidiaries of the Company pursuant to certain loan settlement agreements.

On December 22, 2022, the Company issued 12,707,500 Units (the “December 2022 Offering”) pursuant to a prospectus supplement dated December 19, 2022 (the “December Supplement”), to the Base Shelf Prospectus for gross proceeds of approximately \$5.08 million. Each Unit consisted of one Common Share and one Common Share purchase warrant (each, a “Warrant”). Each Warrant entitles the holder to purchase one Common Share at an exercise price of \$0.50 until December 22, 2027. The December 2022 Offering was conducted on a “best efforts” marketed basis pursuant to an agency agreement between the Company and Clarus Securities Inc. dated December 22, 2022.

The ATM Supplement and the December Supplement are prospectus supplements to the Base Shelf Prospectus which qualifies the distribution of up to \$50 million of securities of the Company to be raised through the issuance of various debt and equity securities

of the Company over a period of up to 25 months from the date of the Base Shelf Prospectus. As at the date hereof, the Base Shelf Prospectus is expired and the Company is not permitted to issue any additional debt or equity securities thereunder.

On January 4, 2023 the Company issued an aggregate of 6,500,000 Common Shares of the Company, at a deemed issuance price of \$0.40 per Common Share, to settle \$2.6 million of indebtedness of the Company under certain outstanding promissory notes, pursuant to loan settlement agreements with two of the Company's largest shareholders.

On January 23, 2023, the Company issued 1,142,857 Common Shares held in an indemnity escrow account with respect to the Galaxie Acquisition to two vendors of the shares of Galaxie in accordance with certain earn-out provisions relating to the Galaxie Acquisition. Please also see the share issuances by the Company to the BZAM Shareholder and to Stone Pine Capital Ltd. described under "BZAM Transaction", above.

Convertible Security Issuances

On April 7, 2022, the Company granted stock options to purchase an aggregate of up to 2,955,200 Common Shares to certain directors, officers, employees, and consultants of the Company, of which 1,995,000 stock options were granted to directors and executive officers, and 960,200 stock options were granted to employees and consultants. Each stock option is exercisable into one Common Share at an exercise price equal to \$1.30 per Common Share. In addition, restricted share units ("RSUs") representing the right to receive up to an aggregate of 35,000 Common Shares, subject to the satisfaction of certain vesting conditions, were also awarded to a consultant of the Company.

On May 27, 2022, the Company also granted stock options to purchase an aggregate of up to 8,900 Common Shares to certain employees. Each stock option is exercisable into one Common Share at an exercise price equal to \$1.05 per Common Share.

On August 31, 2022, the Company also granted stock options to purchase an aggregate of up to 3,700 Common Shares to certain employees. Each stock option is exercisable into one Common Share at an exercise price equal to \$0.85 per Common Share.

On November 25, 2022, the Company granted stock options to purchase an aggregate of up to 5,010,100 Common Shares to certain directors, officers, employees, and consultants of the Company, of which 2,005,000 stock options were granted to directors and executive officers, and 3,005,100 stock options were granted to employees and consultants. Each stock option is exercisable into one Common Share at an exercise price equal to \$0.69 per Common Share. In addition, RSUs representing the right to receive up to an aggregate of 330,000 Common Shares, subject to the satisfaction of certain vesting conditions, were also awarded to certain directors and officers of the Company.

Share Consolidation

On November 8, 2022, the Company filed articles of amendment to effect a consolidation (the "Consolidation") of all of the issued and outstanding Common Shares. Pursuant to the Consolidation, shareholders received one post-Consolidation Common Share for every ten pre-Consolidation Common Shares (the "Consolidation Ratio"). The Consolidation Ratio also applied to the Common Share purchase warrants (the "Warrants"), which were previously exercisable on the basis of one Warrant for one Common Share. Accordingly, effective as of the Consolidation date, the holders of Warrants will be entitled to receive one post-Consolidation Common Share on the exercise of ten Warrants. The Consolidation also applied to the stock options and RSUs outstanding, which were consolidated at the Consolidation Ratio with the exercise price being adjusted to reflect the Consolidation.

Name Change

On January 25, 2023, the Board of Directors authorized a change in the Company's name from "The Green Organic Dutchman Holdings Ltd." to "BZAM Ltd." (the "Name Change"). The Name Change took effect on February 23, 2023.

OUTLOOK

The Company continues to monitor and adapt to changing market conditions. See "Risk Factors".

At this time, the Company's outlook remains positive on the cannabis market both in Canada and internationally.

As per Statistics Canada, cannabis consumers spent \$4.52 billion on regulated adult-use products in 2022, growing by 17.9% over 2021 sales. The biggest changes in terms of product mix weighting over the year were flower decreasing from 48% to 40%, with pre-rolls consumption increasing by 45%, now holding a 29% weighting and the vape market also growing by 26%, accounting for 16% of the adult use market. Combined, these three product categories equate to 85% of the total recreational market. Canada is home to roughly 3,700 cannabis stores and retail licenses, including approximately 1,700 in Ontario. As per Statista in October

2022, recreational sales are expected to total \$5.20 billion in 2023 (16% increase) and reach \$9.62 billion in 2027 (CAGR 16.40%). The Company plans to:

- Build new relationships with the provinces and retail stores and bolster existing relationships, through strategic partnerships and optimization of key accounts;
- Continue to increase its portfolio and recognized brands. The acquisition has resulted in the Company doubling its innovative portfolio of products and recognized brands and offer a wider range of product formulations and flavours at different price points;
- Transition to an in-house dedicated sales team in 2023 to over 30 personnel, driving increased distribution;
- Expand market presence – with geographical operational footprint expanded to include British Columbia and Alberta, in addition to an inhouse sales team, the merger has given additional resources to the Company to increase its market presence in these provinces and bolster SKU performance whose premium products were historically more popular and stronger performing in Ontario and Quebec.

Against this backdrop of strong industry growth, increased demand for the Company’s products is evidenced by the Company’s national adult-use recreational cannabis retail market share in Canada. According to Hifyre, the Company finished December 2022 year with 4.7% market share compared to 1.4% in December 2021 and 1.7% in October 2022. As of December 2022, the Company was ranked as the #7 licensed producer in Canada in terms of market share. As at the date of this MD&A, the Company was ranked #6, behind Tilray, Decibel Cannabis Company, Village Farms International, Organigram and Auxly Cannabis Group. The Company’s leading market share positions as of March 2023 were Alberta #5, British Columbia #6, Quebec #7, and Ontario #8. The Company has also seen some of its SKUs perform strongly, as follows:

Category	Brand	SKU	Nationwide Rank
			(all presentations within respective category)
Flower	Highly Dutch	Amsterdam Sativa - 28g	#2
Hash	Highly Dutch	Organic Afghan Black Hash - 2g	#4
Vape	-ness	Ninja Fruit - 1mL	#4

Management believes that the Company is better equipped to fulfill demand in 2023. The Company is focused on improving operating cash conversion from the streamlining of operations, implementing cost containment initiatives, a continued transition towards automation, and improving our balance sheet. Following a comprehensive review and integration of the Company’s operations, the Company has identified the following impacts and opportunities which it believes have the potential to further improve financial performance and margins in 2023:

- Introduction and continuation of favorable accretive product mix and discontinuation of products at lower margin/price points;
- Rightsizing the cultivation and manufacturing footprint and now operating at a higher percentage of facility capacity has resulted in improved fixed overheads costs. The Company does not expect to incur expenses for unabsorbed overheads in 2023;
- Cultivation improvements with higher Yield Per Plant achieved throughout 2022 and expected to continue into 2023, lowering the cash cost price per gram. Also, with average THC %’s reaching high 20’s, this has resulted in a higher % of flower going into premium SKU formats and ensures the Company is well positioned to take advantage of the dried flower and pre-roll categories which collectively represents approximately 69% of the Canadian legal market;
- Transitioning activities between facilities, ensuring economies of scale and maximum specialization, automation and operational efficiencies are achieved, improving processing and manufacturing key performance indicators and ensuring the Company can scale to higher volumes in the future;
- Procurement synergies as the Company’s purchasing and negotiating power has now increased with vendors from the increased post-merger volumes and as a result better terms and pricing can be achieved.
- Supply chain optimization, standardization and logistics and freight saving initiatives with increased inbound and outbound average volumes per shipment;
- Selling, general and administrative (“SG&A”) cost containment initiatives with most of the pre-merger synergies identified at the time of the transaction materializing at the time of writing this report, lowering the cost base and reducing SG&A as a % of net sales. Reduction of consolidated headcount, transitioning from outsourced sales team to a dedicated inhouse sales force team and renegotiating service level agreements with vendors to best fit the new Combined Entity have been the main contributors to these savings;
- Departmental changes and streamlining core functions within the business has also led to an increased visibility of leading and lagging indicators, enabling the Company to make more informed decisions regarding sales and inventory.

The strategic rationale for completing the BZAM Transaction was to establish the Company as a Top 5 player in Canada and to drive shareholder value creation. The Company believes it can continue increasing its topline, improve margins and turn cash flow positive as a result of the synergistic impacts of the merger.

SELECTED OPERATIONAL INFORMATION

Adjusted EBITDA is a Non-IFRS Measure. Adjusted EBITDA is a metric used by management which is net operating loss adjusted for interest, provisions for income taxes, other non-cash items including depreciation and amortization, share-based compensation, derivative liabilities, and extraordinary and non-recurring items.

All dollar amounts in the following sections are presented in thousands of Canadian dollars unless otherwise stated.

The following table reconciles the Company's net operating income (loss) (as reported) and Adjusted EBITDA for the periods presented.

	For the years ended	
	December 31, 2022	December 31, 2021
Adjusted EBITDA (non-IFRS measure)		
Net loss from continuing operations	\$ (36,359)	\$ (39,544)
Adjustments:		
Deferred income tax recovery	—	(436)
Foreign exchange loss (gain)	603	648
Finance costs	5,116	6,137
Finance income	(20)	(89)
Revaluation gain of contingent consideration	(38,017)	(1,851)
Loss (gain) on disposal of assets	4	63
Impairment / (reversal of impairment) charge for non-financial assets	29,004	(21,811)
Loss on assets held for sale	—	17,688
Loss on derecognition on investment in joint venture	—	761
Debt modification	(352)	(1,187)
Gain on debt settlement	(1,140)	—
Impairment loss on remeasurement of disposal group	2,489	5,118
Loss on disposal of subsidiary	1,166	—
Realized fair value adjustment on sale of inventories	23,606	8,161
Unrealized gain on changes in fair value of biological assets	(26,229)	(12,118)
Loss on lease termination	541	—
Acquisition related costs	208	317
Share based compensation	206	3,381
Depreciation and amortization	12,221	12,164
One-Off Restructuring costs	(a) 4,626	—
Returns Provisions	(b) 632	—
Inventory Provisions on cost	(c) 3,320	—
Under absorption of overheads	(d) 326	—
Adjusted EBITDA (non-IFRS measure)	(18,049)	(22,598)

Notes:

(a) Restructuring costs relate to employee severance costs as well as other costs incurred in ending existing contractual relationships and costs to merge the entities from the BZAM Transaction.

(b) Returns provisions are for possible returns from customers for the sales that were made to customers in 2022.

(c) Inventory provisions relate to obsolescence for items that are in inventory as of December 31, 2022.

(d) Under absorption of overheads is a result of overheads related to dormant facilities.

All other adjusting items details are discussed in the Consolidated Financial Statements.

SUMMARY OF KEY QUARTERLY HIGHLIGHTS – Q4 2022 as compared to Q4 2021 and Q3 2022

	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021 *Restated	Q1-2021 *Restated
Revenue	\$ 24,789	13,819	15,841	14,353	12,372	9,745	10,400	6,668
Loss from operations	\$ (19,040)	(8,718)	(3,016)	(4,461)	(5,670)	(9,151)	(8,432)	(5,488)
Impairment loss on remeasurement of HemPoland disposal group	\$ -	-	(2,489)	-	(676)	(4,442)	-	-
Gain on disposal of subsidiary	(4,353)	3,187	-	-	-	-	-	-
Loss on assets held for sale	\$ -	-	-	-	-	-	(17,688)	-
Reversal of impairment / (impairment)	\$ (22,821)	-	-	(6,183)	-	-	-	21,811
Loss on lease termination	\$ (541)	-	-	-	-	-	-	-
Net income (loss) from continuing operations	\$ (9,663)	(6,862)	(6,622)	(13,212)	(6,278)	(13,941)	(32,181)	12,856
Loss from discontinued operations	\$ -	21	(159)	(294)	(1,458)	(603)	(299)	(393)
Comprehensive income (loss)	\$ (7,518)	(8,851)	(7,161)	(14,015)	(8,097)	(14,061)	(32,525)	11,159
Net income (loss) per share (basic & diluted) - continuing operations	\$ (0.08)	(0.09)	(0.09)	(0.18)	(0.10)	(0.30)	(0.61)	0.25

* Following the classification of the Company's HemPoland Operations as held for sale and discontinued operations, the comparatives prior to September 30, 2021, were restated to reflect only the continuing operations results historically.

Revenues

	For the three months ended				Three months ended		
	December 31, 2022	December 31, 2021	Variance to Q4-2021 (\$)	Variance to Q4-2021 (%)	September 30, 2022	Variance to Q3-2022 (\$)	Variance to Q3-2022 (%)
Revenue from adult-use cannabis products	24,281	11,056	13,225	120%	13,271	11,010	83%
Revenue from medical cannabis products	463	988	(525)	(53%)	543	(80)	(15%)
Revenue from toll and other agreements	45	328	(283)	(86%)	5	40	800%
Gross Revenue	24,789	12,372	12,417	100%	13,819	10,970	79%

Gross revenue recognized for the three months ended December 31, 2022, amounted to \$24,789, an increase of 100% compared to Q4 2021 (Q4 2021 - \$12,372), driven by the introduction of new products to the market and increased demand in existing ones, in addition to an increase of 32% directly related to the BZAM Transaction contributing to a total of \$8,912 in gross revenue from acquisition date.

Gross revenue increased by 79% in comparison to Q3 2022 primarily due to the BZAM Transaction, and higher retail distribution compared to Q3 2022 which was affected by cyber security issues that impacted the Ontario Cannabis Store in August, and the strike actions in British Columbia and Quebec that affected the distribution of cannabis in Q3. In Q3 2022, some of the provinces were also drawing down on their inventory of new SKUs that launched in June 2022 when they had front-loaded their orders.

	For the three months ended				Three months ended		
	December 31, 2022	December 31, 2021	Variance to Q4-2021 (\$)	Variance to Q4-2021 (%)	September 30, 2022	Variance to Q3-2022 (\$)	Variance to Q3-2022 (%)
Revenue from dried flower	17,215	8,694	8,521	98%	8,597	8,618	100%
Revenue from hash	1,630	-	1,630	n/a	980	650	66%
Revenue from other products	2,796	305	2,491	817%	431	2,365	549%
Revenue from toll and other agreements	2,640	2,058	582	28%	3,263	(623)	(19%)
Total adult-use cannabis products	24,281	11,057	13,224	120%	13,271	11,010	83%

The adult-use cannabis segment generated gross revenues of \$24,281 for the three months ended December 31, 2022, an increase of \$13,225 compared to the same period of the prior year, having flower as the main contributor. Flower gross sales increased by 98% for the same period comparison, mainly due to the introduction of premium flower strains (Cherry Mints, Maple Kush and Gold Butter Mac) in 2022, the Company's Highly Dutch Organic™ flower continuing to gain traction in 2022 and the contribution of the new SKUs under the -ness, BZAM, BZAM Dunn and Table Top brands acquired as part of the BZAM Transaction. The additional sales efforts undertaken to provide direct store support with budtender and consumer education, on top of the new listings accepted in key markets throughout 2022, are key strategies that led the Company to achieve a significant increase of revenues in key markets.

Gross profit

	Three months ended				Three months ended		
	December 31, 2022	December 31, 2021	Variance to Q4-2021 (\$)	Variance to Q4-2021 (%)	September 30, 2022	Variance to Q3-2022 (\$)	Variance to Q3-2022 (%)
Net Revenue	17,227	9,466	7,761	82%	9,922	7,305	74%
Cost of sales	(19,894)	(6,432)	(13,462)	209%	(9,326)	(10,568)	113%
Gross profit/(loss) before changes in fair value of biological assets	(2,667)	3,034	(5,701)	(188%)	596	17,873	2999%
Gross profit/(loss) % before changes in fair value of biological assets	-15%	32%			6%		
Realized fair value adjustment on sale of inventory	(8,729)	(2,535)	(6,194)	244%	(8,597)	(132)	2%
Unrealized gain on changes in fair value of biological assets	4,243	4,368	(125)	(3%)	8,998	(4,755)	(53%)
Gross profit/(loss)	(7,153)	4,867	(12,020)	(247%)	997	12,986	1303%
Gross profit/(loss) %	-42%	51%			10%		

The Company's gross loss before changes in fair value of biological assets ("**direct gross loss**") was \$2,667 for Q4 2022, representing 15% gross loss margin before changes in fair value of biological assets (Q4 2021 – gross profit of \$3,034 representing 32% direct gross profit). There is a direct gross loss in Q4 2022 primarily as a result of inventory provisions and an increase in depreciation, in addition to price compression year over year.

The Company achieved an overall gross loss for Q4 2022 of 42% (Q4 2021 – gross profit of 51%) which has decreased from Q4 2021 due to (i) inventory provisions, (ii) increase in depreciation and (iii) changes in fair value of biological assets and inventory, of which there was a gain in Q4 2021 and loss in Q4 2022.

In comparison to Q3 2022, the direct gross profit decreased from 6% mainly as a result of inventory provisions highlighted above.

In addition, the Company was also affected by sales price compression on the products that it sells, compounded by the sales mix, with an increase in the proportion of lower margin products being sold in the period. Inflationary pressures on costs also affected the gross profit by increasing raw material, packaging and overhead costs.

Sales and marketing expenses

	Three months ended				Three months ended		
	December 31, 2022	December 31, 2021	Variance to Q4-2021 (\$)	Variance to Q4-2021 (%)	September 30, 2022	Variance to Q3-2022 (\$)	Variance to Q3-2022 (%)
Personnel costs	790	217	573	264%	358	432	121%
Third party marketing expenses	1,144	1,063	81	8%	749	395	53%
Travel and promotion expenses	76	5	71	1420%	20	56	280%
Sales agency costs	665	62	603	973%	528	137	26%
Other marketing expenses	871	28	843	3011%	169	702	415%
Termination benefits	711	47	664	1413%	-	711	n/a
	4,257	1,422	2,835	199%	1,824	2,433	133%

Sales and marketing expenses of \$4,257 for the three-months ended December 31, 2022, increased in comparison to expenses of \$1,422 for the same period in the prior year due to the BZAM Transaction and additional sales efforts undertaken to provide direct store support as well as additional third party marketing expenses commensurate with the increased revenue achieved. Sales and marketing expenses also increased as a result of termination costs for personnel as well as termination costs for contracts due to the restructuring of the organisation following the BZAM acquisition. Refer below for the table showing the sales and marketing less non-recurring costs.

In comparison to Q3 2022, sales and marketing expenses increased by \$2,433, primarily due to the addition of sales and marketing expenses due to the BZAM Transaction, increased third party and sales agency costs as well as termination costs for personnel and contracts as highlighted above.

R&D expenses

	Three months ended				Three months ended		
	December 31, 2022	December 31, 2021	Variance to Q4-2021 (\$)	Variance to Q4-2021 (%)	September 30, 2022	Variance to Q3-2022 (\$)	Variance to Q3-2022 (%)
Personnel costs	(5)	53	(58)	(109%)	49	(54)	(110%)
Product development	17	2	15	750%	34	(17)	(50%)
Travel related expenses	-	2	(2)	(100%)	-	-	n/a
Other research and development expenses	-	-	-	n/a	38	(38)	(100%)
	72	57	15	26%	121	(49)	(40%)

R&D expenses of \$72 for the three-months ended December 31, 2022, increased by \$15 in comparison to the R&D expenses for Q4 2021. The Company incurred higher R&D costs due to increased research and development compared to Q4 2021.

In comparison to Q3 2022, R&D expenses decreased by \$49 due to reduced research and development activity.

General and administrative (“G&A”) expenses

	Three months ended				Three months ended		
	December 31, 2022	December 31, 2021	Variance to Q4-2021 (\$)	Variance to Q4-2021 (%)	September 30, 2022	Variance to Q3-2022 (\$)	Variance to Q3-2022 (%)
Personnel costs	3,663	2,036	1,627	80%	1,952	1,711	88%
Office and other administrative expenses	1,080	1,195	(115)	(10%)	261	819	314%
Third party professional, consulting, legal fees	2,427	1,016	1,411	139%	1,820	607	33%
Computer and IT expenses	331	112	219	196%	158	173	109%
Termination benefits	2,470	213	2,257	1060%	-	2,470	n/a
	9,971	4,572	5,399	118%	4,191	5,780	138%

G&A expenses of \$9,971 for the three months ended December 31, 2022, increased by \$5,399 in comparison to expenses of \$4,572 for Q4 2021. The increase was primarily due to the increase in administrative overheads arising from the BZAM Transaction, as well as severance costs and other restructuring costs as a result of the restructuring following the BZAM Transaction. Refer below for the table showing the G&A less non-recurring costs.

Adjusted G&A (non-IFRS measure)	Three months ended				Three months ended		
	December 31, 2022	December 31, 2021	Variance to Q4-2021 (\$)	Variance to Q4-2021 (%)	September 30, 2022	Variance to Q3-2022 (\$)	Variance to Q3-2022 (%)
G&A	9,971	4,572	5,399	118%	4,191	5,780	138%
Adjustments							
Termination benefits	(2,470)	(213)	(2,257)	1060%	-	(2,470)	n/a
Restructuring Costs	(161)	-	(161)	n/a	-	(161)	n/a
Write-off of other assets	(597)	-	(597)	n/a	-	(597)	n/a
Adjusted G&A (non-IFRS measure)	6,743	4,359	2,384	55%	4,191	2,552	61%

In comparison to Q3 2022, adjusted G&A expenses increased by \$5,780 which was primarily due to the addition of administrative expenses within the larger combined company due to the BZAM Transaction.

Share based compensation expenses

The Company recognized a share based compensation expense of negative \$1,001 for the three months ended December 31, 2022, compared to \$865 for Q4 2021. The decrease is primarily due to cancellation of stock options for terminated employees as well as stock options cancelled due to forfeiture and expiry. Share based compensation was valued using the Black-Scholes valuation model and represents a non-cash expense.

In comparison to Q3 2022, share based compensation expense decreased by \$1,371 primarily as a result of cancellation of stock options for terminated employees as well as stock options cancelled due to forfeiture and expiry.

Depreciation and amortization

The Company recognized depreciation and amortization expense of minus \$1,412 for the three months ended December 31, 2022, compared to \$3,621 for the same period in the prior primarily due to the reducing depreciation based on the reducing balance method as well as increased capitalisation of depreciation to inventory as a result of increased production. Additionally, depreciation decreased by \$4,621 in Q4 2022 as compared to Q3 2022, primarily due to increased capitalisation of depreciation to inventory.

Loss from operations

Loss from operations was \$19,040 for the three months ended December 31, 2022, compared to \$5,670 for Q4 2021, with the decline primarily driven by the inventory provisions and higher sales and marketing expenses, and general and administrative expenses which increased as result of the restructuring from the BZAM Transaction.

In comparison to a loss from operations of \$8,718 in Q3 2022, the decline in Q4 2022 was mainly due to lower gross profit as discussed above, arising mainly due to the provision made in Q4 2022, of \$7,552 (including fair value adjustment), for potential inventory obsolescence as well as the restructuring costs.

Impairment loss

During the three months ended December 31, 2022, the Company recorded a total impairment loss of \$22,821 (Q4 2021 – nil) consisting of the impairment assessment that was conducted as at December 31, 2022 of \$10,677 as well as the impairment loss of \$12,144 arising from the potential sale of the Galaxie assets.

Net loss from continuing operations

The Company's net loss from continuing operations for the three months ended December 31, 2022, was \$9,663 (Q4 2021 – net loss of \$6,278) which has increased primarily due to increased loss from operations as well as the impairment loss described above which was offset by the gain on revaluation of the contingent consideration from the BZAM Transaction and Galaxie transaction totalling \$35,416.

Comprehensive loss

The Company's comprehensive loss for the three months ended December 31, 2022, was \$7,518 (Q4 2021 - comprehensive loss of \$8,097) and is comprised primarily of the net loss from continuing operations discussed above.

In comparison to Q3 2022, the Company's comprehensive loss in Q4 2022 increased by \$1,333 primarily due to the higher loss from operations as well as the impairment recognised in Q4 2022 which was offset by the revaluation gain of the contingent considerations from the BZAM Transaction and Galaxie Acquisition.

SUMMARY OF YEARS ENDED DECEMBER 31, 2022 RESULTS –2022 as compared to 2021

The table below summarizes selected information regarding the Company's loss from operations and other financial information, for the periods presented in accordance with IFRS and on a consistent basis with the Consolidated Financial Statements and related notes:

	For the years ended	
	December 31, 2022	December 31, 2021
Revenue	\$ 68,802	\$ 39,185
Loss from operations	\$ (35,235)	\$ (28,741)
Net loss from continuing operations	\$ (36,359)	\$ (39,544)
Comprehensive loss	\$ (37,545)	\$ (43,524)
Net loss per share from continuing operations (basic & diluted)	\$ (0.42)	\$ (0.72)

Revenues

	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
Revenue from adult-use cannabis products	66,199	33,790	32,409	96%
Revenue from medical cannabis products	2,291	2,801	(510)	(18%)
Revenue from toll agreements	312	2,594	(2,282)	(88%)
Gross Revenue	68,802	39,185	29,617	76%

Gross revenue recognized for 2022, amounted to \$68,802, an increase of 76% compared to 2021 (2021 - \$39,185), driven by the introduction of new products to the market and increased demand in existing ones, in addition to an increase of 9% directly related to the acquisition of BZAM contributing to a total of \$8,912 in gross revenue from acquisition date.

	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
Revenue from dried flower	47,238	25,011	22,227	89%
Revenue from hash	3,638	-	3,638	n/a
Revenue from other products	3,617	381	3,236	849%
Revenue from toll and other agreements	11,706	8,398	3,308	39%
Total adult-use cannabis products	66,199	33,790	32,409	96%

The adult-use cannabis segment generated gross revenues of \$66,199 for the year ended December 31, 2022, an increase of \$32,409 compared to the prior year, having flower as the main contributor. Flower gross sales increased by 89% for the same period comparison, mainly due to the introduction of premium flower strains (Cherry Mints, Maple Kush and Gold Butter Mac) in 2022, the Company's Highly Dutch Organic™ flower continuing to gain traction in 2022 and the contribution of the new SKUs under the -ness, BZAM, BZAM Dunn and Table Top brands from BZAM acquisition. The additional sales efforts undertaken to provide direct store support with budtender and consumer education, on top of the new listings accepted in key markets throughout 2022, are key strategies that led the Company to achieve significant increase of revenues in key markets.

Gross profit

	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
Net Revenue	49,351	30,241	19,110	63%
Cost of sales	(45,222)	(22,465)	(22,757)	101%
Gross profit (loss) before changes in fair value of biological assets	4,129	7,776	(3,647)	
<i>Gross profit (loss) % before changes in fair value of biological assets</i>	8%	26%		
Realized fair value adjustment on sale of inventory	(23,606)	(8,161)	(15,445)	189%
Unrealized gain on changes in fair value of biological assets	26,229	12,118	14,111	116%
Gross profit/(loss)	6,752	11,733	(4,981)	(42%)
<i>Gross profit (loss) %</i>	14%	39%		

The Company's direct gross profit was \$4,129 for 2022, representing 8% gross profit margin before changes in fair value of biological assets (2021 - \$7,776 representing 26% direct gross loss) primarily as a result of inventory provisions that were recorded in the year. Refer to the Adjusted Gross Profit table below.

The Company achieved an overall gross profit for 2022 of \$6,752 (2021 – gross profit of \$11,733) which has decreased 42% from 2021 mainly due inventory provisions that were recorded in the year. Refer to the Adjusted Gross Profit table below that shows the effect of the provisions.

Adjusted Gross Profit

Adjusted Gross Profit is defined as gross profit excluding the adjustments for accelerated depreciation, severance and write down of inventory. The following table reconciles the Company's gross profit (as reported) to Adjusted Gross Profit for the periods indicated.

In addition to the effects as shown in the Adjusted Gross Profit table below, the Company was also affected by sales price compression on the products that it sells, compounded by the sales mix, with an increase in the proportion of lower margin products being sold in the period. Inflationary pressures on costs also affected the gross profit by increasing raw material, packaging and overhead costs.

Adjusted Gross Profit/(loss) (non-IFRS measure)	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
Gross profit/(loss) before changes in fair value of biological assets	4,129	7,776	(3,647)	(47%)
Adjustments				
Returns Provisions	632	-	632	n/a
Inventory provisions and write-offs- Cost	3,320	-	3,320	n/a
Under absorption of overheads	326	-	326	n/a
Adjusted Gross profit/(loss) before changes in fair value of biological assets adjusted (non IFRS measure)	8,407	7,776	631	8%
Adjusted Gross profit/(loss) % before changes in fair value of biological assets adjusted (non IFRS measure)	17%	26%		
Gross Profit/(loss)	6,752	11,733	(4,981)	(42%)
Adjustments				
Returns Provisions	632	-	632	n/a
Inventory provisions and write-offs- Cost	3,320	-	3,320	n/a
Under absorption of overheads	326	-	326	n/a
Inventory provisions - Fair Value	8,187	-	8,187	n/a
Adjusted Gross Profit/(loss) (non-IFRS measure)	19,217	11,733		
Adjusted Gross Profit/(loss) % (non-IFRS measure)	39%	39%		

Sales and marketing expenses

	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
Personnel costs	2,061	1,308	753	58%
Third party marketing expenses	3,335	2,468	867	35%
Travel and promotion expenses	123	11	112	1018%
Sales agency costs	2,143	182	1,961	1077%
Other marketing expenses	1,182	170	1,012	595%
Termination benefits	829	47	782	1664%
	9,673	4,186	5,487	131%

Sales and marketing expenses of \$9,673 for 2022 increased in comparison to expenses of \$4,186 in the prior year primarily due to increased costs due to integration of the entities following the BZAM Transaction, severance costs due to the restructuring following the BZAM Transaction, additional sales efforts undertaken to provide direct store support as well as additional third party marketing expenses commensurate with the increased revenue achieved.

Adjusted Sales and Marketing (non-IFRS measure)	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
Sales and Marketing	9,673	4,186	5,487	131%
Adjustments				
Termination benefits	(829)	(47)	(782)	1664%
Sales agency termination costs	(205)	-	(205)	n/a
Adjusted Sales and Marketing (non-IFRS measure)	8,639	4,139	4,500	109%
Adjusted Sales and Marketing as % of Net Revenue (non-IFRS measure)				
Net Revenue	49,351	30,241	19,110	63%
Adjusted Sales and Marketing (non-IFRS measure)	8,639	4,139	4,500	109%
Adjusted Sales and Marketing as % of Net Sales (non-IFRS measure)	18%	14%		

R&D expenses

	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
Personnel costs	328	314	14	4%
Product development	53	4	49	1225%
Travel related expenses	10	38	(28)	(74%)
Other research and development expenses	43	47	(4)	(9%)
Termination benefits	60	125	(65)	(52%)
	494	528	(34)	(6%)

R&D expenses of \$494 for 2022 decreased by \$34 in comparison to the R&D expenses for 2021. The Company incurred overall lower R&D personnel costs due to termination benefits that were in 2021 which were absent in 2022.

G&A expenses

	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
Personnel costs	9,719	7,184	2,535	35%
Office and other administrative expenses	3,272	7,730	(4,458)	(58%)
Third party professional, consulting, legal fees	6,543	4,308	2,235	52%
Computer and IT expenses	673	780	(107)	(14%)
Termination benefits	2,773	213	2,560	1202%
	22,980	20,215	2,765	14%

G&A expenses of \$22,980 for 2022, increased by \$2,765 in comparison to expenses of \$20,215 for 2021. The increase is primarily due to the severance costs, restructuring costs as a result of the BZAM Transaction as well as increased costs from the integration of the BZAM entities. Refer below for the table showing the G&A less non-recurring costs.

Adjusted G&A (non-IFRS measure)	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
G&A	22,980	20,215	2,765	14%
Adjustments				
Termination benefits	(2,773)	(213)	(2,560)	1202%
Restructuring Costs	(161)	-	(161)	n/a
Write-off of other assets	(597)	-	(597)	n/a
Adjusted G&A (non-IFRS measure)	19,449	20,002	(553)	(3%)
Adjusted G&A as a % of Net revenue (non-IFRS measure)				
Net Revenue	49,351	30,241	19,110	63%
Adjusted G&A (non-IFRS measure)	19,449	20,002	(553)	(3%)
Adjusted G&A as a % of Net revenue (non-IFRS measure)	39%	66%		

Total Adjusted SG&A as a % of Net Revenue (non-IFRS measure)	For the years ended			
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)	Variance to 2021 (%)
Net Revenue	49,351	30,241	19,110	63%
Adjusted SG&A (non-IFRS measure)	28,088	24,141	3,947	16%
Adjusted SG&A as a % of Net revenue (non-IFRS measure)	57%	80%		

Share based compensation expenses

The Company recognized a share based compensation expense of \$206 for 2022, compared to \$3,381 for 2021. The decrease is primarily due to a reduction in the value of stock options granted in 2022 as well as stock options cancelled due to terminations, forfeiture and expiry. Share based compensation was valued using the Black-Scholes valuation model and represents a non-cash expense.

Depreciation and amortization

The Company recognized depreciation and amortization expense of \$8,634 for 2022, compared to \$12,164 in 2021, due to the reducing depreciation based on the reducing balance method as well as increased capitalization of depreciation to inventory as a result of increased production.

Loss from operations

Loss from operations was \$35,235 for 2022, compared to \$28,741 for 2021, with the increase mostly a result of lower gross profit as explained above, higher sales and marketing and general and administrative costs.

Impairment loss

During the 2022, the Company recognized an impairment loss related to the held for sale HemPoland Operations of \$2,489 as well as an impairment loss on the Puslinch Facility leasehold improvements of \$6,183, loss from the impairment assessment on cannabis related activities from production at the Puslinch Facility and Quebec Facility (the “TGOD CGU”) that was conducted as at December 31, 2022 of \$10,677 as well as the impairment loss of \$12,144 arising from the potential sale of the Galaxie assets (2021 – impairment loss related to the Quebec Facility of \$17,688, HemPoland Operations impairment loss of \$5,118, Valleyfield Facility impairment loss of \$46,475 and an impairment reversal on the Company’s Hamilton Facility assets of \$68,286).

Net loss from continuing operations

The Company’s net loss from continuing operations for 2022 was \$36,359 (2021 – net loss of \$39,544) which primarily reflects the revaluation gain of the contingent consideration of \$38,017 which was offset by the increased loss from operations, as well as the impairment losses described above.

Comprehensive loss

The Company’s comprehensive loss for 2022 was \$37,545 (2021 - comprehensive loss of \$43,524) and is comprised primarily of the net loss from continuing operations discussed above.

HEMPOLAND SALE

On September 6, 2022, the Company completed the sale of HemPoland, its wholly owned hemp cultivation and extraction business based in Poland, for proceeds of \$6,810 which included \$1,350 in cash and a \$5,460 loan forgiveness for amounts owed to HemPoland by the Company.

The results of the disposed entity which are also included in the current results are as follows:

	For the years ended	
	December 31, 2022	December 31, 2021
Revenue	\$ 1,926	\$ 6,270
Gross profit	\$ 305	\$ 2,330
Expenses	\$ 1,124	\$ 5,398
Loss from discontinued operations	\$ (819)	\$ (3,068)
Income Tax Recovery	\$ 387	\$ 315
Loss from discontinued operations, net of tax	\$ (432)	\$ (2,753)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)

Cash flows from (used in) discontinued operations.

	For the years ended	
	December 31, 2022	December 31, 2021
Net cash provided by/(used in) operating activities	\$ (147)	\$ 1,339
Net cash provided used in investing activities	(46)	(188)
Net cash provided used in financing activities	(410)	(519)
Net cash (outflows) inflows for the year	\$ (603)	\$ 632

Loss on Disposal

As a result of the disposal a loss on disposal arose as follows:

	HemPoland
Proceeds from Sale	6,810
Less: Net assets at Disposal	(5,938)
Add: Reclassification of foreign currency translation reserve applicable to HemPoland	(1,703)
Loss on Disposal	(831)

ASSETS HELD FOR SALE

Galaxie Assets

As at December 31, 2022, management was committed to a plan to sell certain assets and liabilities owned by Galaxie. Accordingly, the Company has presented the assets and liabilities as held for sale. Efforts to sell the assets have started and a sale is expected within the next twelve months.

Impairment losses of \$3,656 for write-downs of the assets to the lower of their carrying amount and their fair value less costs to sell have been recognized for the year ended December 31, 2022 (year ended December 31, 2022, \$Nil). The impairment losses have been applied to reduce the carrying amount of property, plant and equipment, and intangible assets.

As at December 31, 2022, the assets and liabilities were stated at fair value less costs to sell and comprised of the following:

Property, plant and Equipment	1,916
Intangible Assets	2,253
Assets held for sale	4,169

Lease Liability	3,669
Liabilities held for sale	3,669

Measurement of fair values

The fair value less costs to sell of the assets and liabilities was estimated to be \$500 using a market approach (level 2 on the fair value hierarchy), from a non-binding competitive offer which provided reliable information to determine the fair value of the assets.

Maple Ridge Facility

As at December 31, 2022, management was committed to a plan to sell the Company's cultivation facilities and equipment located at the Maple Ridge Facility. Accordingly, the Company reclassified certain assets as held for sale as at December 31, 2022. Efforts to sell the Maple Ridge Facility have commenced and a conditional sale was concluded on April 7, 2022.

As at December 31, 2022, the assets were stated at fair value less costs to sell and comprised of the following:

Land	1,020
Facilities and capital improvements	3,740
Production and cultivation equipment	448
Furniture and fixtures	221
Computer equipment	144
Assets held for sale	5,573

Measurement of fair values

The fair value less costs to sell of the assets and liabilities was estimated to be \$5,573. Fair value of the land was estimated using a direct comparison approach using third party selling prices for comparable properties. For facilities and capital improvements, the cost approach was used where fair value was estimated based on the cost to produce assets of similar nature. The other assets were measured using the replacement cost new approach where the cost of acquiring similar assets were used to estimate the fair values of these assets.

FINANCIAL POSITION

The table below summarizes selected information regarding the Company's financial position for the periods presented in accordance with IFRS and on a consistent basis with the Consolidated Financial Statements and related notes:

	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Total assets	\$ 274,444	\$ 194,346	\$ 211,575	\$ 342,181
Total current liabilities	\$ 42,214	\$ 29,391	\$ 66,377	\$ 53,227
Total non-current liabilities	\$ 53,919	\$ 28,144	\$ 5,394	\$ 21,354
Total shareholders' equity	\$ 178,311	\$ 136,811	\$ 139,804	\$ 267,600

The following is a discussion of the significant changes to selected balances in the Company's financial position as at December 31, 2022 as compared to December 31, 2021.

Assets

The Company's consolidated cash and cash equivalents of \$4,650 as at December 31, 2022 increased from \$4,089 as at December 31, 2021 primarily as a result of cash used in operating activities, offset by proceeds received in investing and financing activities. The increase in the Company's trade receivables to \$10,256 as at December 31, 2022 (December 31, 2021 - \$8,833) relates primarily to the addition of trade receivables as a result of the BZAM Transaction. As at December 31, 2022, the Company had \$52,416 in inventory as compared to \$20,942 as at for December 31, 2021 primarily as a result of the BZAM Transaction. The Company's property, plant and equipment increased by \$11,389 to \$129,369 primarily as a result of the BZAM Transaction which was partially offset by the impairment on leasehold improvements and subsequent sale and leaseback on the Puslinch Facility, impairment of assets based on the impairment assessment on TGOD CGU at year end, impairment of assets as a result of the potential sale of the Galaxie assets, transfer of assets to the held for sale category and depreciation recorded for YTD 2022.

Liabilities

The Company's accounts payable and accrued liabilities were \$29,511 as at December 31, 2022, an increase from \$17,664 as at December 31, 2021, with the increase primarily relating to increased operating activity and the BZAM Transaction. Payments were primarily funded by additional funds drawn under the Revolver Loan.

The Company's loans payable increased to \$32,618 at December 30, 2022 as compared to \$20,225 as at December 31, 2021 primarily due to an increase in the drawn balance, including an additional \$4,000 provided as a term portion, accretion on the Revolver Loan, \$2,200 promissory note from a company controlled by the BZAM Shareholder, and \$5,000 mortgage on the Edmonton Facility arising from the BZAM Transaction.

Equity

The Company's shareholders' equity increased from \$136,811 as at December 31, 2021 to \$178,311 as at December 31, 2022, primarily due to the BZAM Transaction which was offset by an increase in the accumulated deficit of \$35,504 related to the loss from operations for the period, partially offset by an increase in share capital of \$69,502 primarily due to share issuances in relation to the ATM, RSUs, shares exchanged in the BZAM Transaction and shares issued to settle debt.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2022, the Company generated its revenue from domestic cannabis production and sales, together with draws on the Revolver Loan and the equity financings described in "Equity Issuances" above to finance its operations and meet its capital requirements. The Company's objectives when managing its liquidity and capital resources are to maintain a sufficient capital base to maintain investor and creditor confidence and to sustain the future development of the business.

As at December 31, 2022, the Company maintained positive working capital of \$45,449 (December 31, 2021 – positive \$25,716) with the change from prior year-end mainly reflecting the BZAM Transaction as well as improved revenues. The total cash position was \$5,000, including \$350 of restricted cash (December 31, 2021 – \$4,308 of which \$219 was restricted cash). This cash will be used primarily towards covering working capital requirements and operating costs as the Company moves towards achieving positive operating cashflow.

The Company has primarily financed its operations to date through the issuance of Common Shares, Warrants, and drawdowns on certain of the Company's debt facilities. Should the Company not achieve positive operating cashflow as expected, the Company may need to increase its debt or obtain capital through various means including the issuance of equity to repay its obligations or the divestiture of other assets. The Consolidated Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future if revenue plans, asset sales, debt refinancing and/or additional debt or equity financing or any combination thereof is realized. In addition, the terms of the Amended and Restated Agreement require the Company to satisfy various affirmative and negative covenants and to meet certain future financial tests. A failure to comply with these covenants, including a failure to meet the financial tests, would result in an event of default under the Revolver Loan and if not cured would allow the lender to accelerate the debt, which would materially and adversely affect the business, results of operations and financial condition of the Company.

There can be no assurance that additional funding will be available to the Company, or, if available, that such funding will be on acceptable terms. If adequate funds are not available, the Company will be required to delay or reduce the scope of any or all of its projects. Management continues to pursue other alternatives to fund the Company's operations and looks to reduce costs, such as:

- Reduction of headcount and rightsizing future operating and administrative needs;
- Minimizing the Company's reliance on third party service providers and professional fees; and
- Monetize redundant and available for sale assets.

These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

To date, the completion of the BZAM Transaction has increased assets and revenues of the Company as well as reduced relative costs. Management of the Company anticipates that a larger asset and revenue base together with reduced relative costs for the Company and reduced debt to asset ratio will increase the profitability of the Company, as well as increase the likelihood of additional funding being available to the Company.

	For the years ended		
	December 31, 2022	December 31, 2021	Variance to 2021 (\$)
Net cash used in operating activities	\$ (8,994)	\$ (18,038)	\$ 9,044
Net cash provided from investing activities	4,949	25,796	(20,847)
Net cash provided/(used) by financing activities	6,844	(13,443)	20,287
Net effects of foreign exchange	(2,238)	(597)	(1,641)
Decrease in cash and cash equivalents	\$ 561	\$ (6,282)	\$ 6,843

Operating Activities

For the year ended December 31, 2022, net cash used in operating activities was \$9,044 lower than the year ended December 31, 2021. The improvement was achieved primarily due to increased sales for the year ended December 31, 2022.

Investing Activities

For the year ended December 31, 2022, the net cash from investing activities was \$20,847 lower than the year ended December 31, 2021. The decrease was primarily due to the sale of the Quebec Facility in June 2021 partially offset by the sale of HemPoland in Q3 2022 and the cash arising from the BZAM Transaction.

Financing Activities

For the year ended December 31, 2022, net cash provided in financing activities was \$20,287 higher than the year ended December 31, 2021. The increase was primarily the result of repayment of its senior secured credit facility in Q2 2021 of \$32,200, and a \$5,583 increase in funds drawn under the Revolver Loan in 2022, \$2,200 from the promissory note from the company controlled by the BZAM Shareholder, partially offset by a year over year decrease in cash proceeds from the issuance of Common Shares and Warrants of \$4,526, and decrease in cash proceeds from the exercise of stock options and Warrants of \$7,559.

Contractual Obligations

The Company had the following estimated gross contractual obligations as at December 31, 2022, which were expected to be payable in the following respective periods:

Contractual cash flows - 12 months ending ⁽¹⁾								
	Carrying amount	Total	December 2023	December 2024	December 2025	December 2026	December 2027	Thereafter
	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	29,511	29,511	29,511	-	-	-	-	-
Sales taxes payable	1,540	1,540	1,540	-	-	-	-	-
Loans	32,618	41,274	10,110	25,456	500	5,208	-	-
Liabilities held for sale	3,669	10,581	480	480	490	600	600	7,931
Lease liabilities	12,066	18,619	2,016	2,046	1,932	1,944	1,870	8,811
Total contractual obligations	79,404	101,525	43,657	27,982	2,922	7,752	2,470	16,742

⁽¹⁾ Contractual cash flows include expected interest payable until the maturity date.

The Company's accounts payable and accrued liabilities include consolidated trade payables and accrued liabilities for work incurred, including for the construction of the facilities and the payables related to its licencing revenue stream.

The contractual cash flows in the table above include the relevant interest and principal payments related to the total of \$26,805 drawn on the Revolver Loan as at December 31, 2022, payable until maturity dates. Over the balance of 2022, the Company expects further draws on the \$7,195 available credit under the Revolver Loan secured by trade receivables, for which it will have to incur interest charges based on actual use.

The Company's lease liabilities are measured in accordance with IFRS 16 where the Company has recognized an increase to both assets and liabilities on the consolidated statements of financial position, as well as a decrease to operating expenses (for the removal of rent expense for leases), an increase to depreciation and amortization (due to depreciation of the right-of-use assets), and an increase to finance costs (due to accretion of the lease liability).

Other Contractual Commitments

The lease for the office space of the Company's headquarters required the issuance of a letter of credit in the amount \$350, which may be drawn upon by the landlord in the event of a material breach of the agreement. In December 2022, the Company terminated the lease and the termination agreement included forfeiture of the deposit.

Pursuant to some of the agreements related to the Hamilton Facility, as at December 31, 2022, the Company had letters of credit in the amount of \$133 which may be drawn upon in the event of material breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates ("GIC") securing the letters as collateral. The Company has pledged corresponding GICs as collateral, which have been recorded in other assets. As at December 31, 2022, there have been no breaches and no amounts have been drawn on the letters of credit.

In addition, in connection with the Galaxie Acquisition, the Company acquired a 20-year lease on the land on which the Puslinch Facility is located, which commenced on December 1, 2020. On May 17, 2022 the Company also completed the Puslinch Transaction described above.

Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to defend itself vigorously against all legal claims. The Company is subject to certain employment related claims by a former employee for which a provision in accounts payable and accrued liabilities has been recognized only to the extent that it is likely to result in future economic outflows. The Company has also been subject to a claim by former warrant holders for approximately \$1,250. The claim was settled in 2022 for \$325. On August 3, 2020, the Company was named as a defendant in a litigation matter commenced in the United States District Court for the Middle District of Georgia relating to a disposed minority investment in a U.S. based beverage incubation business, seeking, among other things, unquantified compensatory damages and injunctive relief. The case was settled for US\$75 thousand in 2022. Other than the claims previously described, the Company is not aware of any other material or significant claims against the Company.

Should the remaining claim or any other litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating, the value or market price for the Common Shares and could require the use of significant resources. Even if the Company is involved in litigation and is ultimately successful, litigation can require the redirection of significant resources. Litigation may also create a negative perception of the Company's brand.

Use of Proceeds from Previous Financings

The Company filed its December Supplement, raising gross proceeds of approximately \$5.08 million, with the use of proceeds described as for working capital and general corporate purposes. Since the closing of the offering all proceeds have been expended on working capital and general corporate purposes as therein described. As at the date of this MD&A, there have been no updates to the use of proceeds disclosure or additional financings.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the financial performance or financial condition of the Company.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES IN ACCOUNTING POLICIES

There were no significant changes in the Company's accounting policies and critical accounting estimates for the year ended December 31, 2022. The preparation of the Consolidated Financial Statements requires the use of estimates and judgements that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

[a] Fair values

The Company's financial instruments were comprised of the following as at December 31, 2022: cash and cash equivalents; restricted cash; refundable sales tax receivable; trade receivables; other current assets; accounts payable and accrued liabilities; sales taxes payable; loans and contingent consideration.

The fair values of the financial assets and financial liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instrument's recorded at amortized cost is that the instrument's fair value approximates their carrying amount is largely due to the short-term maturities of these instruments.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year ended December 31, 2022, there were no transfers of amounts between levels (year ended December 31, 2021 – no changes).

[c] Management of key risks arising from financial instruments.

Credit Risk

As at December 31, 2022, the Company's trade receivables had three customers whose balances were individually greater than 10% of total trade receivables as at December 31, 2022 (December 31, 2021 – two customers). Customer A accounted for 36%, Customer B accounted for 15% of trade receivables and Customer C accounted for 23% of trade receivables as at December 30, 2022 (December 31, 2021 – Customer A accounted for 48% and Customer B accounted for 24%). Customer A, B and C are provincial government entities.

RELATED PARTY TRANSACTIONS

Identification of related parties

Related parties as at December 31, 2022 have been identified as follows:

Related party	Business relationship	Measurement basis
Angus Footman	Director	Exchange amount
Olivier Dufourmantelle	Director, Senior Officer	Exchange amount
Louis Sterling	Director	Exchange amount
Jacques Dessureault	Director	Exchange amount
Chris Schnarr	Director	Exchange amount
Keith Merker	Director	Exchange amount
Tony Moschella	Director	Exchange amount
Sean Bovingdon	Senior Officer	Exchange amount
Michel Gagne	Senior Officer	Exchange amount
Matt Milich	Senior Officer	Exchange amount
Jordan Winnett	Senior Officer	Exchange amount
Wyld GLX Corp.	Joint venture	Exchange amount

Key transactions with related parties

There have been no material transactions with related parties and no unusual transactions outside of the normal course of business during the year ended December 31, 2022 (December 31, 2021 – none). No expense has been recognized in the current year or prior period for bad or doubtful debts in respect of amounts owed by related parties. No other new guarantees have been given or received by related parties during the year ended December 31, 2022. As at December 31, 2022, the Company had a loan from a company controlled by Angus Footman and Olivier Dufourmantelle, that was assumed as part of the Galaxie Acquisition, totalling \$400 (December 31, 2021 – \$1,300), which is subordinate to the Revolver Loan. As at December 31, 2022, the Company had a loan from a company controlled by the BZAM International Ltd. shareholder totalling \$2,200 (December 31, 2021 – \$0), which is subordinate to the Revolver Loan. There are no other receivable or payable balances with key management personnel and \$139 of director fees payable (December 31, 2021 – \$147 directors fee payable).

REGULATORY LANDSCAPE

The results of operations and financial condition of the Company are subject to a number of regulations and are affected by a number of factors outside the control of management.

Canadian Regulatory Landscape

The production, distribution and sale of cannabis in Canada is strictly regulated. On October 17, 2018, the Cannabis Act and accompanying regulations promulgated under the Cannabis Act (the “Cannabis Regulations”), and the new industrial hemp regulations (the “IHR”, and together with the Cannabis Regulations, collectively, the “Regulations”), came into force, legalizing the production, distribution and sale of cannabis for adult recreational purposes, as well as incorporating the pre-existing medical cannabis regulatory scheme under one complete framework. Amendments legalizing the sale of edible cannabis, cannabis extracts, and cannabis topicals in the Canadian market came into force on October 17, 2019. A federally licensed entity with authorization to produce and sell any class of cannabis (except plants and seeds) must provide 60-days notice to Health Canada of its intent to sell any new cannabis retail product prior to making such product available for sale to provincially authorized purchasers or medical users.

Pursuant to the federal regulatory framework in Canada, each province and territory may adopt its own laws governing the distribution, sale and consumption of cannabis and cannabis accessories within the province or territory provided that the provincial or territorial legislation contains certain measures that mirror the public health policy goals of the federal regime. All Canadian provinces and territories have implemented mechanisms for the distribution and sale of cannabis for recreational purposes within those jurisdictions, and retail models vary between jurisdictions.

The Cannabis Act maintains separate access to cannabis for medical purposes, including providing that import and export licences and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Patients who have the authorization of their healthcare provider may register with Health Canada to have access to cannabis, either

purchased directly from a federally licensed entity authorized to sell for medical purposes, or by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them.

Provincial Regulatory Framework for Recreational Cannabis

While the Cannabis Act provides for regulation of the commercial production of cannabis and related matters by the federal government, the provinces and territories of Canada have authority to adopt their own laws and regulations governing the distribution, sale and consumption of cannabis and cannabis accessory products within the province or territory, permitting for example, provincial and territorial governments to set lower possession limit for individuals and higher age requirements. Currently each of the Canadian provincial and territorial jurisdictions has established a minimum age of 19, except for Alberta, where the minimum age is 18, and Québec, where the minimum age is 21.

All Canadian provinces and territories have implemented regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. In most provinces, provincial/territorial crown corporations act as intermediaries between entities licensed federally under the Cannabis Act and consumers, such bodies acting in some jurisdictions as exclusive cannabis wholesalers and distributors, and in some instances as exclusive retailers.

Some provinces also authorize municipal governments to impose additional requirements and regulations on the sale of recreational cannabis, such as by restricting the number of recreational cannabis retail outlets that are permitted in a certain geographical area. Municipal zoning authority also generally permits a municipality to restrict the geographical locations wherein such retail outlets may be opened.

Regulatory Landscape Outside Canada

The Company only conducts business in jurisdictions outside of Canada where such operations are legally permissible in accordance with all laws of the foreign jurisdiction, the laws of Canada and the rules of the CSE. The legal and regulatory requirements in the foreign countries in which the Company operates with respect to the cultivation and sale of cannabis, as well as local business culture and practices, are different from those in Canada. Prior to commencing operations in a new country, in partnership with local legal counsel, consultants and partners, the Company conducts legal and commercial due diligence in order to ensure that the Company and its officers and directors gain a sufficient understanding of the legal, political and commercial framework and specific risks associated with operating in such jurisdiction. Where possible, the Company seeks to work with respected and experienced local partners who can help the Company to understand and navigate the local business and operating environment, language and cultural differences. In consultation with advisors, the Company takes steps deemed appropriate in light of the level of activity and investment it expects to have in each country to ensure the management of risks and the implementation of necessary internal controls.

Germany

In March 2017, the German legislature introduced “The Cannabis as Medicine Act” (Gesetz zur Änderung betäubungsmittelrechtlicher und anderer Vorschriften) which regulates the requirements for the marketability of cannabis pharmaceuticals and their inclusion in health insurance plans. Under this Act, statutory insured patients suffering from a severe disease (i.e. life-threatening or seriously affecting quality of life) are entitled to treatment with medicinal cannabis (flowers or extracts in standardized quality) if (i) generally recognized treatment in accordance with medical standards is either not available, or cannot be applied in individual cases according to the justified assessment of the treating physician, and (ii) if there is a not entirely distant prospect of a noticeable positive effect on the course of the disease or on serious symptoms.

Importers of cannabis pharmaceuticals which have not been produced in an EU/EFTA Member State and which shall be distributed in Germany on a commercial or professional basis must apply for an import authorization to the competent health authority in the federal state (Bundesland) in which the importer is based pursuant to section 72 Medicinal Products Act (Arzneimittelgesetz – “AMG”). Generally, the import authorization can be issued for cannabis from cultivations controlled by the country of origin pursuant to the requirements of the 1961 UN Single Convention on Narcotic Drugs. Additionally, importers must apply for a manufacturing authorization pursuant to section 13 AMG if they carry out at least one manufacturing step within the meaning of section 4 (14) AMG (e.g. preparing, formulating, treating or processing, filling, decanting, packaging, labelling) after import. Furthermore, the distribution of drug products treated with radiation (e.g. E-Beam) requires a permit under the German Regulation on Drug Products treated with Radiation (Verordnung über radioaktive oder mit ionisierenden Strahlen behandelte Arzneimittel – “AMRadV”).

The marketing of medicinal cannabis products that qualify as finished medicinal products requires a marketing authorization issued by the competent Federal Institute for Drugs and Medical Devices (Bundesinstitut für Arzneimittel und Medizinprodukte – “BfArM”).

Pursuant to sec. 72a AMG, importers of medicinal cannabis must ensure that their products have been produced in compliance with applicable quality standards and must obtain a written confirmation from a competent authority to prove compliance. In particular, cannabis medicinal products must be manufactured in compliance with the manufacturing standards of the Pharmaceuticals and Active Agent Manufacturing Ordinance (Arzneimittel- und Wirkstoffherstellungsverordnung – “AMWHV”) which implements the EU Good Manufacturing Practice. In addition to standards for the growing and cultivation of the cannabis plant itself, such as the Good Agricultural and Collection Practice (GACP), which is annexed to the EU-GMP, specific pharmaceutical quality standards must be met before placing the product on the market. Such standards are established by pharmaceutical monographs (e.g. “Cannabis Flowers”, “Cannabis Extract”), which are published by the BfArM in the German Pharmacopoeia (Deutsches Arzneibuch – “DAB”).

Finally, medicinal cannabis products with a THC concentration of at least 0.2 percent qualify as narcotics under German law and are therefore subject to the authorization requirements under the German Narcotic Drugs Act (Betäubungsmittelgesetz – “BtMG”). Under this Act, the seller, buyer and other processors (e.g. importers, distributors, etc.) of medicinal cannabis products must obtain an authorization by the BfArM. Such an authorization has been issued per se for qualified doctors and pharmacists who sell or buy narcotics for the treatment of a patient or in the course of the operation of a pharmacy. Although CBD as such is not subject to the BtMG unless the possible THC traces exceed 0.2 percent, it is currently unclear whether products containing CBD will be classified and marketed as industrial hemp products or food rather than narcotic drugs following a judgment from the Court of Justice of the European Union on November 19, 2020 and the European Commission’s ongoing review of applications for approval of products containing CBD as novel foods. In its ruling of March 24, 2021, the German Federal Court of Justice (Bundesgerichtshof - “BGH”) ruled that the sale of hemp flowers and leaves to end-consumers may qualify as a narcotic but is not necessarily prohibited under the BtMG, provided that these products serve exclusively commercial or scientific purposes without intent to cause intoxication.

RISK FACTORS AND UNCERTAINTIES

Many factors could cause the Company’s results of operations, performance and financial condition to differ materially from those expressed or implied by the forward-looking statements and forward-looking information contained in this management’s analysis and discussion, including the following factors, which are discussed in greater detail under the heading “Risk Factors” in the Company’s current Annual Information Form as updated by subsequent reports, filed with securities regulators and available on www.sedar.com, which risk factors are incorporated by reference into this document and should be reviewed in detail by all readers:

- the Company’s ability to continue as a going concern;
- the Company’s ability to raise required additional capital through the sale of equity or debt instruments or the factoring of receivables or otherwise;
- the Company has a limited operating history;
- the Company may be unable to achieve revenue growth and development;
- there are factors which may prevent the Company from the realization of growth targets;
- the Company’s actual financial position and results of operations may differ materially from the expectations of the Company’s management;
- the Company may incur significant ongoing costs and obligations related to its investment in infrastructure, growth, research and development, regulatory compliance and operations;
- there is no assurance that the Company will turn a profit or generate immediate revenues;
- the Company is subject to risks typically associated with secured debt financing;
- the Company may incur additional indebtedness;
- the adult-use cannabis market in Canada is a relatively new industry;
- the adult-use cannabis market in Canada may experience supply and demand fluctuations that could result in revenue and price decreases;
- the Company’s business is dependent on key supply chains which could be adversely disrupted by a number of factors including, among others, major health issues or pandemics;
- the Company is reliant on regulatory approvals and cultivation licences for its ability to grow, process, package, store and sell cannabis and other products derived therefrom, and these regulatory approvals are subject to ongoing compliance requirements, reporting obligations and fixed terms requiring renewal;
- any failure on the Company’s part to comply with applicable regulations could prevent it from being able to carry on its business and there may be additional costs associated with any such failure;

- under Canadian regulations, a Licensed Producer of cannabis is restricted regarding the type and form of marketing it can undertake which could materially impact sales performance;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company may be unsuccessful in competing in the overall legal adult-use cannabis market in Canada and any other countries it intends to operate in;
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market;
- the Company, or the cannabis industry more generally, may receive unfavourable publicity or become subject to negative consumer or investor perception;
- the Company's products may not have, or may not be perceived to have, the effects intended by the end user;
- if the Company is unable to develop and market new products, it may not be able to keep pace with market developments;
- there has been limited study on the health effects of cannabis products, including CBD, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of such products;
- consumer preferences may change and the Company may be unsuccessful in retaining customers;
- trade of cannabis for non-medicinal purposes within Canada may be restricted by the Canadian Free Trade Agreement;
- the Company must rely on international advisors and consultants in the foreign countries in which it operates and intends to operate;
- the Company is required to comply concurrently with federal, state or provincial, and local laws in each jurisdiction where it operates or to which it exports its products;
- the Company has entered into and in the future may seek to enter into strategic alliances including contractual relationships, joint ventures, selective acquisitions, licensing arrangements or other relationships, or expand the scope of currently existing relationships, with third parties that the Company believes will have a beneficial impact, and there are risks that such strategic alliances or expansions of the Company's currently existing relationships may not continue or enhance its business in the desired manner;
- the Company may not be able to successfully identify and execute future acquisitions or dispositions or successfully manage the impacts of such transactions on its operations;
- the cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others;
- the Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operation results. The Company is also dependent on access to skilled labour, equipment and parts;
- the Company is vulnerable to rising energy costs;
- the Company's quality control systems may not operate effectively;
- the Company's cannabis products may be subject to recalls for a variety of reasons, which could require it to expend significant management and capital resources;
- the Company faces an inherent risk of exposure to product liability;
- the Company's operations are subject to safety, health and environmental laws and regulations applicable to its operations and industry in the various jurisdictions in which it operates, and it may be held liable for any breaches of those laws and regulations;
- the Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses or claims against the Company;
- the Company may become subject to litigation in the ordinary course of business;
- the Company will be reliant on information technology systems and may be subject to damaging cyber-attacks;
- the Company may be exposed to liability or the threat of liability in relation to the use of customer information and other personal and confidential information;
- the Company may be subject to risks related to the protection and enforcement of its intellectual property rights, or intellectual property it licenses from others, and may become subject to allegations that it or its licensors are in violation of intellectual property rights of third parties;
- the Company may be subject to breaches of security at its facilities;
- management may not be able to successfully implement adequate internal controls over financial reporting;
- if the Company has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of the Company's financial statements, which could result in a decrease in the value of its securities;
- the Company has negative operating cash flow;
- the Company may be subject to credit risk;
- tax and accounting requirements may change in ways that are unforeseen to the Company and it may face difficulty or be unable to implement or comply with any such changes;
- the Company may not be able to renew or secure adequate insurance to protect its assets, operations and employees;
- fluctuations in foreign currency exchange rates could harm the Company's results of operations;

- the price of the Common Shares in public markets may experience significant fluctuations;
- if securities or industry analysts do not continue to publish research, or publish inaccurate or unfavourable research, about the Company's business, the Common Share price and trading volume could decline;
- the Company continues to sell shares for cash to fund operations, expansion, and mergers and acquisitions that will dilute the current shareholders;
- it is not anticipated that any dividends will be paid to holders of Common Shares for the foreseeable future; and
- the Company is subject to ongoing reporting requirements under applicable securities laws and exchange policies.

In addition, the Company highlights the following risk factors:

Assumptions related to cash flows and future sales of the Company's product lines

The Company expects to be required to fund negative Canadian operating cash flows prior to achieving positive Canadian operating cash flows and expects that the Company's financial resources and expected revenues and draw downs on its Revolver Loan, will be sufficient to pay its obligations and fund its operations for the coming months. Achieving positive Canadian operating cash flows and funding operations for the coming months is reliant on revenues and working capital requirements being in line with expectations, which is in turn reliant on, among other things, future sales of the Company's product lines over the coming months. The Company's expectations of positive Canadian operating cash flows and of achieving sufficient revenues to fund, when taken together with its other financial resources, its operations over the coming months is based on a variety of assumptions relating to production and production capacity, growth in the number of product offerings and store locations in which the Company's products are sold, growth in total sales, consumer demand for the Company's products, market pricing of cannabis products, cost of sales, sales and marketing expenses, the pace of opening of and increase in the total number of recreational cannabis retail stores across Canada, and the total size of the Canadian recreational and medical cannabis markets over the coming months. Actual results may vary materially from the Company's expectations if any of the Company's assumptions are inaccurate. Accordingly, readers should not place undue reliance on forward-looking statements, including the Company's expectations relating to future Canadian operating cash flows and sales of its products. The Company does not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada. See "Cautionary Statement Regarding Forward-Looking Information". Actual results may also be impacted by all of the risk factors in this MD&A and in the Company's most recently filed Annual Information Form.

Acquisition and Integration Risk

The Company completed the Galaxie Acquisition and recently completed the BZAM Transaction. It may in the future make further acquisitions and investments that could divert management's attention, result in operating difficulties and dilution to our shareholders and otherwise disrupt our operations. The Company may have difficulty integrating any such acquisitions, including the BZAM Transaction, successfully or realizing the anticipated benefits therefrom, any of which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Pursuing potential strategic acquisitions or investment opportunities is one possible growth strategy. Any transactions that the Company enter into could be material to its business, financial condition, results of operations, cash flows and prospects. The process of acquiring and integrating another company or technology could create unforeseen operating difficulties and expenditures. Acquisitions and investments involve a number of risks, including:

- diversion of management time and focus from operating the Company's business;
- use of resources that are needed in other areas of the Company's business;
- integration of the acquired company;
- implementation or remediation of controls, procedures and policies of the acquired company;
- difficulty integrating the accounting systems and operations of the acquired company;
- coordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with supporting legacy services and products and hosting infrastructure of the acquired company and difficulty converting the customers of the acquired company onto its platform, including disparities in the revenue, licensing, support or professional services model of the acquired company;
- difficulty integrating, supporting or enhancing acquired products or services, including difficulty in transitioning acquired products or services;
- retention and integration of employees from the acquired company, and preservation of its corporate culture;
- the potential loss of key employees;
- unforeseen costs or liabilities, including the use of substantial portions of its available cash to consummate the acquisition;
- adverse effects to its existing business relationships with customers as a result of the acquisition or investment;
- the possibility of adverse tax consequences;
- litigation or other claims arising in connection with the acquired company or investment; and

- the need to integrate potential operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

Acquisitions are accompanied by the risk that the obligations and liabilities of an acquired company or asset may not be adequately reflected in the historical financial statements of or other financial information relating to such company or asset and the risk that such historical financial statements may be based on assumptions, which are incorrect or inconsistent with the Company's assumptions or approach to accounting policies. In addition, such future acquisitions could involve tangential businesses which could alter the strategy and direction of the Company. Furthermore, a significant portion of the purchase price of companies the Company has acquired may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if the Company's acquisitions do not yield expected returns, the Company may be required to take charges to its operating results based on this impairment assessment process, which could adversely affect its results of operations.

Although the Company has conducted and will conduct due diligence in connection with potential strategic acquisitions or investment opportunities and potential vendors have, may or will provide a number of representations and warranties in favour of the Company in connection with these acquisitions, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of or issues concerning the acquired entities. Following the closing of any potential strategic acquisitions or investment opportunities, the Company may discover that it has acquired substantial undisclosed liabilities or that certain of the representations made by the vendors are untrue. There can be no assurance of recovery by the Company from potential insurers or potential vendors for any breach of the representations, warranties or covenants to be provided by such potential vendors under the applicable acquisition agreements because there can be no assurance that the amount and length of such potential insurance coverage or of the potential indemnification obligations will be sufficient to satisfy such potential obligations, or that such potential vendors will have any assets or continue to exist. The Company's eventual inability to claim for full indemnification from potential vendors could have a material and adverse effect on the Company.

Acquisitions and investments may also result in dilutive issuances of equity securities, which could adversely affect its share price, or result in the incurrence of debt with restrictive covenants that limit the Company's future uses of capital in pursuit of business opportunities. Additionally, the Company, and any potential target for a strategic acquisition or investment as a combined entity, is subject to numerous risks that could adversely affect the Company's growth and profitability, including: (i) the risk that the Company may not be able to successfully manage a potential target for a strategic acquisition or investment's operations, (ii) the risk that its operational, financial and management systems may be incompatible with, or inadequate to effectively integrate and manage systems acquired from potential target for a strategic acquisition or investment, (iii) the risk that a potential strategic acquisition or investment may require financial resources that could otherwise be used in the development of other aspects of its business, (v) the risk that the Company may not obtain the consents required under agreements entered into with third parties, (vi) the risk that the integration process may result in operational problems, costs, expenses, liabilities, including loss of contracts and customers, and (vii) the risk that the Company's key management or employees and of a potential target for a strategic acquisition or investment may not be retained or may leave following the strategic acquisition or investment, which could have a significant impact on the combined entity's operations, specifically if such departures were to occur in positions or roles which require significant technical and operational knowledge and for which qualified replacement personnel is scarce.

The successful integration of recent and potential strategic acquisitions or investments will also require cooperation between the Company's employees and the acquired companies or investees and is subject to the risk that personnel from the Company and the acquired companies or investees may not be able to work together successfully, which could adversely impact the Company's business, financial condition and results of operations. The Company may not be able to identify acquisition or investment opportunities that meet its strategic objectives, or to the extent such opportunities are identified, the Company may not be able to negotiate terms with respect to the acquisition or investment that are acceptable to the Company.

Permits and Approvals on Real Property

The Company's operations may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing cannabis, occupational health, waste disposal, land use, environmental protections, and other matters. Adverse changes or developments affecting the Company's facilities, including but not limited to the failure to maintain all requisite regulatory and ancillary permits and licenses, the failure to comply with state or municipal regulations, or a breach of security, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, any breach of any leases relating to any of the Company's real property, or any failure to renew any applicable leases on materially similar or more favourable terms, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects, and could also have an impact on the Company's ability to continue operating.

The Puslinch Facility is subject to provincial and municipal regulation and oversight, including the acquisition of all required regulatory and ancillary permits to conduct operations or undertake any construction. Any breach of regulatory requirements, security measures or other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by government regulators at all levels, could also have an impact on the Company's ability to keep the Puslinch

Facility in good standing, and to continue operating its business. There can be no guarantee that the Company has or will be able to obtain all necessary permits and approvals.

The Puslinch Facility continues to operate with routine maintenance. The Company will bear many, if not all, of the costs of maintenance and upkeep of the Puslinch Facility, including replacement of components until it is sold. The Company's operations and the Company's financial performance may be adversely affected if the Company is unable to keep up with maintenance requirements.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer (the "Certifying Officers"), in accordance with National Instrument 52-109, have certified that they have reviewed the Consolidated Financial Statements and this MD&A (the "Filings") and that, based on their knowledge having exercised reasonable diligence, (a) the Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the Filings; and (b) the financial report together with the other financial information included in the Filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the Filings.

Since the Company's Common Shares are traded on the CSE, the Company is considered a "Venture Issuer" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* and is not required to certify the design and evaluation of its disclosure controls and procedures ("DC&P") nor internal controls over financial reporting ("ICFR") and has not completed such an evaluation. The inherent limitations on the ability of the Certifying Officer to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of annual filings and other reports provided under securities legislation.

The Certifying Officers believe that any system of controls and procedures over financial reporting and disclosure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had the following securities issued and outstanding:

Common Shares ⁽¹⁾	157,240,777
Warrants ⁽²⁾	25,874,588
RSUs issued to employees	345,375
Stock options	7,238,499

Notes:

(1) The Company completed the Consolidation on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio.

(2) The Consolidation Ratio also applies to the Warrants which are currently exercisable on the basis of one Warrant for one Common Share. Accordingly, effective as of the Consolidation date, the holders of Warrants will be entitled to receive one post-Consolidation Common Share on the exercise of ten Warrants.

See the Company's Consolidated Financial Statements for a detailed description of these securities. Each security type is convertible into one Common Share.

**Exhibit "W" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

**DISCLOSURE LETTER
TO THE
SHARE EXCHANGE AGREEMENT**

between

BZAM LTD.

and

FINAL BELL CANADA INC.

and

FINAL BELL HOLDINGS INTERNATIONAL LTD.

December 5, 2023

This disclosure letter (including any annexes, addendums and supplements hereto, this **“Disclosure Letter”**) is referred to in, and is part of, the Share Exchange Agreement (as it may be amended from time to time in accordance with its terms, the **“Agreement”**), dated December 5, 2023, among BZAM Ltd., a corporation formed under the laws of Canada (the **“Purchaser”**), Final Bell Canada Inc., a corporation incorporated under the laws of the Province of Ontario (**“FBC”**) and Final Bell Holdings International Ltd., a corporation incorporated under the laws of the Province of British Columbia (the **“FBC Shareholder”**).

Capitalized terms used but not defined in this Disclosure Letter shall have the respective meanings ascribed to such terms in the Agreement. Headings and certain excerpts from the Agreement have been inserted for convenience of reference only, do not constitute part of this Disclosure Letter, shall not be deemed to limit any of the disclosures herein, and may not be relied upon for interpreting the matters disclosed herein. Disclosure of any item in any section or sub-section of this Disclosure Letter shall be deemed disclosure also with respect to any other section or sub-section of the Agreement to the extent the applicability of such disclosure to such other representation or warranty is reasonably apparent on the face of such disclosure.

This Disclosure Letter is qualified in its entirety by reference to specific provisions of the Agreement, and is not intended to constitute, and shall not be construed as constituting, representations or warranties of the Purchaser except as and to the extent expressly provided in the Agreement. Reference to any document, contract or agreement, including the Agreement (each, a **“Document”**) herein is qualified in its entirety by the text of the Document, as amended, supplemented or modified, which is deemed to include any and all exhibits, schedules, annexes, riders, addendums and other documents attached thereto.

The inclusion of any item in this Disclosure Letter is neither (a) an admission or determination that such item is material or has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or is outside the ordinary course of business or would prevent, delay or impair the consummation of the transactions contemplated by the Agreement, nor (b) a basis for interpreting the terms “material” or “Material Adverse Effect.” Notwithstanding anything contained herein or in the Agreement to the contrary, the information disclosed herein is for the benefit only of the parties to the Agreement. The inclusion of any item in this Disclosure Letter shall not be deemed to be an admission or acknowledgement of any liability or obligation with respect to any third Person or that any breach, default or violation has occurred or may occur with respect to any applicable Laws, Contract or obligation and shall not confer or give to any third Person any remedy, claim, liability, reimbursement, cause of action or other right. In disclosing the information under this Disclosure Letter, Purchaser expressly does not waive, and fully reserves to the maximum extent under applicable Law, any solicitor-client privilege associated with such information with respect to the matters disclosed herein.

Items disclosed herein are not necessarily limited to the matters required by the Agreement to be disclosed in this Disclosure Letter. Such additional items that are not required by the Agreement to be disclosed in this Disclosure Letter are set forth for informational purposes only, do not necessarily include other items of a similar nature, and shall not be deemed to be an admission that such items must or should be disclosed. The inclusion of any information in this Disclosure Letter shall not be deemed to be an admission or acknowledgment, in and of itself, that such information is required by the terms of the Agreement to be disclosed. Nothing set forth in this Disclosure Letter shall be deemed to expand in any way the scope or effect of any representation, warranty, covenant or agreement expressly set forth in the Agreement. The Purchaser disclaims, and does not undertake, any duty or obligation to update or modify information disclosed in this Disclosure Letter.

SIGNED on the date first written above.

BZAM LTD.



Name: Matt Milich

Title: Chief Executive Officer

Section 1.1

Permitted Encumbrances

- A charge on title exists for \$50,000,000.00 with the secured party, Cortland Credit Lending Corporation, for the Property of 1995 Jerseyville Rd. W. Jerseyville, ON. LOR 1R0, Parcel Registration as: PT LT 24, Con 2 Ancaster, as in CD339207 (firstly).
- A charge on title exists for \$5,000,000.00 registered with Alberta Government Services Land Titles Office (Registration #212152636) on property located at 8770 – 24th Street Sherwood Park, Edmonton, AB T6P 1X8, further described below:

Lands:

PLAN 8720213
BLOCK 5
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 2.02 HECTARES (5 ACRES) MORE OR LESS

Section 3.2

Jurisdictions of Qualification

- Alberta, Canada
- Manitoba, Canada
- Ontario, Canada
- Quebec, Canada
- British Columbia, Canada
- New Brunswick, Canada
- Newfoundland, Canada
- Prince Edward Island, Canada
- Nova Scotia, Canada
- Saskatchewan, Canada

Section 3.8

Conduct of Purchaser's Business in Ordinary Course

Not applicable

Section 3.10

Litigation

- *Panni Management and Technology Corporation v. Galaxie Brands Corporation (formerly Green Relief Inc.), the Green Organic Dutchman Holdings Ltd., AOCO Ventures Inc., and Olivier Dufourmantelle.* (2201 02989)

The claimant (Panni) brought an action in Alberta against the defendants (including the Purchaser) in the amount of \$84,987.87 for breach of contract, and nonpayment of invoices. The defendants claim that Panni breached the contract by failing to carry out all services as contracted for, and for failing to perform services in a profession and competent manner. The defendants claim set-off against Panni in the amount of \$20,000 for having to retain a third party to finish Panni's scope of work.

- *BZAM Cannabis Corp. vs. Go Drywall Ltd.*

On October 14, 2021, BZAM Cannabis Corp. (BCC) commenced an arbitration against Go Drywall Ltd. (Go Drywall) further to a construction services agreement which Go Drywall did not perform seeking \$248,936 in damages to recover the deposit of \$248,936 advanced by BCC. An award in favor of BCC was issued on January 24, 2023 directing Go Drywall to pay BCC \$245,856 with interest from November 28, 2019.

- *1613240 Ontario Ltd., and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd.* (CV-18-605781)

The claimant, Ms. Stephenson, originally claimed \$3,000,000.00 against the Purchaser for breach of a fixed employment contract. The majority of Ms. Stephenson's claim is based on share options which (valued at \$1.15) are of no current value and are therefore worthless to her claim. However, if Ms. Stephenson establishes an employee relationship she may be entitled to compensation for the remainder of her fixed contract (2 years and 5 months) without any deduction for mitigation income. There is a serious risk that a court would find that the contract supports an employee relationship. If that happens Ms. Stephenson would be entitled to payment of the remainder of her fixed term contract, including any options that vest during that time. Ms. Stephenson's salary was \$180,000 with a target bonus of 50 percent. There are 29 months remaining on her contract. Accordingly, Ms. Stephenson could be entitled to up to \$652,500 based on her salary and bonus. If the Purchaser can show that no bonuses would have been awarded during her tenure, then the approximate damages would be \$435,000. Ms. Stephenson has done little to advance her claim in 4 years and the parties have only recently exchanged documents. As of November 29, Ms. Stephenson, through counsel has put forward a settlement offer of \$325,000 plus costs, which is less than the \$652,500 that has been provided for in BZAM's financial statements. It is the Purchaser's hope that this action will either be settled for a reasonable amount in the near future or administratively dismissed by the Court for delay within the year.

Section 3.11

Title to Assets

- **PPSA Registrations for Secured Party: Cortland Credit Lending Corporation:**

Debtor	Secured Party	File No. & Reg No.	Collateral Classifications	Expiry
The Green Organic Holdings Ltd.	Cortland Credit Lending Corporation, as Agent	761293674 20200330 0933 1590 0499 20211001 1048 1590 7859	I, E, A, O, MV	2026-03-30
The Green Organic Dutchman Ltd.	Cortland Credit Lending Corporation, as Agent	761293791 20200330 0934 1590 0500 20211001 1048 1590 7858	I, E, A, O, MV	2026-03-30
The Green Organic Hemp Ltd.	Cortland Credit Lending Corporation, as Agent	761293548 20200330 0932 1590 0498 20211001 1048 1590 7860	I, E, A, O, MV	2026-03-30
10050999 Manitoba Ltd.	Cortland Credit Lending Corporation, as Agent	302355638 202218504401	I, E, A, O, MV	2025-11-03
BZAM Holdings Inc.	Cortland Credit Lending Corporation, as Agent	180186P	I, E, A, O, MV	2025-11-03

Folium Life Science Inc.	Cortland Credit Lending Corporation, as Agent	180213P	I, E, A, O, MV	2025-11-03
BZAM Management Inc.	Cortland Credit Lending Corporation, as Agent	180207P	I, E, A, O, MV	2025-11-03
BZAM Cannabis Corp.	Cortland Credit Lending Corporation, as Agent	22110312237	I, E, A, O, MV	2025-11-03
BZAM Cannabis Corp.	Cortland Credit Lending Corporation, as Agent	22110320719	Land Charge	Infinity
BZAM Cannabis Corp.	Linde Canada Inc.	23080906551	Equipment supplied by the secured party, together with all related accessories, parts, components and attachments and all proceeds of or relating to any of the foregoing as well as all present or after acquired property that may be derived from the sale or other disposition of the collateral.	2029-08-09

Section 3.12

No Options, etc.

Not applicable

Section 3.15(c)

Compliance with Law – Security Clearances under Cannabis Laws

Name	Title	Site
Bassam Alghanim	Chairman	Corp
Keith Merker	Director	Corp
Wendy Kaufman	Director	Corp
V. Sherry Tross	Director	Corp
Chris Schnarr	Director	Corp
Matthew Milich	Chief Executive Officer	Corp
Sean Bovingdon	Chief Financial Officer	Corp
Jordan Winnett	Chief Commercial Officer	Corp
Rosanna Mastropietro	Corporate Secretary	Corp
Jennifer Hoffman	Sr. Quality Assurance Manager	Ancaster
Leo Wong	VP of Operation	Ancaster
Zhila Moradi	Sr.Regulatory Manager	Ancaster
Kristopher LeBlanc	Master Grower	Ancaster
Frank Stinellis	Security Manager	Ancaster
Jason Riley	Processing Supervisor	Ancaster
Serge Aubin	Packaging Lead	Ancaster
Gabriel Mercuri	Processing Associate	Ancaster
Jonathan Gowing	Cultivation Supervisor	Ancaster
Gregory Whittington	Cultivation	Ancaster
Ryan Bessey	Processing Production Coordinator	Ancaster
Brian Johnson	Packaging Lead	Ancaster
Brian Brownlee	General Manager	Ancaster
Joseph Aidan Kennah	Maintenance Assistant	Ancaster
Erik Sandell	QA Supervisor	Ancaster
Laryn Cassandra Papp	IPM Technician	Ancaster
Justin Thompson	Packaging Lead	Ancaster
John O'Sullivan	Enwave Machine Operator	Ancaster
David Cruickshanks	Greenhouse Technician	Ancaster
Hector Forero	Greenhouse Technician	Ancaster
Raina Desai	Quality Program and Supply Technician	Ancaster
Jagruti Desai	Regulatory Specialist	Ancaster
Jacob Couchman	Maintenance Technician	Ancaster

Name	Title	Site
Chelsea Young	Cultivation Supervisor	Ancaster
Mandy Leonetti	Operations / Logistics Manager	Ancaster
Chan Say	Packaging Machine Operator	Ancaster
Tracie Krouse	Processing Supervisor	Ancaster
Megan VanDyk	Cultivation Supervisor	Ancaster
Mariana Moreno Luviano	Regulatory Associate	Ancaster
Emily Jackson	Cultivation Lead	Ancaster
Christophe Placier	General Manager	Vaudreuil
Emilie Gourley	Packaging supervisor	Vaudreuil
Felix Perron	Associates, operation	Vaudreuil
Danielle Pautet	Manufacturing Tech	Vaudreuil
Payal Choudhary	QA Supervisor	Pitt Meadows
Matin Agahi	Production Supervisor	Pitt Meadows
Christina Lewis	Production Team Lead	Pitt Meadows
Leo Wong	VP of Operation	Pitt Meadows
Satnam Sidhu	Manager	Pitt Meadows
Logan Dunn	General Manager	Pitt Meadows
Rohan DeSouza	Ops Manager	Pitt Meadows
Brendon Foote	Security	Pitt Meadows
Kyle Ristic	Ops Manager	Saanichton
Leah Racher	Plant Manager	Saanichton
Emily Harding	Lead Plant Technician	Saanichton
Janek Kobylarz	QA Specialist	Saanichton

Section 3.17

Required Purchaser Authorizations

- Standard filings required to be made with the CSE pursuant to Section 3 of CSE Policy 6.
- Health Canada security clearance of any individuals that will be joining the board of directors or as officers of the Purchaser that do not already have a security clearance under Health Canada.
- Notifications of the transaction will also be required to be given to the following provincial licensing boards (the “**Provincial Boards**”):
 - Alberta Gaming, Liquor and Cannabis, which may require financial background information with respect to incoming directors and officers.
 - Alcohol and Gaming Commission of Ontario.
 - The Société Québécoise du Cannabis.
 - Liquor, Gaming and Cannabis Authority of Manitoba.
- Standard filings with the applicable securities commissions in Canada with respect to the prospectus-exempt distribution of the Consideration Shares.

Section 3.18

Third Party Consents

- Consent required from Cortland Credit Lending Corporation in accordance with Section 8(m) of the Credit Agreement between the Purchaser and Cortland Credit Lending Corporation dated March 31, 2020, as amended and restated in September 29, 2021, November 30, 2021, March 9, 2022, April 27, 2022, November 3, 2022, June 30, 2023, and August 30, 2023.

Section 3.19

Material Contracts

- Amended and restated credit agreement dated as of September 29, 2021, as amended by a first amendment dated as of November 30, 2021, a second amendment dated as of March 9, 2022, a third amendment dated as of April 29, 2022, a fourth amendment dated as of November 3, 2022, a fifth amendment dated as of June 30, 2023, and a sixth amendment dated as of August 30, 2023 between Cortland Credit Lending Corporation and The Green Organic Dutchman Ltd.
- Secured demand promissory note for \$2,500,000 issued by the Purchaser to Stone Pine Capital Ltd., dated March 3, 2023.
- Secured demand promissory note for \$1,325,000 issued by the Purchaser to Stone Pine Capital Ltd., dated August 30, 2023.
- Secured demand promissory note for \$1,190,000 issued by the Purchaser to Stone Pine Capital Ltd., dated October 27, 2023.
- Secured demand promissory note for \$600,000 issued by the Purchaser to Stone Pine Capital Ltd., dated November 8, 2023.
- Secured demand promissory note for \$2,000,000 issued by the Purchaser to Stone Pine Capital Ltd. dated November 30, 2023.
- Secured demand promissory note for \$900,000 issued by the Purchaser to Stone Pine Capital Ltd. dated December 4, 2023.
- Amended and Restated Joint Venture Agreement, dated July 1, 2023 and as thereafter amended, between Northwest Confections Canada Inc., and BZAM Management Inc.

Section 3.26

Owned Real Property

- For the Property of 1915 Jerseyville Rd. W. Jerseyville, ON. L0R 1R0, Parcel Registration as: PT LT 24, Con 2 Ancaster, as in CD339207 (firstly), a charge on title exists for \$50,000,000.00 with the secured party Cortland Credit Lending Corporation. This is in connection with the credit facility provided to the Purchaser by Cortland.
- Property located at 8770 – 24th Street Sherwood Park, Edmonton, AB T6P 1X8, a charge on title exists for \$5,000,000.00 registered with Alberta Government Services Land Titles Office (Registration #212152636).

Section 3.27(a)

Purchaser Leases

- Lease 5000 Chemin Murphy, Vaudreuil, QC, J7V 8P2
- Leases 19100 Airport Way, Units 517/518/519, Pitt Meadows, BC V3Y 0E2
- Lease 1759 Sean Heights, Saanichton, BC V8M 0A5
- Subleases 455 Fenelon, Suite #311/360, Dorval QC Suite #311
- Sublease 200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6
- Sublease 5520 Explorer Drive, Suite 402, Mississauga, Ontario L4W 5L1

Section 3.28(g)

Environmental Matters

- Limited Phase One Environmental Site Assessment on 1995 & 1997 Jerseyville Road West, Ancaster, City of Hamilton, Ontario, conducted by Landtek Limited on January 19, 2017.
- Designated Substances and Hazardous Materials Survey for 1915 Jerseyville Road West, Ancaster, Ontario, prepared by the Ledcor Group dated November 6, 2017.¹
- Memorandum re Comments on the Environmental Impact Statement for 1916 Jerseyville Road, from Cathy Plosz, Planning and Economic Development Department of Hamilton Ontario to Alaina Baldassarra, Development Planning, Heritage and Design, dated November 23, 2017
- Designated Substances and Hazardous Materials Survey for 1995 Jerseyville Road West, Ancaster, Ontario, prepared by the Ledcor Group dated September 5, 2018.
- Environmental Compliance Approval by the Ontario Ministry of the Environment, Conservation and Parks issued July 31, 2019.

¹ Note: 1915, 1995 and 1997 Jerseyville Road West all refer to different entrances to the same property on Jerseyville Road West.

Section 3.29

Employee Matters

(d) Outstanding Workplace Safety and Insurance Assessments, Penalties, etc.

- Not applicable

(g) Actions, Suits, Proceedings, etc.

- See Section 3.10

Section 3.30

Employee Benefit Plans

A. Employee Benefit Plan

- The Employee Benefit Plan information and details are as follows:
 - Purchaser's Share Option Plan dated May 12, 2021.
 - Purchaser's Amended and Restated Restricted Share Unit Plan dated October 9, 2020.
 - Annual Group Benefits with Industrial Alliance, Effective Date of May 1, 2023 Group Policy Number 27601 (the "**Industrial Alliance Policy**"): \$1,344,079 (taxes not included) based on current employee base and premiums negotiated.
 - Annual Health Care Spending Account (HCSA) and Wellness account, via the Industrial Alliance Policy, cost (note this expense is entirely based off usage and this is an annualized estimate based off 2023 usage):
 - HCSA Total = \$172,746
 - Wellness Total: \$66,851
 - Total: \$239,607
 - Based on the underlying assumptions of the HCSA, Wellness and Group Benefits, the total cost (taxes not includes) is: \$1,583,686
 - Telus Health, which acts as an Employee Family Assistance Program (EFAP) and Virtual Care is \$40,017

B. Retirement Plans

- Retirement Savings Plan with Industrial Alliance, Effective Date of May 1, 2023 Group Policy Number 44360 (the "**Retirement Plan**") has a total asset value of \$2,100,000 with an average employer annual cost, estimated off of 2023 contributions, of \$516,796.

Section 3.31

Tax Matters

The Company is current with all its tax returns and filings, and current with all due payments, (for all taxes – income, HST, QST, GST, excise, payroll withholdings) with the exception of:

- Past periods excise taxes due for BMI, which are under a 24 month payment plan with CRA through to June 2025, balance remaining \$3.129 Million.
- Past periods excise taxes due for TGOD, which are under a 12 month payment plan with CRA through to September 2024, balance remaining \$3.227 Million.
- Past periods GST due for BMI, which are under a 24 month payment plan with CRA through to June 2025, balance remaining \$1.472 Million.

Section 3.34

No Broker

Pursuant to an engagement letter dated November 23, 2023, Clarus Securities Inc. shall be paid a transaction fee equal to 3.0% of the purchase price, being equal to 2,700,000 Purchaser Shares.

EXHIBIT B

Closing Conditions in the Share Exchange Agreement to be Obtained or Addressed Post-Closing

1. Approval from Health Canada regarding the Transaction as it relates to the following Licences: (a) LIC-ZOTV09QHPG-2022, and (b) LIC-E5FM5PUXBF-2020-5 (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
2. Notice to Canada Revenue Agency in respect of Cannabis Licence number 780639324 RD0001 under the Excise Act (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
3. Approval of AGLC in respect of the AGLC Cannabis Representative Registration issued to Final Bell Corp. on February 13, 2023 (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
4. Notice sent to the following cannabis boards in respect of the change of ownership of Final Bell Canada Inc.: (a) Ontario, and (b) Saskatchewan (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
5. Notifications to the following regarding the Transaction: (a) Alberta Gaming, Liquor and Cannabis, (b) Alcohol and Gaming Commission of Ontario, (c) The Société Québécoise due Cannabis, and (d) Liquor, Gaming and Cannabis Authority of Manitoba (ss. 7.1(c) and 8.1(d) of the Share Exchange Agreement).

EXHIBIT C

Closing Conditions in the Share Exchange Agreement Waived by the Purchaser

1. Consent from landlord in accordance with the lease agreements at 1100 Bennett Road, Bowmanville, Ontario (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
2. Consent and waiver of the termination right pursuant to the manufacturing services agreement dated August 25, 2023 with Peace Naturals Project Inc. (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
3. Licensing arrangements between the Purchaser and the FBC Shareholder (ss. 8.1(j) of the Share Exchange Agreement) (ss. 8.1(j) of the Share Exchange Agreement).

EXHIBIT D

The following extra provincial registrations are added for Final Bell Corp. to Section 4.2 of the FBC Disclosure Letter:

1. Saskatchewan (EP Registered)
2. British Columbia (EP Registered)

The following liabilities are added to Section 4.7 of the FBC Disclosure Letter:

1. Final Bell Corp. currently owes approximately \$138,080.66 to Swiss Luxe Products Inc. relating to outstanding license fees pursuant to an expired agreement for Blessed and Flir chocolate products as of an invoice dated December 20, 2023.

The following transactions outside of the Ordinary Course are added to Section 4.11 of the FBC Disclosure Letter:

1. Final Bell Corp. made a payment of approximately \$525,559 on November 20, 2023 to Golden Iris International Limited under direction from Final Bell Holdings International Ltd.
2. Final Bell Corp. made a payment of approximately \$354,600 to Final Bell Holdings International Ltd. on December 1, 2023 in connection with accounting services rendered by Davidson & Company LLP.
3. Final Bell Corp. made a payment of approximately \$172,500 to Final Bell Holdings International Ltd. on December 21, 2023 in connection with legal services rendered by Sangra Moller LLP.

In addition, the previously disclosed liability in Section 4.7 of the FBC Disclosure Letter pertaining to royalty payments owed of approximately CAD\$535,630.50 under the Trademark License and Manufacturing Agreement dated November 2, 2021 and Amending Agreement to the Trademark License and Manufacturing Agreement dated May 5, 2022 between Final Bell Canada Inc. and Aphaea, LLC. (Sherbinskis) has been discharged as of December 29, 2023.

**Exhibit "X" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



BZAM 0.00%

BZAM Ltd.

ASSOCIATED SECURITIES: **BZAM.WR** **BZAM.WA** **BZAM.WB**

Status

● **Active** T2

Industry

🧪 **Life Sciences**

Issued & Outstanding

180,818,952

Reserved for Issuance

54,294,645

Currency

CAD
Quote

CSE Index

CSE Composite

CSE CSE2

Last price

0.065

0.00 (0.00%)

Volume 110,766	Change 0.00	Bid Size 55,000	Bid Price 0.06	Ask Price 0.065	Ask Size 150,000
Prev close 0.065	Open 0.07	Day high 0.075	Day Low 0.065	52 Week High 0.385	52 Week Low 0.01

BZAM Ltd.



Charts by [TradingView](#)

Depth Display

By Order By Price

CSE CSE2

Bid Broker	National Bank Financial Inc.
Bid Size	2,000
Bid Price	0.06
Ask Price	0.065
Ask Size	150,000
Ask Broker	RBC Capital Markets

< >

Recent Trades


CSE	CSE2
------------	------

Mar 25 • 11:00:38	^
--------------------------	---

About

BZAM Ltd.

Listing date
 **September 13, 2021**

Website
 bzam.com

BZAM Ltd. (CSE: BZAM) is a leading Canadian cannabis producer. The BZAM family includes core brands BZAM™, TGOD™, ness™, Highly Dutch Organic™, TABLE TOP™, as well as partner brands Jeeter, Cookies, Sherbinskis, Dunn Cannabis, FRESH and Wyld. BZAM operates facilities in BC, Ontario and Quebec, as well as a retail store in Regina, Saskatchewan.

- Contacts** v
- Company officers** v

News Releases

[ALL NEWS RELEASES](#) →

24 DAYS AGO

BZAM: News Release - Obtains Creditor Protection to Pursue Restructuring and Sales Process

JAN 26, 2024

BZAM: News Release - Departure of its CFO

DEC 06, 2023

BZAM: News Release - BZAM Acquires Final Bell's Canadian Operation

DEC 01, 2023

BZAM: News Release - Stock Option Grants

ALL NEWS RELEASES



CSE Filings



Feb 07, 2024

BZAM: Form 7 - Monthly Progress Report - January 2024



Jan 08, 2024

BZAM: Form 6 - Certificate of Compliance



Jan 08, 2024

BZAM- Form 9 (updated) - Share Exchange Final Bell



Jan 06, 2024

BZAM: Form 7 - Monthly Progress Report- December 2023



26 days ago

News release - English

Jan 24, 2024

News release - English

Jan 08, 2024

News release - English

Jan 07, 2024

News release - English**BULLETINS** →

FEB 21, 2023

2023-0216 - Name and Symbol Change - The Green Organic Dutchman Holdings Ltd. (TGOD, TGOD.WR, TGOD.WA, TGOD.WB)

DEC 13, 2022

2022-1212 - Expiry - The Green Organic Dutchman Holdings Ltd. 19DEC2022 Warrants (TGOD.WS)


NOV 04, 2022





2022-1106 – Consolidation - The Green Organic Dutchman Holdings Ltd. (TGOD)

SEP 10, 2021

2021-0911 – New Listing - The Green Organic Dutchman Holdings Ltd. (TGOD, TGOD.WS, TGOD.WR, TGOD.WA, TGOD.WB)



CONTACT US 

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- Trading 
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 EN 

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**Exhibit "Y" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

AUGUST 15, 2023

AVISON YOUNG
COMMERCIAL REAL ESTATE SERVICES, LP
2100 Edmonton Tower
10111 – 104 Avenue
Edmonton, AB T5J 0J4

ATTENTION:

RE: Municipal Address: 8770 – 24 Street, Strathcona County, Alberta
Legal Description: PLAN 8720213; BLOCK 5; LOT 4

(hereinafter referred to as the "**Property**") Exclusive Commercial Listing

In consideration of Avison Young Commercial Real Estate Services, LP. (hereinafter referred to as "**Avison Young**"), agreeing to provide its services in accordance with the terms of this Exclusive Commercial Listing Agreement (the "**Listing Agreement**"), BZAM CANNABIS CORP. ("**we**", "**our**", "**us**" or "**Seller**") hereby irrevocably authorize and empower Avison Young to act as our exclusive agent to list for sale and to procure offers for the purchase and sale of the Property (hereinafter a "**Purchase Agreement**") on the following terms and conditions:

1. **Term.** The Listing Agreement:

- a) shall remain in full force and effect from the execution hereof by both parties until 5:00 o'clock p.m., Edmonton time on March 31, 2024; and
- b) shall be automatically renewed for consecutive terms of three (3) months until terminated by either Avison Young or us by way of written notice delivered not less than thirty (30) days prior to the end of the term or any renewal thereof,

subject to earlier termination in accordance with paragraph 16 hereof.

(Any reference in the Listing Agreement to the "**Term**" shall mean the term of the Listing Agreement and any renewals thereof).

2. **List Price.** Avison Young shall list the Property at \$10,800,000 (plus G.S.T., if applicable) and shall solicit offers to purchase the Property at that price.

3. **Commission.** Should the Property be sold or deemed to be sold during the Term, or should a sale or deemed sale be made as a result of negotiations that originated during the Term, whether or not Avison Young takes part in those negotiations, we agree to unconditionally pay Avison Young a commission of three (3.0%) percent of the gross sale price. (hereinafter the "**Commission**").

4. **Sale of Property.** The Property will be deemed to be sold, and the Commission fully earned by Avison Young, immediately upon the earlier of:

- a) our entering into an unconditional binding Purchase Agreement or if we have entered into a binding Purchase Agreement that contains buyer's conditions, upon satisfaction or waiver of those buyer's conditions; or

- b) upon any disposition of any interest in the Property, including without limitation, any disposition by way of transfer, lease, grant or exercise of an option to purchase, grant or exercise of a right of first refusal or by an exchange of property.
5. **Payment of Commission.** We will unconditionally and without any set off or deduction, pay the Commission on the closing date provided for in any Purchase Agreement (the "**Closing Date**"), provided that all of the buyer's conditions have been satisfied or waived, whether or not closing of the purchase and sale of the Property has occurred provided that the failure to close is due to default. In the event the Property is sold or deemed to be sold during the Term other than by way of Purchase Agreement, the Property will be deemed to be sold for a price equal to the gross sale price payable by the buyer, and the Commission will be fully earned, due and unconditionally payable to Avison Young immediately upon such disposition taking place.
6. **Taxes.** In addition to any other amounts payable hereunder, we agree to pay to Avison Young, at the time of payment of the Commission, any G.S.T., sales tax, value added tax or any other similar tax imposed against us by any federal, provincial or municipal law, bylaw or regulation (collectively, "**Taxes**"), to the extent that such Taxes are imposed on us by reason of any service provided to us by Avison Young.
7. **Deposit.** We agree that if any Purchase Agreement provides for deposits to be paid to Avison Young (hereinafter, collectively the "**Deposit**"), the Deposit will be held by Avison Young in its trust account. We authorize Avison Young to deduct earned Commission and other amounts that may be or become owing by us to Avison Young hereunder from any such Deposit held when such Commission becomes payable. In the event of a sale not being completed as result of a default by the buyer, and the Deposit being forfeited by the buyer, we hereby authorize Avison Young to deduct and pay to itself one-half of the Deposit, up to a sum equivalent to the Commission and other amounts that may be or become owing by us to Avison Young. The remaining balance of the Deposit shall then be paid to us.
8. **Irrevocable Order and Direction to Pay.** We shall cause our solicitors to pay to Avison Young any and all Commission and other amounts that were approved in writing by us that may be or become owing by us to Avison Young hereunder from proceeds of sale of the Property upon the Closing Date, and we hereby irrevocably assign such amounts to Avison Young. For that purpose we shall execute and deliver to our solicitors an irrevocable order and direction to pay in favour of Avison Young.
9. **Sales Following Expiration of Term.** We agree that in the event the Property is sold or deemed to be sold within ninety (90) days following the expiration or earlier termination of the Term, and:
- a) the buyer was introduced to us by Avison Young; or
- b) the buyer purchased the Property as a result of negotiations or services provided by Avison Young prior to the termination or expiration of the Term,

then we agree to pay the Commission and any other amounts payable hereunder to Avison Young in accordance with the provisions of the Listing Agreement. Within fourteen (14) days of the expiration of the Term, Avison Young shall provide to us, a written list of any

prospective buyers who have been in direct contact with Avison Young with respect to the potential purchase of the Property or that Avison Young are actively pursuing.

10. **Interest.** We agree that any outstanding Commission and other amounts that were approved in writing by us that may be or become owing by us to Avison Young hereunder will bear interest and we agree to pay Avison Young interest at a rate of one percent (1%) per month (12% per annum) on such amounts calculated and payable monthly, if such amounts are more than thirty (30) days overdue.
11. **Legal Costs.** We agree to pay to you, and such amount will become part of the amounts owing hereunder, all costs, charges and expenses (including without limitation all legal fees and disbursements as between a solicitor and his own client on a full indemnity basis) incurred by Avison Young as a result of:
 - a) any default by us in complying with any term or condition of the Listing Agreement; and
 - b) any steps or actions that Avison Young takes in order to enforce payment of the Commission and any other amounts payable under the Listing Agreement, or to protect its legal right under the Listing Agreement.
 - c) Avison Young agrees to pay to you, all costs, charges, and expenses (including without limitation all legal fees and disbursements as between a solicitor and his own client on a full indemnity basis) incurred by you as a result of any default by Avison Young in complying with any term or condition of the Listing Agreement.
12. **Security.** As security for payment of all Commission and all other amounts that were approved in writing by us that may be or become owing by us to Avison Young pursuant to the Listing Agreement, we hereby specifically charge the Property in favour of Avison Young with respect to any such amounts.
13. **Representations and Warranties.** We hereby represent and warrant that, to the best of our knowledge and except as otherwise disclosed in writing to Avison Young, the following statements respecting the Property are true and accurate:
 - a) we hold title, free and clear of all encumbrances except as stated on the certificate of title to the Property;
 - b) we have disclosed to Avison Young all third party claims and interests in the Property;
 - c) the current use of the Property and all buildings and improvements thereon complies with the existing municipal land use bylaw;
 - d) the buildings and other improvements are located entirely on the Property and do not encroach upon neighbouring lands, except where an encroachment agreement is in place;
 - e) the buildings and other improvements on the Property are not placed partly or wholly on any easement or utility right-of-way;
 - f) the location of buildings and other improvements on the Property complies with all relevant municipal bylaws, regulations and variances granted by the appropriate

municipality prior to the sale of the Property being completed, or the buildings and other improvements on the land are "non-conforming buildings" as that term is defined in the *Municipal Government Act (Alberta)*;

- g) defects that are hidden, not visible or discoverable through a reasonable inspection of the Property and that may render the Property dangerous or potentially dangerous to the occupants have been disclosed to Avison Young; and
- h) all information provided by us to Avison Young is complete and accurate.

We hereby release, indemnify and save Avison Young together with its officers, directors, employees and agents, harmless from and against claims, damages, actions, losses, costs, charges, liabilities and expenses including, without limitation, legal fees on a solicitor and own client full indemnity basis, incurred as a result of any misrepresentation or false warranties which may be innocently provided by Avison Young to a prospective buyer based upon incorrect or misleading information received from us.

14. **Duties and Responsibilities of Seller.** For the duration of the Term, we shall:

- a) give Avison Young convenient access at all reasonable times for the purpose of showing the Property;
maintain the Property in a state of good and safe repair;
- b) permit Avison Young to place suitable "For Sale" and "Sold By" or similar signs on the Property;
- c) insure the Property and its contents against loss or damage due to perils normally insured against for similar properties;
- d) communicate and co-operate with Avison Young in a timely manner;
- e) provide Avison Young with all information necessary for the listing and marketing of the Property;
- f) immediately advise Avison Young of any material change in the physical condition or status of the Property; and
- g) refer to Avison Young any and all offers for purchase and sale submitted to us from any source whatsoever, prior to acceptance of same by us.

15. **Confidentiality.** Unless otherwise advised in writing, any and all information received by Avison Young from us, or from any other party regarding us, in the course of the agency relationship contemplated herein shall be deemed to be information disclosed in confidence to Avison Young notwithstanding that such information may have been received prior to the execution of the Listing Agreement.

16. **Termination.** Either party may terminate the Listing Agreement (hereinafter the "**Terminating Party**") as follows:

The Listing Agreement may be terminated by either party for any reason at any time after sixty (60) days following the commencement of the Term. The Terminating Party shall notify the other party in writing of its intention to terminate the Listing Agreement and the Listing Agreement shall automatically terminate ten (10) days thereafter.

In the event a party (the "**Defaulting Party**") is in default of complying with any term or condition of the Listing Agreement, the Terminating Party shall notify the Defaulting Party in writing of its intent to terminate the Listing Agreement for default or non-performance by the Defaulting Party. Such notice shall provide the specifics of the alleged default or non-performance by the Defaulting Party and the Defaulting Party shall have ten (10) days from receipt of such notice to remedy or rectify such default or non-performance, or, if not remediable or rectifiable within ten (10) days, to take such steps to commence to remedy or rectify such default or non-performance as is reasonable in the circumstance (the "**Cure Period**"). If, in the Terminating Party's opinion, acting reasonably, such default or non-performance has not been remedied or rectified, the Terminating Party may, after expiry of the Cure Period, terminate the Listing Agreement upon providing ten (10) days written notice to the Defaulting Party.

Notwithstanding paragraphs 16(a) or (b) hereof, in the event that a party makes a general assignment for the benefit of its creditors, files or presents a bankruptcy application, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation or the appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequestrator, receiver or any other officer with similar powers, or if a judgment or order shall be entered by any court approving a plan or proposal for reorganization, arrangement or compromise or in respect of any party, then the Terminating Party, may but shall not be obligated, to terminate the Listing Agreement immediately upon giving written notice thereof to the other party.

17. **Transaction Brokerage.** We acknowledge that from time to time Avison Young may also be asked to represent a buyer or prospective buyer of the Property. In the event that Avison Young wishes to represent both us and the buyer, or prospective buyer, then Avison Young shall:
- a) immediately advise us of its desire to undertake concurrent representation of us and the buyer or prospective buyer;
 - b) give us an opportunity to seek independent advice in relation thereto; and
 - c) obtain the agreement of us and the buyer, or prospective buyer, to the form of Transaction Brokerage Agreement in accordance with Schedule "A" hereto.

In the event we are not prepared to enter into the Transaction Brokerage Agreement, then Avison Young shall continue to represent us only, and Avison Young shall advise the buyer or prospective buyer accordingly.

18. **Notice.** Any notice required to be given hereunder by any party shall be deemed to have been well and sufficiently given if:
- (a) personally delivered to the party to whom it is intended or if such party is a corporation, to an officer of that corporation; or

- (b) if mailed by prepaid registered mail, or sent by facsimile or electronic transmission, to the mailing address, facsimile number or e-mail address of the party to whom it is intended hereafter set forth:

if to Avison Young then:

2100 Edmonton Tower
10111 – 104 Avenue
Edmonton, AB T5J 0J4

Attention: David St. Cyr & Ryan Zabloski
Telephone number: (780) 428-7850
E-mail address: david.stcyr@avisonyoung.com
ryan.zabloski@avisonyoung.com

if to the Seller then:

1570 – 200 Burrard Street, Vancouver, BC V6C 3L6
Attention: Antonino Moschella
Telephone number: (844) 256-2926
E-mail address: tmoschella@bzam.com


or to such other address as a party may from time to time direct in writing to the other party.

18. **Unenforceable Terms.** Any term, condition or provision of the Listing Agreement which is or shall be deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severable herefrom and be ineffective to the extent of such avoidance, prohibition or unenforceability without in any way invalidating the remaining terms, conditions and provisions hereof.
19. **Conflict of Laws.** The Listing Agreement shall be construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and the parties hereby attorn to the courts of the Province of Alberta.
20. **Enurement.** The Listing Agreement shall enure to the benefit of and be binding upon the parties hereto together with their heirs, executors, administrators, successors and permitted assigns.
21. **Headings.** The headings used in the Listing Agreement are for convenience of reference only and shall not be deemed to be a part of the Listing Agreement and shall not be referred to in connection with the construction and interpretation of the Listing Agreement.
22. **Severability.** The invalidity or unenforceability of any provision of the Listing Agreement shall not affect the validity or enforceability of any other provision contained herein. If any provision of the Listing Agreement is illegal, invalid or void under any applicable law, such provision should be considered severable, remaining provisions shall not be impaired and the Listing Agreement shall be interpreted as far as possible so as to give effect to its stated purpose.

- 23. **Time of the Essence.** Time shall be of the essence of the Listing Agreement and of every part hereof.
- 24. **Counterparts.** The Listing Agreement may be executed in one or more counterparts, each of which shall be considered an original but all of which together shall constitute one and the same instrument. In addition, facsimile or electronic copies of executed counterparts shall be conclusively regarded for all purposes as originally executed counterparts pending the delivery of the originals.
- 25. **Authority.** We confirm that we have the full power and authority to enter into the Listing Agreement and to sell the Property. We acknowledge having read the Listing Agreement and having received a true copy of it. We further acknowledge to you that we do not hold an authorization as a real estate broker issued by the Real Estate Council of Alberta.

DATED at the City of Vancouver, in the Province of British Columbia, this ^{Aug 15, 20} ___ day of August, 2023.


BZAM CANNABIS CORP.

PER: 
Matt Milich (Aug 15, 2023 13:08 PDT)
(signature)

NAME: Matt Milich
(please print)

ACCEPTED AND AGREED in the City of Edmonton, in the Province of Alberta, this 16 day of August, 2023.

**AVISON YOUNG
COMMERCIAL REAL ESTATE SERVICES, LP**

PER: 


SCHEDULE "A"

1. In this Schedule "A", the following terms will have the following meanings:
 - a) "**Facilitation Services**", shall mean the services to be provided by Avison Young to both us and the Perspective Purchaser as set out in the Transaction Brokerage Agreement;
 - b) "**Prospective Purchaser**", shall mean a person or corporation who has expressed an interest in purchasing the Property and who has asked Avison Young to assist it in that regard;
 - c) "**Transaction Brokerage Agreement**", shall mean the written agreement to be entered into between we, Avison Young, and the Prospective Purchaser, which sets out the terms and conditions under which Avison Young shall act as a Transaction Facilitator;
 - d) "**Transaction Facilitator**" shall mean the role of Avison Young in providing Facilitation Services on behalf of us and the Prospective Purchaser.

2. We acknowledge and agree that:
 - a) in being asked to represent the interests of both us and the Prospective Purchaser, Avison Young may be placed in a conflict of interest which prevents Avison Young from:
 - i. acting solely in the best interest of either us or the Prospective Purchaser to the exclusion of the other;
 - ii. avoiding potential conflicts of interest which may arise as a result of acting on behalf of both us and the Prospective Purchaser;
 - iii. disclosing or revealing all facts and information that may influence the decisions of us or the Prospective Purchaser; and
 - iv. maintaining the confidentiality of any information or documentation obtained from either us or the Prospective Purchaser;
 - b) Avison Young may only act as Transaction Facilitator with the informed and voluntary consent of both us and the Prospective Purchaser;
 - c) Avison Young has advised us to seek independent advice concerning Avison Young acting as a Transaction Facilitator;
 - d) We consent to Avison Young acting as a Transaction Facilitator and in so doing to provide the Facilitation Services; and
 - e) We will enter into Avison Young's standard form of Transaction Brokerage Agreement with Avison Young and the Prospective Purchaser.

Initial here:

Avison Young | We

	 <small>MM</small>
---	--






Listing Agreement - 8770 24 Street, Strathcona County - Avison Young - August 15 2023

Final Audit Report

2023-08-15

Created:	2023-08-15
By:	David St.Cyr (david.stcyr@avisonyoung.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAArVxCHo9PjvB7ZQ5u9WO43UEKYqwEgTYI

"Listing Agreement - 8770 24 Street, Strathcona County - Avison Young - August 15 2023" History

-  Document created by David St.Cyr (david.stcyr@avisonyoung.com)
2023-08-15 - 7:57:59 PM GMT
-  Document emailed to Matt Milich (mmilich@bзам.com) for signature
2023-08-15 - 7:58:51 PM GMT
-  Email viewed by Matt Milich (mmilich@bзам.com)
2023-08-15 - 8:02:18 PM GMT
-  Document e-signed by Matt Milich (mmilich@bзам.com)
Signature Date: 2023-08-15 - 8:08:00 PM GMT - Time Source: server
-  Agreement completed.
2023-08-15 - 8:08:00 PM GMT

**Exhibit "Z" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



118,400 sf on 5.0 acres

- The property is situated in close proximity to Sherwood Park Freeway and Anthony Henday Drive with easy access and egress to major arterials
- 11,000 sf of office space located across two floors
- Abundance of power, make up air, dock & grade loading, and fully sprinklered
- Fiber optic connections

Get more information

David St. Cyr
Principal
+1 780 964 4601
david.stcy@avisonyoung.com

Ryan Zabloski
Principal
+1 780 993 7474
ryan.zabloski@avisonyoung.com

For Sale



Offering Summary

Address:	8770 24 Street Strathcona County, AB
Legal Description:	Plan 8720213 Block 5 Lot 4
Site Size:	5.0 acres
Building Size:	Warehouse: 107,400 sf Office: 11,000 sf Total: 118,400 sf
Loading:	Dock (5) Grade (3)
Warehouse ceiling height:	21' to 24' clear
Zoning:	IM - Medium Industrial
Taxes:	\$214,225 (2023)
Assessed Value:	\$15,518,000 (2023)
Year Built:	1987, 1993
Sale Price:	\$10,800,000 (\$91.22 psf)

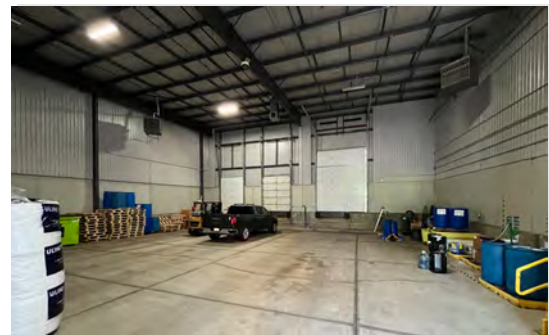
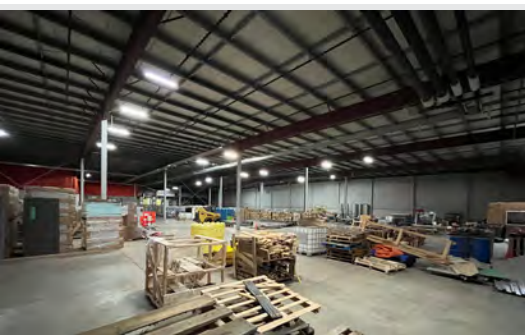
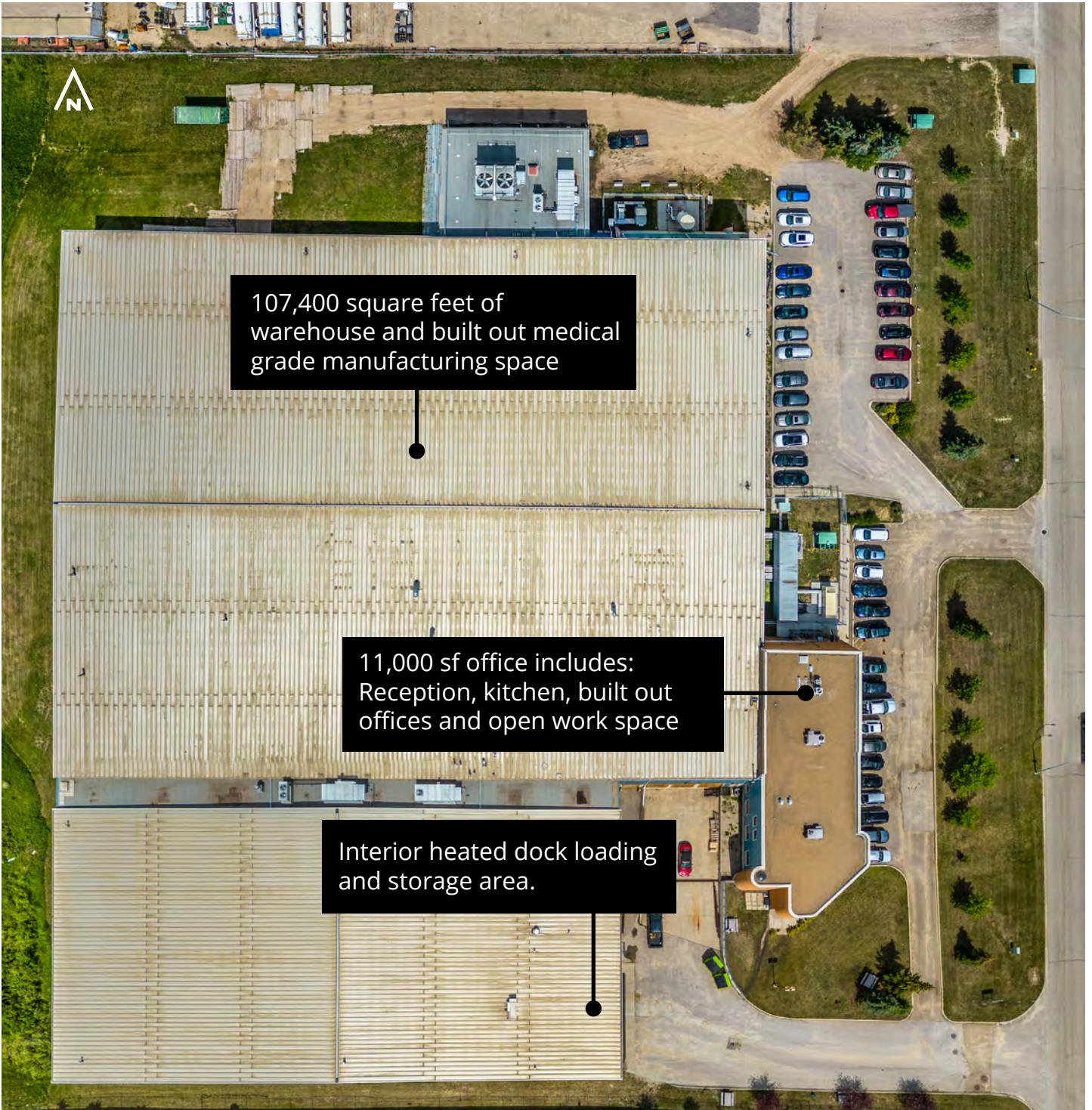


The location in Strathcona County provides a significant discount in annual property taxes when compared to similar properties inside the City of Edmonton limits.



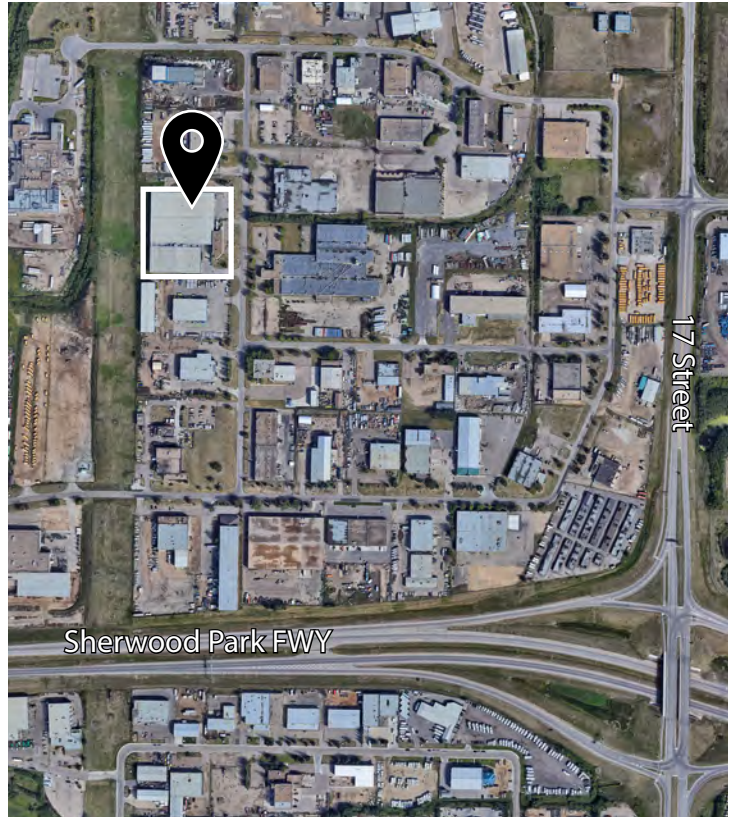
Approximately 60,000 square feet has been built out with extensive power, industrial ventilation, water systems, and mechanical network.





For Sale

8770 24 Street, Strathcona County, AB



David St. Cyr
Principal
+1 780 964 4601
david.stcyr@avisonyoung.com

Ryan Zabloski
Principal
+1 780 993 7474
ryan.zabloski@avisonyoung.com



**Exhibit "AA" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Keith Adams <kadams@finalbell.com>
Sent: Monday, November 20, 2023 2:21 PM
To: Matthew Milich
Subject: Re: I am "on clock" for the DD report and the consolidated model

thank you

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

On Monday, November 20, 2023 at 11:15:40 AM PST, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith, will have the MD&A to you in about 2 hours.

Get [Outlook for iOS](#)

From: Keith Adams <kadams@finalbell.com>
Sent: Monday, November 20, 2023 9:13:39 AM
To: Sean Bovingdon <sbovingdon@bzam.com>; Matthew Milich <mmilich@bzam.com>
Subject: I am "on clock" for the DD report and the consolidated model

Just a poke, please remember to pass the prelim Q3 MD&A to me as soon as you can.

Also, do you have a board deck that I could leverage with the financials trended graphically, etc.

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

**Exhibit "BB" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.

- and -

BZAM HOLDINGS INC.

- and -

BZAM INTERNATIONAL LTD.

SHARE EXCHANGE AGREEMENT

October 18, 2022

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SHARE EXCHANGE AGREEMENT

This **SHARE EXCHANGE AGREEMENT** is dated October 18, 2022 and made among:

THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD., a corporation formed under the laws of Canada (the “**Purchaser**”);

BZAM HOLDINGS INC., a corporation incorporated under the laws of the Province of British Columbia (“**BZAM**”); and

BZAM INTERNATIONAL LTD., a corporation incorporated under the laws of the United Kingdom (the “**BZAM Shareholder**”).

RECITALS:

- (A) The Purchaser is a company whose common shares are listed on the CSE (as hereinafter defined).
- (B) The BZAM Shareholder is the beneficial and legal owner of all of the issued and outstanding BZAM Shares (as defined herein).
- (C) The Purchaser wishes to purchase and acquire all of the issued and outstanding BZAM Shares from the BZAM Shareholder in exchange for the Consideration Shares (as hereinafter defined) and, if achieved, the Earnout Shares (as hereinafter defined), upon and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties (each, a “**Party**” and, together, the “**Parties**”) covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

“**2022 Period**” has the meaning set forth in Section 2.2(c)(vi).

“**Accounts Receivable**” means all accounts receivable, notes receivable, trade receivables, rights to receive payment, book debts and other amounts, due, owing or accruing due to any BZAM Entity, together with any security interest, letters of credit or other credit support documents granted in favour of any BZAM Entity as security therefor.

“**Acquisition Proposal**” has the meaning set forth in Section 9.8(a).

“Adjusted EBITDA” means EBITDA which has been adjusted to exclude non-recurring and/or one-time items, including but not limited to unrealized gains or losses, non-cash expenses, one-time gains or losses, share-based compensation, litigation expenses, goodwill impairments, asset write-downs, severance and termination costs, and foreign exchange gains or losses. For the avoidance of doubt, Adjusted EBITDA shall exclude non-recurring and/or one-time costs in connection with or arising out of merging, combining, consolidating Purchaser’s and BZAM’s businesses, facilities, and operations.

“Adjusted EBITDA Average” has the meaning set forth in Section 2.2(c)(v).

“Affiliate” with respect to any specified Person at any time, means each Person directly or indirectly, through one or more intermediaries, controlling, controlled by or under direct or indirect common control with, such specified Person at such time.

“Agreement” means this Share Exchange Agreement and all of the schedules, exhibits and other documents attached hereto or delivered pursuant to the terms hereof, as it may from time-to-time be supplemented or amended.

“Anti-Corruption Legislation” has the meaning set forth in Section 4.35(a).

“Applicable Securities Laws” means all applicable Canadian securities laws relevant to the issuance of securities of the Purchaser or the purchase and sale of the BZAM Shares pursuant to the terms of this Agreement, including the published rules and policies of the CSE.

“Authorization” means, with respect to any Person, any Order, permit, approval, consent, waiver, licence or other authorization issued, granted, given or authorized by, or made applicable under the authority of, any Governmental Authority having jurisdiction over the Person.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in the City of Toronto, Ontario, Canada are closed during regular banking hours.

“BZAM” means BZAM Holdings Inc.

“BZAM Books and Records” means all books of account, financial statements, tax records, personnel records of Employees, historic documents relating to the BZAM Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information relating to any BZAM Entity (whether in written, electronic or other form).

“BZAM Business” means the business carried on by the BZAM Entities on the Execution Date in Canada, consisting of operating the BZAM Facilities.

“BZAM Disclosure Letter” means the disclosure letter delivered by the BZAM Shareholder to the Purchaser on the Execution Date.

“BZAM Entities” means BZAM, Folium Life Science Inc. (British Columbia), BZAM Cannabis Corp. (Alberta), BZAM Management Inc. dba BZAM Cannabis (British Columbia – Sole Proprietorship) and 10050999 Manitoba Ltd. dba BZAM (Manitoba).

“BZAM Facilities” means the licensed cannabis cultivation, extraction, distribution facilities and office space located at 19100 Airport Way, Units 518/519, Pitt Meadows, BC V3Y 0E2; 13325 Cedar Way, Maple Ridge, BC V4R 2T4; 2775 Myers Creek Road East, Midway, BC V0H 1M0; 1761 Sean Heights, Saanichton, BC V8M 0A5; 200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6; 8770 24th Street NW, Edmonton, AB T6P 1X8; 875 Corydon Avenue, Unit 3, Winnipeg, MB R3M 0W7; and at 40 Great Plains Road, Edenwold, SK S4L 1B6.

“BZAM Financial Statements” means, collectively, (a) the audited financial statements of BZAM for the fiscal years ended December 31, 2021 and December 31, 2020, (b) the audited financial statements of BZAM for the period from commencement of operations on January 17, 2019 to December 31, 2019, and (c) the interim financial statements of BZAM for the three and six month periods ended June 30, 2022 and June 30, 2021, all prepared in accordance with IFRS.

“BZAM International” means BZAM International Ltd. (United Kingdom).

“BZAM IP” has the meaning set forth in Section 4.26(a).

“BZAM Material Authorizations” has the meaning set forth in Section 4.18.

“BZAM Material Contracts” has the meaning set forth in Section 4.21.

“BZAM Owned Properties” means the lands and premises set out and described in Section 4.28 of the BZAM Disclosure Letter by reference to their municipal address and proper legal description.

“BZAM Reference Date” means January 1, 2022.

“BZAM Shareholder” has the meaning set forth in the preamble to this Agreement.

“BZAM Shares” means 100 Common shares in the capital of BZAM.

“BZAM Specified Representations” has the meaning set forth in Section 7.1(a).

“BZAM Structures” has the meaning set forth in Section 4.28.

“Cannabis and cannabis” includes cannabis products as defined in the Cannabis Regulations with reference to Schedule 4 of the Cannabis Act and industrial hemp as defined in the Industrial Hemp Regulations made under the Cannabis Act.

“Cannabis Laws” means, collectively: (i) the laws of Canada and each of the provinces and territories therein applicable to the production, manufacture, cultivation, importation, exportation, advertisement, marketing, promotion, sale and/or distribution of cannabis and/or related products, including, without limitation, the *Cannabis Act* (Canada), the Cannabis Regulations and the *Excise Act, 2001* (Canada); and (ii) the respective regulations and rules made and forms prescribed under such laws, together with all applicable and legally enforceable published policy statements, orders and rulings of the applicable Governmental Authority in each such jurisdiction.

“Cannabis Regulations” mean the *Cannabis Regulations* (Canada), as amended from time to time.

“Claims” means claims, demands, complaints, grievances, actions, applications, suits, causes of action, charges, indictments, prosecutions, information or other similar processes.

“Closing” has the meaning set forth in Section 6.1.

“Closing Date” has the meaning set forth in Section 6.1.

“Closing Period” means the period between the close of business on the Execution Date and the Closing.

“Closing Shares” has the meaning set forth in Section 2.2(b).

“Confidentiality Agreement” means the confidentiality agreement between BZAM and the Purchaser dated June 1, 2022.

“Consideration Shares” has the meaning set forth in Section 2.2(b).

“Contract” means any contract, agreement, option, lease, license, deed, mortgage, note, indenture, commitment or other instrument of any kind, whether written or oral, and other legal binding agreements, arrangements, understandings, commitments and undertakings, to which a Person is a party or a beneficiary or pursuant to which any of its property or assets are or may be affected.

“CSE” means the Canadian Securities Exchange.

“Disclosure Letters” means, collectively, the BZAM Disclosure Letter and the Purchaser Disclosure Letter.

“Drop Dead Date” means November 4, 2022, or such other date as the Parties may mutually approve in writing.

“Earnout Shares” means collectively, the Revenue Earnout Shares and the EBITDA Earnout Shares.

“Earnout Payout Date” has the meaning set forth in Section 2.2.

“Earnout Period” means January 1, 2023 until December 31, 2023.

“EBITDA” means earnings before interest, taxes, depreciation, and amortization.

“EBITDA Earnout Shares” has the meaning set forth in Section 2.2(c)(ii).

“Effective Time” means 9:00 a.m. (Eastern Time) on the Closing Date (or such other time as may be agreed to by the Parties).

“Employee” means any full-time or part-time employee of any BZAM Entity including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Employee Contracts” means any written or verbal employment Contract for employment between BZAM and any Employee.

“Employee Plan” with respect to BZAM, refers to any plan, program, policy, practice, Contract or other arrangement providing for bonuses, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other benefits of any kind, whether formal or informal, funded or unfunded, and whether or not legally binding, pursuant to which a Person has, or may have, any material Liability, contingent or otherwise.

“Environmental Authorization” means all Authorizations issued pursuant to any Environmental Laws in connection with the operation of the BZAM Business or the ownership and use by any BZAM Entity of the property and assets (including the BZAM Owned Properties and the Leased Properties) of BZAM.

“Environmental Claim” means any Claim alleging or asserting any violation of any Environmental Law or Environmental Authorization, or liability for response costs or remedial action under an Environmental Law related to any Environmental Release.

“Environmental Laws” mean all Laws, regulations, ordinances or written decisions relating to environmental matters and relating to the protection of workers and public health, including any Laws having as a purpose or effect the protection of the environment, ground water, endangered species of flora and fauna, air, land or natural resources (including soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere)), the prevention or reduction to acceptable levels of pollution and emissions or the provision of remedies in respect of damage arising

therefrom and the generation, use, handling, release, treatment, storage, disposal or transportation of Environmentally Hazardous Materials.

“Environmental Notice” means any written directive or notice of infraction or written notice respecting any claim, investigation, proceeding or judgment from any Governmental Authority relating to non-compliance with or breach of any Environmental Laws or Environmental Authorizations.

“Environmental Release” means any emission, discharge, release, deposit, issuance, spray, injection, abandonment, escape, spill, leak, seepage, disposal or exhaust (other than exhaust from a vehicle) of an Environmentally Hazardous Substance, or other occurrence or event defined as such in any Environmental Laws.

“Environmentally Hazardous Substance” means any material or substance that could reasonably be expected to impair the quality of the environment or that causes or could reasonably be expected to cause an adverse effect on the environment for any use which can be made of it and as to which liabilities or standards of conduct are imposed pursuant to Environmental Laws, including any material or substance that is deemed pursuant to any Environmental Law to be “hazardous”, “toxic”, “deleterious”, “caustic”, “dangerous”, a “contaminant”, a “hazardous waste”, a “source of contaminant”, a “pollutant”, or words of similar meaning and regulatory effect under any Environmental Law, and any of the following substances: asbestos, urea formaldehyde, hydrocarbons, lead and polychlorinated biphenyls and any material or equipment containing one of these substances.

“Equity Interests” of a Person means options, warrants, calls, pre-emptive rights, subscriptions or other rights, restricted share awards, restricted share unit awards, agreements, arrangements, understandings or commitments of any kind relating to the issued or unissued shares in the capital of such Person, or other equity interests of such Person.

“Escrow Securityholders” means 2783935 Ontario Inc. and Aoco Ventures Inc.

“Execution Date” means the date of this Agreement.

“Exemptions” has the meaning set forth in Section 2.6(a).

“Fundamental Representation Indemnification Deadline” has the meaning set forth in Section 10.1(b)(ii).

“Governmental Authority” means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above.

“GST” has the meaning set forth in Section 4.34(d).

“Healthcare Data Requirements” has the meaning set forth in Section 3.33(a) or Section 4.36, as applicable.

“HST” has the meaning set forth in Section 4.34(d).

“IFRS” means generally accepted accounting principles in Canada from time to time including, for the avoidance of doubt, the standards prescribed in Part I of the CPA Canada Handbook – Accounting (which incorporates International Financial Reporting Standards, as issued by the International Accounting Standards Board) as the same may be amended, supplemented or replaced from time to time.

"Indebtedness" means with respect to BZAM, (i) any liability for borrowed money (including bank loans, lines of credit and loans from related parties), or evidenced by an instrument for the payment of money, or incurred in connection with the acquisition of any property, products, services, assets or securities (including "earnouts", holdbacks, vendor notes or any other similar form of contingent or deferred payment obligation, and any conditional sale or other title retention agreement), or relating to a capitalized lease obligation, (ii) any change of control payments, bonuses, severance, termination and retention obligations, and similar amounts for which BZAM becomes liable in connection with the Transaction contemplated by this Agreement, (iii) profit sharing bonus accruals; bonuses and incentives payable; and all accrued but unpaid salaries, wages and benefits, accrued matching RRSP contributions, accrued profit sharing payments, banked vacation pay and banked hours, and (iv) the employer portion of any payroll Taxes payable in connection with any amounts referred to in clause (ii) or (iii).

"Indemnification Deadline" has the meaning set forth in Section 10.1(b)(i).

"Indemnified Parties" has the meaning set forth in Section 10.1(a).

"Indemnified Party" has the meaning set forth in Section 10.2(a).

"Indemnity Escrow Agreement" means the indemnity escrow agreement dated November 17, 2021, between the Purchaser, the Escrow Securityholders, and Computershare Trust Company of Canada, as may be further amended, restated, or supplemented.

"Industrial Hemp Regulations" mean the Industrial Hemp Regulations made under the *Cannabis Act*, as amended from time to time.

"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.

"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 the 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).

"ITA" means the *Canada Income Tax Act*, RSC 1985, c 1 (5th Supp).

"JV Entity" means Wyld GLX Corp.

"Know How" means inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein.

"Laws" means any and all (a) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws of any Governmental Authority and (b) Orders.

“Leased Properties” means the lands and premises set out and described in Section 4.29(a) of the BZAM Disclosure Letter by reference to their municipal address and proper legal description.

“Leases” means the leases and offers to lease in respect of the Leased Properties set out and described in Section 4.29(a) of the BZAM Disclosure Letter.

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

“Lien” means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

“Lock-up Agreement” means an agreement to be entered into between the Purchaser and the BZAM Shareholder pursuant to which the BZAM Shareholder will covenant not to sell, transfer or otherwise dispose of:

- i. with respect to 1/3 of the Consideration Shares, for a period ending on the 4-month plus a day anniversary of the date of issuance of such Purchaser Shares;
- ii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 8-month anniversary of the Closing Date; and
- iii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 12-month anniversary of the Closing Date.

“Material Adverse Effect” means, (a) in respect of a Party, any effect or change that is, individually or together with other effects or changes, materially adverse to (1) the results of operations and financial condition of the business of such Party and, if applicable, its subsidiaries, taken as a whole, or; (2) the Party’s ability to consummate the transactions contemplated by this Agreement, and (b) in respect of the Party’s assets, an effect that is individually or together with other effects or changes, materially adverse to such assets, taken as a whole; provided that a “Material Adverse Effect” does not include any effect or change arising from (i) any change affecting the cannabis industry as a whole, (ii) changes in applicable Laws, (iii) changes in IFRS, (iv) any change in general economic, business, regulatory, political (including the outbreak or escalation of war or acts of terrorism) or market conditions or in national or global financial or capital markets, (v) any natural disaster, or (vi) this Agreement or the completion of the transactions contemplated by this Agreement other than, in respect of each of clauses (i), (ii), (iii), (iv), and (v), any such effect that specifically relates to or disproportionately affects in an adverse manner the Party’s business.

“Material Authorizations” has the meaning set forth in Section 4.18.

“Merged Entity” means the resulting corporate entity following the completion of the Transaction contemplated by this Agreement.

“Milestone Escrow Shares” has the meaning ascribed to such term in the Indemnity Escrow Agreement.

“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

“Net Revenue” means gross sales minus excise tax, returns and regulatory fees.

“Net Revenue Average” has the meaning set forth in Section 2.2(c)(iv).

“Notice of Claim” has the meaning set forth in Section 10.1(b)(i).

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Authority.

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

“Parties” means, collectively, the Purchaser, BZAM and the BZAM Shareholder and **Party** means any one of them.

“Permitted Encumbrances” means (a) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due or delinquent, the validity of which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS have been made in the BZAM Books and Records or the Purchaser Books and Records, as the case may be, (b) easements, servitudes, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the use or marketability of any real property, (c) undetermined or inchoate Liens arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been given in accordance with applicable Laws, (d) Liens set out and described in Section 4.11 of the BZAM Disclosure Letter or Section 1.1 of the Purchaser Disclosure Letter but only to the extent such Liens conform to their description in such Disclosure Letter and (e) Liens that would not reasonably be expected to have a Material Adverse Effect.

“Person” includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof.

“Personal Information” means information about an identifiable individual other than such individual’s business contact information where such business contact information is collected, used or disclosed for the purposes of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose.

“Pre-Closing Tax Period” means any Tax or fiscal period ending on or before the Closing, and with respect to a Straddle Period, the portion of a Straddle Period up to and immediately prior to the Closing.

“Privacy Laws” means the *Personal Information Protection and Electronic Documents Act* (Canada) and any similar Laws relating to the collection, use, disclosure or storage of Personal Information applicable in Canada.

“Purchase Price” has the meaning set forth in Section 2.2.

“Purchased BZAM Shares” means the 100 BZAM Shares to be purchased by the Purchaser pursuant to Article 2.

“Purchaser” has the meaning set forth in the recitals.

“Purchaser Books and Records” means all books of account, financial statements, tax records, personnel records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files,

referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic or other form).

“Purchaser Disclosure Letter” means the disclosure letter delivered by the Purchaser to the BZAM Shareholder on the Execution Date.

“Purchaser Disclosure Record” means all documents filed by or on behalf of the Purchaser on the System for Electronic Document Analysis Retrieval prior to the date hereof that are publicly available on the date hereof.

“Purchaser Employee” means any full-time or part-time employee of the Purchaser or any Purchaser Entity, including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Purchaser Employee Contracts” means any written or verbal employment Contract for employment between any Purchaser Entity and any other Person engaged in the business of any Purchaser Entity.

“Purchaser Employee Plans” with respect to the Purchasers, refers to any plan, program, policy, practice, Contract or other arrangement providing for bonuses, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other benefits of any kind, whether formal or informal, funded or unfunded, and whether or not legally binding, pursuant to which a Person has, or may have, any material Liability, contingent or otherwise.

“Purchaser Entities” means, collectively, the Purchaser and its subsidiaries.

“Purchaser Financial Statements” means the audited consolidated financial statements of the Purchaser for the years ended December 31, 2021 and 2020, and the unaudited financial statements of the Purchaser for the three and six months ended June 30, 2022 and 2021, all prepared in accordance with IFRS.

“Purchaser IP” has the meaning set forth in Section 3.24(a).

“Purchaser Leased Properties” means the lands and premises leased by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Leases” means the leases and offers to lease in respect of the Leased Properties set out and described in Section 3.27(a) of the Purchaser Disclosure Letter.

“Purchaser Material Authorizations” has the meaning set forth in Section 3.16.

“Purchaser Material Contracts” has the meaning set forth in Section 3.19.

“Purchaser Owned Properties” means the lands and premises owned by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Reference Date” means July 1, 2022.

“Purchaser Shares” means common shares in the capital of the Purchaser, and Purchaser Share means any one of them.

“Purchaser Specified Representations” has the meaning set forth in Section 8.1(a).

“Purchaser Structures” has the meaning set forth in Section 3.26.

“Revenue Earnout Shares” has the meaning set forth in Section 2.2(c)(i).

“SEDAR” means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of issuers across Canada.

“Straddle Period” means any taxation period of BZAM ending after the Closing Date that commenced before the Closing Date. Where necessary to allocate Taxes under this Agreement with respect to a Straddle Period: (i) the amount of any real property, personal property, ad valorem, intangible, and other Taxes imposed on a periodic basis for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be equal to the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediate preceding period) multiplied by a fraction, the numerator of which is the number of calendar days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) the amount of any Taxes (other than Taxes allocable under clause (i) of this definition) for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be computed on the basis of a “closing of the books,” as if such taxable period ended as of the end of the day on the Closing Date and all such Taxes were calculated in accordance with the past practices of BZAM in preparing Tax Returns, except to the extent otherwise required by applicable Law; provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period beginning after the Closing Date in proportion to the number of calendar days in each period.

“Tax” means any taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

“Tax Indemnification Deadline” has the meaning set forth in Section 10.1(b)(iii).

“Tax Refund” means an amount up to \$1,025,177.74 to be awarded to BZAM pursuant to BZAM's appeal to the British Columbia Ministry of Finance, Property Taxation Branch, in respect of property transfer tax assessments on properties located in Maple Ridge and Pitt Meadows, British Columbia.

“Tax Return” means any return (including any information return), report, statement, schedule, notice, election, designation, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Law relating to any Tax.

“Transaction” means, collectively, the purchase and sale of the Purchased BZAM Shares, the issuance of the Consideration Shares and, if applicable, the Earnout Shares, and all other transactions contemplated by this Agreement.

“Transaction Documents” means this Agreement and the Lock-Up Agreement and all other agreements, certificates and other instruments or documents given pursuant to this Agreement.

1.2 Gender and Number

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, (a) words in the singular number include the plural and are to be construed as if the plural had been used and *vice versa*, and (b) words importing the use of any gender include all genders where the context or party referred to so requires, and the rest of the sentence is to be construed as if the necessary grammatical changes had been made.

1.3 Certain Phrases and Calculation of Time

In this Agreement, unless otherwise specified:

- (a) the words “including” and “includes” mean “including (or includes) without limitation”;
- (b) “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement;
- (c) the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”; if the last day of any such period is not a Business Day, such period will end on the next Business Day; and
- (d) when calculating the period of time “within” which or “following” which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is to be excluded from the calculation. If the last day of any such period is not a Business Day, such period will end on the next Business Day.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement.

1.5 Disclosure Letters and Exhibits

The Disclosure Letters and the exhibits attached to this Agreement are incorporated by reference into this Agreement and form an integral part hereof.

1.6 Purpose of the Disclosure Letters

The purpose of the Disclosure Letters is to set out the qualifications, exceptions and other information called for in this Agreement. The disclosure of any fact or item in any section of a Disclosure Letter shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties of BZAM and the BZAM Shareholder or the Purchaser, as the case may be, that are contained in the corresponding Section of this Agreement; and (ii) any other representations and warranties of the BZAM and the BZAM Shareholder or the Purchaser, as the case may be, contained in this Agreement, where it is reasonably apparent that such matter is pertinent to such other representation or warranty.

1.7 Currency

In this Agreement, unless otherwise specified, all references to dollars or to \$ are references to Canadian dollars.

1.8 Knowledge

Where any representation or warranty in this Agreement is expressly qualified by reference to the knowledge of a Party (or similar phrases), it is deemed to refer to the actual knowledge of such Party or, if such Party is not an individual, of any officer or director of such Party, in each case after due inquiry.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with IFRS.

1.10 Instruments and Statutes

Any agreement, instrument or statute (including any specific provision) defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute (including any specific provision and in the case of a statute any regulations promulgated thereunder) as amended, restated, replaced, modified, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statute) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein.

1.11 Governing Law; Venue

This Agreement shall be governed by and interpreted and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be brought in a suitable court located in the Province of British Columbia and each Party irrevocably submits to the exclusive jurisdiction of those courts.

ARTICLE 2 SHARE EXCHANGE

2.1 Purchase and Sale

Subject to the terms and conditions hereof, the BZAM Shareholder covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the BZAM Shareholder, the Purchased BZAM Shares at the Closing.

2.2 Purchase Price

In consideration for the acquisition of the Purchased BZAM Shares, the Purchaser will pay a purchase price (the "**Purchase Price**") as follows:

- (a) Cash – The payment on Closing of \$100 in cash.
- (b) Consideration Shares – The issuance on Closing of such number of Purchaser Shares in the capital of the Purchaser, determined as of immediately prior to the Effective Time, as would constitute, on a pro forma basis immediately following the Closing, 49.5% of the aggregate number of Purchaser Shares issued and outstanding as of immediately following the Closing (the "**Closing Shares**"), at a deemed price per Purchaser Share of \$0.0596, provided that, for the purposes of calculating the Closing Shares in accordance with this Section 2.2(b), the determination of the issued and outstanding Purchaser Shares as of immediately following the Closing and the number of Consideration Shares issuable to the BZAM Shareholder shall not take into account: (i) any securities issued by the Purchaser that are convertible into, or exercisable for, Purchaser Shares; or (ii) the 85,714,286

Milestone Escrow Shares held in escrow pursuant to the Indemnity Escrow Agreement. For greater certainty, based on the issued and outstanding Purchaser Shares as of the date hereof, the Closing Shares would amount to 655,227,815 Purchaser Shares.

Following the release from escrow on December 31, 2022, of the Milestone Escrow Shares, the Purchaser shall issue such number of Purchaser Shares in the capital of the Purchaser, equal to 49.5% of the aggregate number of Milestone Escrow Shares not returned to treasury of the Purchaser, and issued to the Escrow Securityholders (collectively with the Closing Shares, the "**Consideration Shares**"), to the BZAM Shareholder, at a deemed price per Purchaser Share of \$0.0596.

(c) Earnout Shares – The issuance following Closing of Purchaser Shares in the capital of the Purchaser as follows:

- (i) One Million Five Hundred Thousand Dollars (\$1,500,000) worth of Purchaser Shares, at a deemed price of \$0.0596 per Purchaser Share, for every Two Million Five Hundred Thousand Dollars (\$2,500,000) worth of Net Revenue over **[Redacted – Commercially Sensitive Information]** generated by the Merged Entity from January 1, 2023 until December 31, 2023 (the "**Revenue Earnout Shares**"), up to a maximum payout of Sixteen Million Five Hundred Thousand Dollars (\$16,500,000); and
- (ii) One Million Five Hundred Thousand Dollars (\$1,500,000) worth of Purchaser Shares, at a deemed price of \$0.0596 per Purchaser Share, for every **[Redacted – Commercially Sensitive Information]** worth of positive Adjusted EBITDA generated by the Merged Entity from January 1, 2023 until December 31, 2023 (the "**EBITDA Earnout Shares**"), up to a maximum payout of Sixteen Million Five Hundred Thousand Dollars (\$16,500,000),

provided that:

- (iii) irrespective of the actual contribution of the JV Entity towards Adjusted EBITDA, for the purposes of calculating Adjusted EBITDA generated by the Merged Entity in Section 2.2(c)(ii), the JV Entity shall be deemed to have contributed a minimum of the greater of (A) One Million Eight Hundred Thousand Dollars (\$1,800,000), and (B) the actual contribution of the JV Entity;
- (iv) if the Net Revenue generated by the Merged Entity in one or more months during the Earnout Period is less than the average of the other 11 months in the Earnout Period (the "**Net Revenue Average**") by 25% or more, the Net Revenue for such month shall be replaced with the Net Revenue Average for the purposes of calculating the Net Revenue generated by the Merged Entity in Sections 2.2(c)(i);
- (v) if the Adjusted EBITDA generated by the Merged Entity in one or more months during the Earnout Period is less than the average of the other 11 months in the Earnout Period (the "**Adjusted EBITDA Average**") by 25% or more, the Adjusted EBITDA for such month shall be replaced with the Adjusted EBITDA Average for the purposes of calculating the Adjusted EBITDA generated by the Merged Entity in Sections 2.2(c)(iii); and
- (vi) if the Net Revenue generated by the Merged Entity in Quebec during the Earnout Period is less than the Net Revenue of the Purchaser in Quebec from January 1, 2022 to December 31, 2022 (the "**2022 Period**"), the Net Revenue generated by the Purchaser in Quebec for the 2022 Period shall be used for the purposes of

calculating the Net Revenue generated by the Merged Entity in Quebec in Sections 2.2(c)(i).

The number of Earnout Shares to be issued, if any, shall be calculated and issued to the BZAM Shareholder no later than 30 days following December 31, 2023 (the “**Earnout Payout Date**”).

- (d) Hold Period – The BZAM Shareholder acknowledges that in addition to what is contemplated under the Lock-up Agreement, all Purchaser Shares comprising the Consideration Shares and the Earnout Shares shall be made subject to a restrictive hold period of four (4) months plus a day in length, as applicable under Applicable Securities Laws.

2.3 Allocation of Purchase Price

The Parties agree to allocate the Purchase Price on a basis to be agreed between the Parties prior to Closing. In conjunction therewith, each of the Parties will review with their respective legal, accounting and financial advisors the most tax effective structure for allocating the Purchase Price with respect to the Transaction. The Parties agree to execute and file all Tax Returns, and prepare all financial statements, on the basis of such allocation and agree not to take any position inconsistent therewith in any Tax Return, in any Tax refund claim, in any litigation or otherwise.

2.4 Purchase of Entire Interest

It is the understanding of the parties hereto that this Agreement provides for the purchase of all of the issued and outstanding BZAM Shares at the Effective Time, whether same are owned as at the date hereof or to be acquired after the date hereof and prior to the Effective Time, and the BZAM Shareholder therefore covenants and agrees with the Purchaser that, if prior to the Effective Time, it acquires any further BZAM Shares, in addition to those set forth in this Agreement, then such BZAM Shares shall be subject to the terms of this Agreement, and BZAM Shares shall be delivered or such rights shall be transferred to the Purchaser at the Effective Time, without the payment of any additional or further consideration.

2.5 Delivery of Purchased BZAM Shares

Subject to the fulfilment of all of the terms and conditions hereof (unless waived as herein provided), at the Effective Time, the BZAM Shareholder shall be deemed to have delivered to the Purchaser certificates or equivalents representing all of the BZAM Shares to the Purchaser.

2.6 Acknowledgements

The BZAM Shareholder hereby acknowledges and agrees with the Purchaser as follows:

- (a) The transfer of the BZAM Shares to the Purchaser, and the issuance of the Consideration Shares, or if applicable, the Earnout Shares, to the BZAM Shareholder will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the prospectus (or equivalent) requirements of applicable securities laws;
- (b) As a consequence of acquiring the Consideration Securities, or if applicable, the Earnout Shares, pursuant to the Exemptions:
 - (i) the Purchaser is relying on an exemption from the requirements to provide the BZAM Shareholder with a prospectus and to, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the BZAM Shareholder;

- (ii) the BZAM Shareholder may not receive information that might otherwise be required to be provided to the BZAM Shareholder, and the Purchaser is relieved from certain obligations that would otherwise apply under the *Securities Act* (Ontario) if the Exemptions were not being relied upon by the Purchaser;
 - (iii) there is no government or other insurance covering the Consideration Shares, or if applicable, the Earnout Shares;
 - (iv) there are risks associated with the acquisition of the Consideration Shares, or if applicable, the Earnout Shares; and
 - (v) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares, or if applicable, the Earnout Shares;
- (c) The BZAM Shareholder is knowledgeable of, or has been independently advised as to, the applicable Law of that jurisdiction which applies to the sale of the BZAM Shares and the issuance of the Consideration Shares and if applicable, the Earnout Shares, which may impose restrictions on the resale of such Consideration Shares and Earnout Shares in that jurisdiction and it is the responsibility of the BZAM Shareholder to become aware of what those resale restrictions are, and to comply with them before selling or distributing any of the Consideration Shares and Earnout Shares, as applicable; and
- (d) The Consideration Shares and if applicable, the Earnout Shares, may be subject to certain resale restrictions under applicable Law, and the BZAM Shareholder agrees to comply with such restrictions and acknowledges that the certificates for the Consideration Shares and Earnout Shares, if applicable may bear an applicable legend or legends respecting restrictions on transfers as required under applicable Law if and as required by Section 2.6 of this Agreement (or legend notation on each applicable Consideration Share or Earnout Share, if applicable, issued electronically in a direct registration system), and that the BZAM Shareholder have been advised to consult its own legal advisor with respect to applicable resale restrictions and that each is solely responsible for complying with such restrictions.

2.7 Joint Tax Election

The Purchaser and the BZAM Shareholder each hereby acknowledge and agree that no portion of the Consideration Shares or the Earnout Shares, if applicable, is allocated to, or is considered or regarded as consideration paid or payable for, the undertakings contained in this Agreement. The Parties acknowledge and agree that the purpose of the undertakings set forth in any of the restrictive covenants of this Agreement is to maintain and protect the fair market value of the Purchased BZAM Shares and that it is intended by the Parties that subsections 56.4(5) and (7) of the ITA, apply with respect to the undertakings described in those restrictive covenants.

2.8 Tax Refund

In the event BZAM receives all or any portion of the Tax Refund, the Purchaser shall issue such number of common shares of the Merged Entity to the BZAM Shareholder equal to the net proceeds of the Tax Refund at a deemed price per share equal to the greater of: (i) the 15-day volume weighted average trading price of the common shares of the Merged Entity on the CSE, prior to the date such common shares are issued; and (ii) the minimum price per common share of the Merged Entity permitted under the policies of the CSE.

2.9 Agreement to be Bound

Each Person who becomes a BZAM Shareholder subsequent to the Effective Date, or acquires additional BZAM Shares subsequent to the Effective Date, must concurrently with becoming a BZAM Shareholder or acquiring such additional BZAM Shares execute and deliver to the Purchaser an agreement in form and substance satisfactory to the Purchaser, agreeing to be bound by this Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser makes the following representations to the BZAM Shareholder, and acknowledges and agrees that the BZAM Shareholder is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

3.1 Incorporation, Corporate Power and Registration

- (a) The Purchaser is a corporation validly existing and in good standing under the federal laws of Canada and has all necessary corporate power, authority and capacity to own or lease its property and to carry on its business as presently conducted.
- (b) Subject to Section 3.2, neither the nature of the Purchaser Entities' business nor the location or character of the assets owned or leased by the Purchaser Entities requires any Purchaser Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

3.2 Qualification

Each Purchaser Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter. The jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter include all jurisdictions in which (a) the nature of the Purchaser Entities' business makes such qualification necessary, (b) the Purchaser Entity owns or leases any material property or assets which form part of the Purchaser Entity's business or (c) the Purchaser Entity conducts the Purchaser Entity's business, in each case except as would not have a Material Adverse Effect.

3.3 Due Authorization and Enforceability of Obligations

- (a) The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (c) This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it

is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by the Purchaser or necessary to the ownership of the assets owned by the Purchaser Entities or the operation of the Purchaser Entities' business;
- (b) result in or require the creation of any Lien upon any of the assets owned by the Purchaser Entities;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to the Purchaser Entities.

3.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any Purchaser Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any Purchaser Material Contract, or (ii) the acceleration of any debt or other obligation of the Purchaser, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any Purchaser Entity.

3.6 Purchaser Financial Statements

The Purchaser Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the Purchaser Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the Purchaser Entities on a consolidated basis for the periods then ended.

3.7 No Undisclosed Liabilities

Since the Purchaser Reference Date, no Purchaser Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable Purchaser Financial Statements; (b) current liabilities incurred since the Purchaser Reference Date in the Ordinary Course; or (c) liabilities that are not material to any Purchaser Entity, taken as a whole.

3.8 Conduct of Purchaser's Business in Ordinary Course

Except as set out in Section 3.8 of the Purchaser Disclosure Letter or as set out in the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the Purchaser Reference Date, the Purchaser Entities' business has been carried on

in the Ordinary Course. Without limiting the generality of the foregoing, the Purchaser Entities have not, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$500,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$500,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value to a Purchaser Entity;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to a Purchaser Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any Purchaser Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) written down the value of any assets owned or used by a Purchaser Entity, including inventory and capital lease assets, except on account of normal depreciation and amortization;
- (k) declared or paid any dividends or declared or made any other distribution on the Purchaser Shares or other securities of any of the Purchaser Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchaser Shares or other securities of the Purchaser Entities;
- (l) written off as uncollectible any accounts receivable or any part thereof;
- (m) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (n) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;
- (o) compromised or settled any litigation or governmental action relating to assets owned or used by a Purchaser Entity (including the Purchaser Owned Properties and Purchaser Leased Properties);

- (p) cancelled or reduced any insurance coverage on its business, property and assets;
- (q) made any change in any method of accounting or auditing practice except in each case as required by IFRS;
- (r) made any change in the method of billing or the credit terms made available to its customers;
- (s) amended its organizational documents or structure; or
- (t) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

3.9 Capitalization of the Purchaser

The authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares. As at the Execution Date, there are 754,179,027 Purchaser Shares issued and outstanding. In addition, as at the Execution Date, there are issued and outstanding (i) options to purchase, in the aggregate, 45,228,001 Purchaser Shares, (ii) warrants exercisable for, in the aggregate, 160,591,440 Purchaser Shares and (iii) restricted share units entitling certain employees of the Purchaser to, in the aggregate, 261,250 Purchaser Shares. All of the issued and outstanding shares in the capital of each subsidiary of the Purchaser are owned by the Purchaser. Except as set forth in this Section 3.9, no other Purchaser Shares are issued and outstanding as at such date and there are no existing Equity Interests in, the Purchaser or any of its subsidiaries obligating the Purchaser or such subsidiary to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, the Purchaser or such subsidiary or securities convertible into or exchangeable for such shares or Equity Interests or other securities. All of the outstanding Purchaser Shares were duly authorized and validly issued, and are fully paid and non-assessable.

3.10 Litigation

Except as set out in the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, current or pending, or, to the knowledge of the Purchaser, threatened against the Purchaser Entities' business or any of the Purchaser Entities' assets, including the Purchaser Owned Properties, the Purchaser Leased Properties, or the Purchaser IP, or in respect of any employment matters.

3.11 Title to Assets

Except as set out in Section 3.11 of the Purchaser Disclosure Letter, each Purchaser Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Purchaser Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

3.12 No Options, etc.

Except as set out in the Purchaser Disclosure Record, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition from the Purchaser Entities of any of the property and assets other than pursuant to purchase orders for inventory sold in the Ordinary Course.

3.13 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of the Purchaser Entities are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

3.14 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the Purchaser Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the Purchaser Books and Records, copies of which have been provided to the BZAM, and are not subject to any defence, counterclaim or set off.

3.15 Compliance with Law

- (a) Each Purchaser Entity:
 - (i) is conducting its business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating to in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business;
 - (ii) has not received, since the Purchaser Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the Purchaser Entities' business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any material Authorization; and
 - (iii) has, or has had on its behalf, since the Purchaser Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the Purchaser Entities' business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the Purchaser Entities' business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

- (b) To the knowledge of the Purchaser, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws.
- (c) The individuals listed in Section 3.15(c) of the Purchaser Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any Purchaser Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance
- (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all cannabis products sold or stored by the Purchaser Entities:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended by the Purchaser Entities, and of merchantable quality;
 - (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with the Purchaser Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Purchaser Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all Purchaser Entities relating to the Purchaser Entities' business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
- (f) (i) Each Purchaser Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any Purchaser Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the Purchaser Shareholder's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any Purchaser Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.
- (g) Each Purchaser Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the

Cannabis Act (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states)

3.16 Governmental Authorizations

The Purchaser Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Purchaser Leased Properties). All such Authorizations are set out in Purchaser Disclosure Record (the “**Purchaser Material Authorizations**”). Each Purchaser Material Authorization is valid, subsisting and in good standing. The Purchaser is not in default or breach of any Purchaser Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the Purchaser, threatened to revoke or limit any Purchaser Material Authorization.

3.17 Required Purchaser Authorizations

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 3.17 of the Purchaser Disclosure Letter.

3.18 Third Party Consents

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a Purchaser Material Contract binding on or affecting the Purchaser Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 3.18 of the Purchaser Disclosure Letter.

3.19 Material Contracts

Except for the Contracts listed in the “Material Contracts” section of the Purchaser’s annual information form dated April 18, 2022 and as otherwise set out under Section 3.19 of the Purchaser Disclosure Letter (collectively, the “**Purchaser Material Contracts**”), no Purchaser Entity is a party to or bound by any Contract material to its business or the ownership of its assets including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by a Purchaser Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of a Purchaser Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than a Purchaser Entity so as to expire, more than one year after the Execution Date;
- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;

- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of a Purchaser Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on its business;
- (g) any Contract pursuant to which a Purchaser Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Affiliate of a Purchaser Entity or any other Person with whom a Purchaser Entity does not deal at arm's length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by a Purchaser Entity from any Governmental Authority;
- (j) any Contract pursuant to which any Purchaser Entity grants or receives a licence to use any Purchase IP, other than: (A) those in which grants of Purchaser IP rights are incidental to such Contract; (B) those granting rights to Purchaser IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any Purchaser Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;
- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for indebtedness of a Purchaser Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all Purchaser Material Contracts are available in the Purchaser Disclosure Record.

3.20 No Breach of Material Contracts

Each of the Purchaser Entities has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any Purchaser Material Contract. Each of the Purchaser Material Contracts is in full force and effect, unamended, to the knowledge of the Purchaser, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any Purchaser Material Contract. To the knowledge of the Purchaser, all of the covenants to be performed and the obligations to be fulfilled by any party to such Purchaser Material Contract, including the applicable Purchaser Entity, have been fully performed and fulfilled in all material respects. No consent or notice is required for a valid assignment to the Purchaser of any Purchaser Material Contract.

3.21 Related Party Transactions

Except as set out the Purchaser Disclosure Record or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting the Purchaser Entities have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by a Purchaser Entity to any Affiliate of a Purchaser Entity in relation to such Contracts are recorded on the Purchaser Books and Records at their fair market value.

3.22 Insurance

The Purchaser Entities maintain such policies of insurance as are appropriate to their business and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. No Purchaser Entity is in default in any material respect with respect to any of the provisions contained in the insurance policies.

3.23 Books and Records

- (a) All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such Purchaser Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the BZAM in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the Purchaser Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the Purchaser Entities.
- (b) Purchaser Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by Purchaser's current Information Technology.

3.24 Intellectual Property

- (a) The Purchaser Disclosure Record sets out a true, correct and complete description of (i) all of the registered Intellectual Property owned or used by a Purchaser Entity in connection with a Purchaser Entity's business (collectively, the "**Purchaser IP**"), and (ii) all licenses or similar agreements or arrangements to which any Purchaser Entity is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of a Purchaser Entity's business as presently conducted.
- (b) One of the Purchaser Entities is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the Purchaser IP, free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities have not assigned, licensed or otherwise conveyed any of the Purchaser IP.
- (c) The Purchaser Entities have maintained or caused to be maintained the rights to any of the registered Purchaser IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered Purchaser IP owned by a Purchaser Entity and subject to expiration on or prior to the Closing Date.
- (d) The Purchaser 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 Purchaser IP. In the past five years, no Purchaser Entity has received written notice of any alleged infringement or misappropriation from any Person

with respect to the Purchaser IP. During such period, no Purchaser Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.

- (e) The Purchaser Entities have the full right and authority to use the Purchaser IP in connection with the conduct of their business in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The Purchaser IP is sufficient to conduct the Purchaser Entities' business as presently conducted. All licenses to which a Purchaser Entity is a party relating to Purchaser IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of a Purchaser Entity thereunder. No royalty or other fees is required to be paid by any Purchaser Entity to use and exploit any of the Purchaser IP Rights and, to the Purchaser's knowledge, there are no restrictions on the ability of any Purchaser Entity to use any of the Purchaser IP Rights
- (f) To the knowledge of the Purchaser, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the Purchaser IP.
- (g) To the knowledge of the Purchaser, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of a Purchaser Entity owns or has claimed an ownership interest in any of the Purchaser IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) Each Purchaser Entity has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect Purchaser IP and confidential information relating thereto. To the knowledge of the Purchaser, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent the Purchaser Entities from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

3.25 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the Purchaser Entities' businesses is sufficient for the conduct of the Purchaser Entities' businesses in the Ordinary Course after Closing. The Purchaser Entities use reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by a Purchaser Entity in respect of any license or lease under which the Purchaser Entities receive Information Technology.

3.26 Owned Property

Except as set out in Section 3.26 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Purchaser Entities are the absolute registered and beneficial owner of, and have good and marketable title to, the Purchaser Owned Properties free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities are not the owner of, or party to any agreement, option or right to own, any real property or any interest in any real property used in connection with the Purchaser Entities' business, other than the Purchaser Owned Properties. To the knowledge of the Purchaser, all of the Purchaser Owned Properties and the buildings, improvements and fixtures (including fences, if any) on the Purchaser Owned Properties (collectively, the "**Purchaser Structures**") were constructed in accordance with all applicable Laws and there are no pending or, to the knowledge of the Purchaser, any threatened, administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations or proceedings relating to

any Environmental Laws for such Purchaser Owned Property. There are and, to the Purchaser's knowledge, will be, no events or circumstances that might reasonably be expected to form the basis of an order for clean up or remediation under applicable Laws and there are no consent or approvals required for the Purchaser Owned Properties. The Purchaser Entities have adequate rights of ingress and egress to, from and over the Purchaser Owned Properties for the operation of the Purchaser Entities' businesses in the Ordinary Course and the Purchaser Owned Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply and, to the extent such Purchaser Owned Properties produce their own electricity and/or water supply, such production is of comparable reliability. None of the Purchaser Owned Properties nor any Purchaser Structures, nor their use, operation or maintenance for the purpose of carrying on the Purchaser Entities' business, violate any restrictive covenant applicable thereto. None of the Purchaser Owned Properties nor any buildings thereon encroach on any property owned by any other Person or infringe on rights of way, easements, or similar Liens in any material respect. None of the Purchaser Owned Properties nor any buildings thereon are subject to claims by adjoining landowners or otherwise, nor are there any claims by a Purchaser Entity against any adjoining landowners in respect of any encroachment onto any of the Purchaser Owned Properties. The Purchaser Owned Properties are in material compliance with all applicable provincial plans, official plans, zoning by-laws by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Purchaser Owned Properties, and is in material compliance with requirements of any applicable Governmental Authority.

3.27 Leases and Leased Property

- (a) No Purchaser Entity is a party to, or under any agreement to become a party to, any real property lease other than the Purchaser Leases. Each Purchaser Lease is in good standing, creates a good and valid leasehold estate in favour of the Purchaser Entities in the Purchaser Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Purchaser Lease pursuant to which a Purchaser Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any Purchaser Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Purchaser Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable Purchaser Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the Purchaser, all of the covenants to be performed by any party (other than the applicable Purchaser Entity) under the Purchaser Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable Purchaser Entity of any of the Purchaser Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Purchaser Leased Property.
- (b) Each applicable Purchaser Entity has adequate rights of ingress and egress to, from and over the Purchaser Leased Properties in the Ordinary Course and the Purchaser Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the Purchaser, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any Purchaser Entity to carry on business in the Ordinary Course.

3.28 Environmental Matters

- (a) The Purchaser Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Purchaser Owned Properties.
- (b) Except as permitted under applicable Laws, no Purchaser Entity has used or permitted to be used at any of the Purchaser Owned Properties or Purchaser Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the Purchaser there has not been any such use.
- (c) Except as permitted under Environmental Laws, no Purchaser Entity has caused or permitted, and the Purchaser does not have any knowledge of any Environmental Release on or from the Purchaser Owned Properties or Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity.
- (d) No Purchaser Entity has been required in writing by any Governmental Authority to: (i) alter any of the Purchaser Owned Properties or Purchaser Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.
- (e) There are no pending or, to the knowledge of the Purchaser, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties.
- (f) Neither the Purchaser nor any Purchaser Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any Purchaser Entity or the Purchaser Entities' business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the Purchaser nor any Purchaser Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the Purchaser, no Purchaser Entity nor the Purchaser Entities' business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) Section 3.28(g) of the Purchaser Disclosure Letter contains a complete and accurate list of all reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the Purchaser or the Purchaser Entities have been provided to BZAM. To the knowledge of the Purchaser, there are no other reports or material documents relating to environmental matters affecting any

Purchaser Entity or any of the Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control which have not been made available to BZAM.

- (h) To the knowledge of the Purchaser, there are not any underground storage tanks located on the Purchaser Owned Properties or Purchaser Leased Properties.
- (i) No Authorizations issued to any Purchaser Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the Purchaser Entities' business, the Purchaser Owned Properties, the Purchaser Leased Properties or any other assets of any Purchaser Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

3.29 Employee Matters

- (a) No Purchaser Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any Purchaser Entity.
- (b) Section 3.29 of the Purchaser Disclosure Letter includes a complete list of all Purchaser Employees. The list includes each Person's:
 - (i) position or title with all applicable Purchaser Entities;
 - (ii) material terms and conditions of employment, including reference to any Employee Plans to which such Person participates and a summary of such Person's benefits thereunder;
 - (iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year to such Person;
 - (iv) the date upon which the wage, salary, rate or bonus in Section 4.32(b)(iii) became effective;
 - (v) the date upon which such Person was first hired or engaged;
 - (vi) the Employee Plans in which the Person participates; and
 - (vii) accrued vacation, if any.
- (c) Except as disclosed in Section 3.29(c) of the Purchaser Disclosure Letter, no employee of any Purchaser Entity has any written agreement as to length of notice or termination payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or termination, and there are no outstanding amounts owed to any Purchaser Employees pursuant to any employment, consulting or similar type agreement relating to any Purchaser Entity.
- (d) Except as disclosed in Section 3.29(d) of the Purchaser Disclosure Letter, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any Purchaser Entity pursuant to any workplace safety and insurance

legislation, and there are no orders under applicable occupational health and safety legislation relating to the Purchaser Entities' business which are currently outstanding.

- (e) To the knowledge of the Purchaser, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for a Purchaser Entity and no Purchaser Entity is unionized and does not have an employee association.
- (f) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against a Purchaser Entity in respect of, concerning or affecting any of the Purchaser Employees.
- (g) Each Purchaser Entity has observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (h) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon the Purchaser Entities to do or refrain from doing any act or which place a financial obligation upon a Purchaser Entity.
- (i) In the past three years, no Purchaser Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (j) Except as set out in 3.29(j) of the Purchaser Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, pending, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser Entities or the Purchaser Entities' business. To the knowledge of the Purchaser, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any Purchaser Entity in respect of employment matters.
- (k) All Purchaser Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements
- (l) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the Purchaser Entities, threatened against or directly or indirectly affecting a Purchaser Entity's business, a Purchaser Entity or any of their respective operations. No Purchaser Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Purchaser Employees. There are no charges or complaints pending, or to the knowledge of the Purchaser, threatened with respect to or relating to a Purchaser Entity before any Governmental Authority in relation to unlawful employment practices. No Purchaser Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of a Purchaser Entity or any of its business concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the Purchaser Entity, threatened.

3.30 Employee Benefit Plans

- (a) Section 3.30 of the Purchaser Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any Purchaser Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any Purchaser Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Employee Contracts containing any such provisions (collectively, the “**Purchaser Employee Plans**”). None of the Employee Plans is a registered pension plan under the ITA.
- (b) Each Purchaser Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any Purchaser Entity pursuant to the terms of any Purchaser Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Purchaser Employee Plans, and no event has occurred or circumstance exists under which any of the Purchaser Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Purchaser Employee Plan has a deficit and the liabilities of all Purchaser Entities in respect of all Purchaser Employee Plans are properly accrued and reflected in the Purchaser Financial Statements in accordance with IFRS.
- (f) The Purchaser Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Purchaser Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the Purchaser, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any Purchaser Entity to amend any Purchaser Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Purchaser Employee Plan.

- (i) No Purchaser Entity has any obligation to provide retirement benefits for any current, former or retired employees of any Purchaser Entity or to any other Person.
- (j) None of the Purchaser Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No Purchaser Entity contributes, nor is any Purchaser Entity required to contribute, to any multi-employer pension or benefit plan. None of the Purchaser Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Purchaser Employee Plans can be amended or terminated without restrictions and any applicable Purchaser Entities have the unrestricted power and authority to amend or terminate the Purchaser Employee Plans.

3.31 Tax Matters

- (a) Other than as set out in Section 3.31 of the Purchaser Disclosure Letter, the Purchaser Entities have paid or made arrangements for the payment of all Taxes in respect of any Pre-Closing Tax Period.
- (b) All Tax Returns of the Purchaser Entities that are required to be filed prior to the Closing Date have or will have been timely filed. All material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the Closing Date. Each such Tax Return is true, correct and complete in all material respects.
- (c) The Purchaser Entities have properly withheld and paid or remitted to the relevant Governmental Authority, in all material respects, all Taxes required to have been withheld and paid or remitted.
- (d) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to the assets of the Purchaser Entities or the Purchaser Entities' businesses is currently in effect.
- (e) The Purchaser is duly registered for HST under Part IX of the *Excise Tax Act* (Canada).
- (f) The Purchaser is a "taxable Canadian corporation" and a "public corporation" within the meaning of the ITA.

3.32 Anti-Corruption

- (a) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under Anti-Corruption Legislation.

- (b) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Person acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the knowledge of the Purchaser, no change, fact, event, circumstance, condition or omission has occurred that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

3.33 Privacy Laws

- (a) Each Purchaser Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the Purchaser Entities in connection with the operation of the Purchaser Entities' business (the "**Healthcare Data Requirements**"). No Purchaser Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the Purchaser Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The Purchaser Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No Purchaser Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

3.34 No Broker

The Purchaser has carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the BZAM Shareholder.

3.35 Reporting Issuer

The Purchaser is a reporting issuer not in default (or the equivalent) under Applicable Securities Laws in each of the provinces and territories of Canada, and the Purchaser Shares are listed for trading on the CSE. No order ceasing or suspending trading in any securities nor prohibiting the sale of any securities of the Purchaser has been issued by any Governmental Authority or is outstanding against the Purchaser and, to the knowledge of the Purchaser, no investigation or proceeding for such purposes are pending or threatened. To the knowledge of the Purchaser it is not, and will not be at the time of Closing, in default under any of its obligations as a reporting issuer with securities regulatory authorities or the CSE.

3.36 Consideration Shares and Earnout Shares

The Consideration Shares, and if applicable, the Earnout Shares, to be issued pursuant to this Agreement will, immediately following their issuance to the BZAM Shareholder, (a) be duly and validly authorized and issued as fully paid and non-assessable Purchaser Shares in accordance with applicable Law and (b) be subject to resale restrictions under Applicable Securities Laws. Subject to the truth of the representations and warrants of the BZAM Shareholder, the distribution of the Consideration Shares and if applicable, the

Earnout Shares, to the BZAM Shareholder will be exempt from the prospectus requirements of Applicable Securities Laws.

3.37 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES CONCERNING BZAM

The BZAM Shareholder makes the following representations to the Purchaser solidarily and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

4.1 Incorporation, Corporate Power and Registration

- (a) Each BZAM Entity is a corporation or sole proprietorship, as applicable, validly existing and in good standing under its jurisdiction of incorporation (or existence, as applicable) and has all necessary corporate power, authority and capacity to own or lease its property and to carry on the BZAM Business as presently conducted.
- (b) Subject to 4.2, neither the nature of the BZAM Business, nor the location or character of the assets owned by any BZAM Entity, requires any BZAM Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

4.2 Qualification

Each BZAM Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 4.2 of the BZAM Disclosure Letter. The jurisdictions set out in Section 4.2 of the BZAM Disclosure Letter include all jurisdictions in which (a) the nature of the assets owned by each BZAM Entity or the BZAM Business makes such qualification necessary, (b) each BZAM Entity owns or leases any material property or assets which form part of BZAM Business, or (c) the BZAM Business is conducted, in each case except as would not have a Material Adverse Effect.

4.3 Due Authorization and Enforceability of Obligations

- (a) BZAM has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of BZAM.
- (c) This Agreement constitutes a valid and binding obligation of BZAM enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by BZAM of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by any BZAM Entity or necessary to the ownership and use of the assets owned by any BZAM Entity or the operation of the BZAM Business;
- (b) result in or require the creation of any Lien upon any of the assets owned by any BZAM Entity;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to any BZAM Entity.

4.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by BZAM of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any BZAM Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any BZAM Material Contract, (ii) the acceleration of any debt or other obligation of any BZAM Entity, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any BZAM Entity.

4.6 BZAM Financial Statements

The BZAM Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the BZAM Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the BZAM Entities on a consolidated basis for the periods then ended.

4.7 No Undisclosed Liabilities

Since the BZAM Reference Date, no BZAM Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable BZAM Financial Statements; (b) current liabilities incurred since the BZAM Reference Date in the Ordinary Course; or (c) liabilities that are not material to any BZAM Entity, taken as a whole.

4.8 Bank Accounts and Powers of Attorney

Section 4.8 of the BZAM Disclosure Letter sets forth a correct and complete listing of the name, address and bank account numbers for each bank or other financial institution in which any BZAM Entity has an account or safe deposit box and the names of all individuals authorized to draw on the account(s) or that have access to the safety deposit box(s). No BZAM Entity has granted any Person a power of attorney.

4.9 Subsidiaries

Section 4.9 of the BZAM Disclosure Letter sets for a complete and accurate organizational chart of the BZAM Entities. All of the issued and outstanding shares of each BZAM Entity other than BZAM have been issued in accordance with all applicable laws (including Applicable Securities Laws). Other than the BZAM Entities, no BZAM Entity has any subsidiaries (as such term is defined in Applicable Securities Laws).

4.10 Capitalization of BZAM

- (a) The authorized capital of BZAM consists of an unlimited number of BZAM Shares.
- (b) As at the Execution Date, the only issued and outstanding shares in the capital of BZAM are the Purchased BZAM Shares. In addition, as at the Execution Date, no options, warrants or other rights to purchase or acquire shares or other securities of BZAM and no securities or obligations convertible into or exchangeable for shares or other securities of BZAM have been authorized or agreed to be issued.
- (c) Except as set forth in this Section 4.10, no other BZAM Shares are issued and outstanding and there are no existing Equity Interests in, BZAM or any of its subsidiaries obligating BZAM to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, BZAM or securities convertible into or exchangeable for such shares or Equity Interests or other securities.
- (d) All of the outstanding BZAM Shares were duly authorized and validly issued and are fully paid and non-assessable.
- (e) All transfer restrictions affecting the transfer of the Purchased BZAM Shares to the Purchaser will have been complied with or effectively waived on Closing.
- (f) None of the BZAM Entities is a reporting issuer (as such term is defined in the *Securities Act* (Ontario)) and there is no published market for the Purchased BZAM Shares.
- (g) Except as set out in Section 4.10(g) of the BZAM Disclosure Letter: (i) no BZAM Entity has ever been a party to, or subject to, or affected by, any unanimous shareholders' agreement or declaration; and (ii) there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of any BZAM Entity.

4.11 Conduct of Business in Ordinary Course

Except as set out in Section 4.11 of the BZAM Disclosure Schedule or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the BZAM Reference Date, the BZAM Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, no BZAM Entity has, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets, other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$500,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$500,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value pertaining it;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to an Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of the BZAM Business or any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any BZAM Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) written down the value of any assets owned or used by a BZAM Entity, including inventory and capital lease assets, except on account of normal depreciation and amortization;
- (k) declared or paid any dividends or declared or made any other distribution on the Purchased BZAM Shares or other securities of any of the BZAM Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchased BZAM Shares or other securities of the BZAM Entities;
- (l) written off as uncollectible any Accounts Receivable or any part thereof;
- (m) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (n) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;
- (o) compromised or settled any litigation or governmental action relating to assets owned or used by a BZAM Entity (including the BZAM Owned Properties and the Leased Properties);
- (p) cancelled or reduced any insurance coverage on its business, property or assets;
- (q) made any change in any method of accounting or auditing practice except in each case as required by IFRS;

- (r) made any change in the method of billing or the credit terms made available to its customers;
- (s) amended its organizational documents or structure; or
- (t) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

4.12 Litigation

Except as set out in Section 4.12 of the BZAM Disclosure Letter, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits, proceedings, grievances, arbitrations, investigations, audits or other alternative dispute resolution processes at law or in equity, by any Person (including any BZAM Entity or the BZAM Shareholder), nor any arbitration, administrative or other proceeding by or before any Governmental Authority, current or pending, to the knowledge of the BZAM Shareholder, threatened against any BZAM Entity or any property or assets used by any BZAM Entity, including the Leased Properties, or BZAM IP, or in respect of any regulatory matters or employment matters.

4.13 Title to Assets

Each BZAM Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the BZAM Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

4.14 No Options, etc.

Except for the Purchaser under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition of any BZAM Entity or any of the property and assets of any BZAM Entity, other than pursuant to purchase orders for inventory sold in the Ordinary Course.

4.15 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of BZAM or leased for use by BZAM are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

4.16 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the BZAM Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the BZAM Books and Records, copies of which have been provided to the Purchaser, and are not subject to any defence, counterclaim or set off.

4.17 Compliance with Law

- (a) Each of the BZAM Entities:
 - (i) is conducting the BZAM Business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by

and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the BZAM Business;

- (ii) has not received, since the BZAM Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the BZAM Business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the BZAM Business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any material Authorization; and
 - (iii) has, or has had on its behalf, since the BZAM Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the BZAM Business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the BZAM Business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).
- (b) To the knowledge of the BZAM Shareholder, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws.
 - (c) The individuals listed in Section 4.17(c) of the BZAM Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any BZAM Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance.
 - (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Cannabis products sold by any BZAM Entity, directly or indirectly, or stored in inventory for any BZAM Entity:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended, and of merchantable quality;
 - (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with Material

Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;

- (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all BZAM Entities relating to the BZAM Business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
- (f) (i) Each BZAM Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any BZAM Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the BZAM Shareholder's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any BZAM Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.
- (g) Each BZAM Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states).

4.18 Governmental Authorizations

The BZAM Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the BZAM Leased Properties). All such Authorizations are set out in Section 4.18 of the BZAM Disclosure Letter (the "**BZAM Material Authorizations**"). Each BZAM Material Authorization is valid, subsisting and in good standing. BZAM is not in default or breach of any BZAM Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the BZAM Shareholder, threatened to revoke or limit any BZAM Material Authorization.

4.19 Required Authorizations

There is no requirement any BZAM Entity, BZAM International or the BZAM Shareholder to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in

connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 4.19 of the BZAM Disclosure Letter.

4.20 Third Party Consents

There is no requirement for any BZAM Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a BZAM Material Contract binding on or affecting the BZAM Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 4.20 of the BZAM Disclosure Letter.

4.21 Material Contracts

Except for the Contracts set out in Section 4.21 of the BZAM Disclosure Letter (collectively, the “**BZAM Material Contracts**”), BZAM is not a party to or bound by any Contract material to it including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by any BZAM Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of any BZAM Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than any BZAM Entity so as to expire, more than one year after the Execution Date;
- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;
- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract limiting the freedom of any BZAM Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on business;
- (g) any Contract pursuant to which any BZAM Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Person with whom any BZAM Entity or the BZAM Shareholder do not deal at arm's length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by any BZAM Entity from any Governmental Authority;
- (j) any Contract pursuant to which any BZAM Entity grants or receives a licence to use any BZAM IP, other than: (A) those in which grants of BZAM IP rights are incidental to such Contract; (B) those granting rights to BZAM IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any BZAM Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;

- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for indebtedness of a BZAM Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all BZAM Material Contracts have been provided to the Purchaser.

4.22 No Breach of Material Contracts

Each BZAM Entity has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any BZAM Material Contract. Each of the BZAM Material Contracts is in full force and effect, unamended, to the knowledge of the BZAM Shareholder, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any BZAM Material Contract. To the knowledge of the BZAM Shareholder, all of the covenants to be performed and the obligations to be fulfilled by any party to such BZAM Material Contract, including the applicable BZAM Entity, have been fully performed and fulfilled in all material respects. No consent or notice is required for a valid assignment to the Purchaser of any BZAM Material Contract.

4.23 Related Party Transactions

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting any BZAM Entity have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by any BZAM Entity in relation to such Contracts are recorded on the BZAM Books and Records at their fair market value.

4.24 Insurance

Each BZAM Entity maintains such policies of insurance as are appropriate to the BZAM Business and the Leased Properties, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. Section 4.24 of the BZAM Disclosure Letter is a list of insurance policies which are maintained by or on behalf of all BZAM Entities setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage, the expiration date, the annual premium and any pending claims. No BZAM Entity is in default in any material respect with respect to any of the provisions contained in such insurance policies or has failed to give any material notice or to present any material claim under any insurance policy in a due and timely fashion. True, correct and complete copies of all insurance policies held by or on behalf of all BZAM Entities and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.

4.25 Books and Records

- (a) All accounting and financial BZAM Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such BZAM Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the Purchaser in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the BZAM

Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the BZAM Entities.

- (b) BZAM Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by BZAMs current Information Technology.

4.26 Intellectual Property

- (a) Section 4.26(a) of the BZAM Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered Intellectual Property owned or used by all BZAM Entities (collectively, the “**BZAM IP**”) and (ii) all licenses or similar agreements or arrangements to which BZAM is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of the BZAM Business as presently conducted.
- (b) The applicable BZAM Entity is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the BZAM IP, free and clear of all Liens other than Permitted Encumbrances. No BZAM Entity has assigned, licensed or otherwise conveyed any of the BZAM IP.
- (c) Each applicable BZAM Entity has maintained or caused to be maintained the rights to any of the registered BZAM IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered BZAM IP subject to expiration on or prior to the Closing Date.
- (d) The BZAM 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 BZAM IP. In the past five years, no BZAM Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the BZAM IP. During such period, no BZAM Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.
- (e) The applicable BZAM Entity has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the BZAM IP in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The BZAM IP is sufficient to conduct the BZAM Business as presently conducted. All licenses to which any applicable BZAM Entity is a party relating to BZAM IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of any BZAM Entity thereunder. No royalty or other fees is required to be paid by any BZAM Entity to use and exploit any of the BZAM IP Rights and, to the BZAM Shareholder’s knowledge, there are no restrictions on the ability of any BZAM Entity to use any of the BZAM IP Rights.
- (f) To the knowledge of the BZAM Shareholder, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the BZAM IP.
- (g) To the knowledge of the BZAM Shareholder, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of any BZAM Entity owns or has claimed an ownership interest in any of the BZAM IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) All applicable BZAM Entities have used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect BZAM IP

and confidential information relating thereto. To the knowledge of the BZAM Shareholder, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent any BZAM Entity from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

4.27 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the BZAM Business is sufficient for the conduct of the BZAM Business in the Ordinary Course after Closing. Each BZAM Entity uses reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by any BZAM Entity in respect of any license or lease under which any BZAM Entity receives Information Technology.

4.28 BZAM Owned Properties

The BZAM Entities are the absolute registered and beneficial owner of, and have good and marketable title to, the BZAM Owned Properties free and clear of all Liens other than Permitted Encumbrances. The BZAM Entities are not the owner of, or party to any agreement, option or right to own, any real property or any interest in any real property used in connection with the BZAM Entities' business, other than the BZAM Owned Properties. To the knowledge of the BZAM Shareholder, all of the BZAM Owned Properties and the buildings, improvements and fixtures (including fences, if any) on the BZAM Owned Properties (collectively, the "BZAM Structures") were constructed in accordance with all applicable Laws, and there are no pending or, to the knowledge of the BZAM Shareholder, any threatened, administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations or proceedings relating to any Environmental Laws for such BZAM Owned Property. There are and, to the BZAM Shareholder's knowledge, will be, no events or circumstances that might reasonably be expected to form the basis of an order for clean up or remediation under applicable Laws and there are no consent or approvals required for the BZAM Owned Properties. The BZAM Entities have adequate rights of ingress and egress to, from and over the BZAM Owned Properties for the operation of the BZAM Entities' businesses in the Ordinary Course, and the BZAM Owned Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. None of the BZAM Owned Properties nor any BZAM Structures, nor their use, operation or maintenance for the purpose of carrying on the BZAM Entities' business, violate any restrictive covenant applicable thereto. None of the BZAM Owned Properties nor any buildings thereon encroach on any property owned by any other Person or infringe on rights of way, easements, or similar Liens in any material respect. None of the BZAM Owned Properties nor any buildings thereon are subject to claims by adjoining landowners or otherwise, nor are there any claims by a BZAM Entity against any adjoining landowners in respect of any encroachment onto any of the BZAM Owned Properties. The BZAM Owned Properties are in material compliance with all applicable provincial plans, official plans, zoning by-laws by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the BZAM Owned Properties, and is in material compliance with requirements of any applicable Governmental Authority.

4.29 Leases and Leased Property

- (a) No BZAM Entity is a party to, or under any agreement to become a party to, any real property lease other than the Leases, true, correct and complete copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in favour of the applicable BZAM Entity in the Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Lease pursuant to which a BZAM Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any BZAM Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition

or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable BZAM Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the BZAM Shareholder, all of the covenants to be performed by any party (other than the applicable BZAM Entity) under the Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable BZAM Entity of any of the Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Leased Property. Section 4.29(a) of the BZAM Disclosure Letter contains a list of all of the Leases setting out, in respect of each Lease, the identity of the lessor and the lessee, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment.

- (b) Each applicable BZAM Entity has adequate rights of ingress and egress to, from and over the Leased Properties in the Ordinary Course and the Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the BZAM Shareholder, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any BZAM Entity to carry on business in the Ordinary Course.

4.30 Customers and Suppliers

Section 4.30 of the BZAM Disclosure Letter sets out a true, correct and complete list of the ten largest customers (or, if the BZAM Entities have fewer than ten customers, all of the customers) and ten largest suppliers of the BZAM Entities by dollar amount for the 12-month period ending the BZAM Reference Date. Such list includes the approximate value of the sales and purchases for each such customer and supplier during that time. To the knowledge of the BZAM Shareholder, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with BZAM Business.

4.31 Environmental Matters

- (a) The BZAM Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the BZAM Owned Properties.
- (b) Except as permitted under applicable Laws, no BZAM Entity has used or permitted to be used at any of the BZAM Owned Properties or Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any BZAM Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the BZAM Shareholder there has not been any such use.
- (c) Except as permitted under Environmental Laws, no BZAM Entity has caused or permitted, and the BZAM Shareholder does not have any knowledge of any Environmental Release on or from the BZAM Owned Properties or Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any BZAM Entity.
- (d) No BZAM Entity has been required in writing by any Governmental Authority to: (i) alter any of the BZAM Owned Properties or Leased Properties in a material way in order to be

in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.

- (e) There are no pending or, to the knowledge of the BZAM Shareholder, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any BZAM Entity or any BZAM Owned Properties or Leased Properties.
- (f) Neither the BZAM Shareholder nor any BZAM Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any BZAM Entity or the BZAM Business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the BZAM Shareholder nor any BZAM Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the BZAM Shareholder, no BZAM Entity nor the BZAM Business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) There are not any reports or material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any BZAM Entity or any BZAM Owned Properties or Leased Properties currently or formerly owned, leased or used by any BZAM Entity or over which any BZAM Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the BZAM Shareholder or the BZAM Entities have been provided to Purchaser. To the knowledge of the BZAM Shareholder, there are no other reports or material documents relating to environmental matters affecting any BZAM Entity or any of the BZAM Owned Properties or Leased Properties currently or formerly owned, leased or used by any BZAM Entity or over which any BZAM Entity has or had charge, management or control which have not been made available to Purchaser.
- (h) To the knowledge of the BZAM Shareholder, there are not any underground storage tanks located on the BZAM Owned Properties or Leased Properties.
- (i) No Authorizations issued to any BZAM Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the BZAM Business, the BZAM Owned Properties, the Leased Properties or any other assets of any BZAM Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

4.32 Employee Matters

- (a) No BZAM Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any BZAM Entity.

- (b) Section 4.32 of the BZAM Disclosure Letter includes a complete list of all Employees. The list includes each Person's:
- (i) position or title with all applicable BZAM Entities;
 - (ii) material terms and conditions of employment, including reference to any Employee Plans to which such Person participates and a summary of such Person's benefits thereunder;
 - (iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year to such Person;
 - (iv) the date upon which the wage, salary, rate or bonus in Section 4.32(b)(iii) became effective;
 - (v) the date upon which such Person was first hired or engaged;
 - (vi) the Employee Plans in which the Person participates; and
 - (vii) accrued vacation, if any.
- (c) Except as disclosed in Section 4.32(c) of the BZAM Disclosure Letter, no employee of any BZAM Entity has any written agreement as to length of notice or termination payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or termination, and there are no outstanding amounts owed to any Employees pursuant to any employment, consulting or similar type agreement relating to any BZAM Entity.
- (d) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any BZAM Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the BZAM Business which are currently outstanding.
- (e) To the knowledge of the BZAM Shareholder, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for any BZAM Entity and no BZAM Entity is unionized or has an employee association.
- (f) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against any BZAM Entity in respect of, concerning or affecting any of the Employees.
- (g) All BZAM Entities have observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (h) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon any BZAM Entity to do or refrain from doing any act or which place a financial obligation upon any BZAM Entity.
- (i) In the past three years, no BZAM Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.

- (j) Except as set out in 4.32(j) of the BZAM Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the BZAM Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the BZAM Shareholder any investigation by) any Governmental Authority, pending, or, to the knowledge of the BZAM Shareholder, threatened against or affecting the BZAM Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the BZAM Entities or the BZAM Business. To the knowledge of the BZAM Shareholder, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any BZAM Entity in respect of employment matters.
- (k) All BZAM Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements.
- (l) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the BZAM Shareholder, threatened against or directly or indirectly affecting any BZAM Entity or its operations. No BZAM Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Employees. There are no charges or complaints pending, or threatened with respect to or relating to any BZAM Entity before any Governmental Authority in relation to unlawful employment practices. No BZAM Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of any BZAM Entity concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the BZAM Shareholder, threatened.

4.33 Employee Benefit Plans

- (a) Section 4.33 of the BZAM Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any BZAM Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any BZAM Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Employee Contracts containing any such provisions (collectively, the “**Employee Plans**”). None of the Employee Plans is a registered pension plan under the ITA.
- (b) Each Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any BZAM Entity pursuant to the terms of any Employee Plan

or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.

- (d) There is no pending termination or winding-up procedure in respect of any of the Employee Plans, and no event has occurred or circumstance exists under which any of the Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Employee Plan has a deficit and the liabilities of all BZAM Entities in respect of all Employee Plans are properly accrued and reflected in the BZAM Financial Statements in accordance with IFRS.
- (f) The BZAM Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the BZAM Shareholder, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any BZAM Entity to amend any Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Employee Plan.
- (i) No BZAM Entity has any obligation to provide retirement benefits for any current, former or retired employees of any BZAM Entity or to any other Person.
- (j) None of the Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No BZAM Entity contributes, nor is any BZAM Entity required to contribute, to any multi-employer pension or benefit plan. None of the Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Employee Plans can be amended or terminated without restrictions and any applicable BZAM Entities have the unrestricted power and authority to amend or terminate the Employee Plans.

4.34 Tax Matters

- (a) Except as set out in Section 4.34 of the BZAM Disclosure Letter, all BZAM Entities have paid or made arrangements for the payment of all Taxes in respect of Pre-Closing Tax Periods, and have paid all assessments and reassessments any BZAM Entity has received in respect of Taxes. No BZAM Entity has received any refund of Taxes to which it was not entitled. All BZAM Entities have made full and adequate provision in the BZAM Books and Records, and in the BZAM Financial Statements, for all Taxes which are not yet due and payable but which relate to periods ending on or before the Closing Date. All BZAM Entities have withheld and collected all amounts required by Law to be withheld or collected by any BZAM Entity on account of Taxes, and have remitted all such amounts to the appropriate Governmental Authority within the time prescribed under Law. There are no outstanding

agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes, or the filing of any Tax Return or the payment of Taxes by, any BZAM Entity. There are no circumstances existing which could result in the application to any BZAM Entity of sections 78, 79 or 80 to 80.04 of the ITA or any analogous provision of any comparable Law of any province or territory of Canada. There have been no non-arm's length transfers or acquisitions involving any BZAM Entity that could result in a liability for any BZAM Entity under section 160 of the ITA. No BZAM Entity has paid a capital dividend in excess of the amount in its capital dividend account nor has any BZAM Entity designated any excessive eligible dividends. Any government assistance and Tax refunds claimed or received by any BZAM Entity, including under section 125.7 and subsection 153(1.02) of the ITA, and all subsidies, government assistance and Tax refunds claimed or received by any BZAM Entity were claimed and received in accordance with applicable Law and no BZAM Entity is liable to repay any such amounts. No BZAM Entity has claimed any reserves in computing its income that may result in an item of income that arose in a Pre-Closing Tax Period being included in its income for a period that begins on or after the Closing Date. No BZAM Entity has entered into any transaction which could result in a transfer pricing adjustment under section 247(2) of the ITA and all BZAM Entities have complied with the transfer pricing documentation requirements in subsection 247(4) of the ITA.

- (b) All material Tax Returns of the BZAM Entities that are required to be filed prior to the Closing Date have or will have been timely filed. Except as set out in Section 4.34 of the BZAM Disclosure Letter, all material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the Closing Date. Each such Tax Return is true, correct and complete in all material respects.
- (c) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to any BZAM Entity is currently in effect.
- (d) All BZAM Entities are duly registered with the Canada Revenue Agency under the *Excise Tax Act* (Canada) and with the appropriate provincial Governmental Authority for Goods and Services (“**GST**”), harmonized sales tax (“**HST**”) and provincial sales tax purposes. All input tax credits and refunds claimed by the BZAM Entities were calculated and claimed in accordance with applicable Law. Except as set out in Section 4.34 of the BZAM Disclosure Letter, the BZAM Entities have complied with all registration, reporting, payment, collection and remittance requirements in respect of GST, HST and provincial sales taxes in accordance with applicable Laws.
- (e) There are no contingent Tax liabilities or any grounds that could prompt an assessment or reassessment of the BZAM Entities, including aggressive treatment of income, expenses, deductions, credits or other amounts in the filing of earlier or current Tax Returns. No BZAM Entity has received any indication in writing from any taxation authorities that an audit of any BZAM Entity is contemplated or pending or that a reassessment of Tax is proposed.
- (f) The Purchased BZAM Shares are not “taxable Canadian property” for purposes of the ITA to the BZAM Shareholder.

4.35 Anti-Corruption

- (a) No BZAM Entity nor any of their respective shareholders, directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not

appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act*, the *US Foreign Corrupt Practices Act of 1977*, the *UK Bribery Act, 2010* and any related or similar rules, regulations or guidelines made, issued, administered or enforced by any Governmental Authority thereunder and any other applicable Laws of similar purpose and scope (collectively, “**Anti-Corruption Legislation**”).

- (b) Neither any BZAM Entity nor the BZAM Shareholder, directors, officers, employees or other Persons acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the BZAM Shareholder’s knowledge, no change, fact, event, circumstance, condition or omission has occurred in respect of the BZAM Business that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

4.36 Privacy Laws

- (a) Each BZAM Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the BZAM Entities in connection with the operation of the BZAM Business (the “**Healthcare Data Requirements**”). No BZAM Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the BZAM Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The BZAM Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No BZAM Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

4.37 No Predecessors

BZAM has not merged with any corporation, or by amalgamation, dissolution, arrangement or otherwise, in such a manner that BZAM is or may become liable for any liabilities (contingent or otherwise) of any kind whatsoever of that corporation.

4.38 No Broker

Except as set out in Section 4.38 of the BZAM Disclosure Letter, the BZAM Entities have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf

of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

4.39 Government Grants and Subsidies

BZAM has not received any refundable or non-refundable grants and subsidies received by any BZAM Entity from any Governmental Authority since December 31, 2019, including pursuant to any program set up in connection with the COVID-19 pandemic, and such list shall include the amounts in question, the date on which funds were received, the name of the programs in question as well as whether such funds are refundable or non-refundable.

4.40 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE BZAM SHAREHOLDER

The BZAM Shareholder makes the following representations to the Purchaser on a solidary basis and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

5.1 Authorization

The BZAM Shareholder has the capacity to enter into this Agreement and each Transaction Document to which it is a party, to perform all of its agreements and obligations hereunder and thereunder in accordance with their terms and to consummate the Transactions. The BZAM Shareholder has the capacity to sell to the Purchaser all of its BZAM Shares without any restriction other than restrictions on sales of securities under Applicable Securities Laws. The BZAM Shareholder has duly executed and delivered this Agreement and each Transaction Document to which it is a party and, assuming the due authorization, execution and delivery by all parties thereto (other than the BZAM Shareholder), this Agreement and the Transaction Documents constitute valid and binding obligations of the BZAM Shareholder, enforceable against the BZAM Shareholder in accordance with their respective terms, except as such enforceability may be subject to applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and similar Laws affecting the enforcement of creditors' rights and remedies generally and by general principles of equity.

5.2 Title

The BZAM Shareholder is the record and beneficial owner of the BZAM Shares and has good and marketable title to such BZAM Shares, free and clear of all Liens, including pre-emptive rights, rights of first refusal or "put" or "call" rights created by statute, any BZAM Entity's constating documents or otherwise. The BZAM Shareholder does not, nor does any other Person, own or have any interest in any shares in the capital of any BZAM Entity other than the BZAM Shareholder's ownership of the BZAM Shares. Immediately following the Closing, the Purchaser will be the legal and beneficial owner of, and have good and marketable title to, all of the issued and outstanding BZAM Shares, free and clear of all Liens. Except pursuant to this Agreement, there is no agreement pursuant to which the BZAM Shareholder has, directly or indirectly, granted any option, warrant or other right to any Person to acquire any BZAM Shares.

5.3 Consents

Except as set out in Section 4.19 and 4.20 of the BZAM Disclosure Letter, no consent, waiver, approval, order or authorization of, or registration, declaration or filing with, or notice to any Governmental Authority

or any other Person is required by, or with respect to, the valid and lawful authorization, execution, delivery and performance by the BZAM Shareholder of this Agreement or the consummation of the Transactions.

5.4 No Brokers

The BZAM Shareholder have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

5.5 Conflicts

The execution, delivery and performance by the BZAM Shareholder of this Agreement and the Transaction Documents to which it is party and the consummation of the Transactions do not and will not conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any Lien upon the BZAM Shares or any of the BZAM Shareholder's properties or assets (tangible or intangible) under, (a) any agreement of the BZAM Shareholder, (b) any Authorization held by the BZAM Shareholder that is necessary to the ownership by the BZAM Shareholder of the BZAM Shares or to the BZAM Business, or (c) any Law applicable to the BZAM Shareholder.

5.6 Litigation

No Claim is pending or, to the BZAM Shareholder's knowledge, threatened, against the BZAM Shareholder with respect to its execution, delivery and performance of this Agreement or any Transaction Document to which such BZAM Shareholder is to be a party or the consummation of the Transactions. No Claim is pending or, to the BZAM Shareholder's knowledge, threatened against it before any arbitrator or court or other Governmental Authority which (a) if adversely determined, would be reasonably likely to result in payments, penalties or fines payable by any BZAM Shareholder, or (b) challenges the validity of this Agreement or any Transaction Document or any action taken or to be taken in connection herewith or therewith, including the BZAM Shareholder; sale and transfer of the BZAM Shares hereunder.

5.7 Tax Act Matters

The BZAM Shareholder is a non-resident of Canada for the purposes of the ITA.

ARTICLE 6 CLOSING

6.1 Closing

Unless this Agreement is earlier terminated in accordance with its terms, the Transaction will be consummated as soon as practicable after all the conditions established in Article 7 and Article 8 of this Agreement have been satisfied or waived. The closing of the Transaction (the "**Closing**") will be completed at the Effective Time on the tenth (10th) Business Day following the date on which the conditions set out in Article 7 and Article 8 of this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at such time) or such other date prior to the Drop Dead Date as may be agreed to by the Parties (the "**Closing Date**"), at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, or at such other location and time as is mutually agreed to by the Purchaser and the BZAM Shareholder. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email exchange of documents between the respective legal counsel for the Purchaser and the BZAM Shareholder, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

6.2 Effective Time

The transfer of the BZAM Shares is deemed to take effect at the Effective Time on the Closing Date.

6.3 BZAM Closing Documents

At the Closing, BZAM and the BZAM Shareholder will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 7.1, and such other documents as the Purchaser may reasonably require to effect the Transaction.

6.4 Purchaser Closing Documents

At the Closing, the Purchaser will deliver, or cause to be delivered, to BZAM and the BZAM Shareholder the documents set forth in Section 8.1, and such other documents as BZAM and the BZAM Shareholder may reasonably require to effect the Transaction.

ARTICLE 7 PURCHASER'S CONDITIONS PRECEDENT

7.1 Purchaser's Conditions

The obligation of the Purchaser to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties contained in Section 4.1 [*Incorporation, Corporate Power and Registration*], Section 4.3 [*Due Authorization and Enforceability of Obligations*], Section 4.10 [*Capitalization of the Purchaser*], Section 4.13 [*Title to Assets*] (collectively, the "**BZAM Specified Representations**") and in Article 5 shall be true and correct as of the Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of BZAM and the BZAM Shareholder contained in this Agreement (other than the BZAM Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of BZAM and the BZAM Shareholder to be so true and correct (read for purposes of this Section 7.1(a) without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has had or would reasonably be likely to have a Material Adverse Effect, and (iii) each of BZAM and the BZAM Shareholder shall have executed and delivered a certificate of a senior officer to that effect;
- (b) each of BZAM and the BZAM Shareholder shall have fulfilled, performed or complied with in all material respects all covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and each of BZAM and the BZAM Shareholder shall have executed and delivered a certificate of a senior officer to that effect;
- (c) the consents, approvals and notices listed in Sections 4.20 of the BZAM Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;

- (d) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (e) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to BZAM;
- (f) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, (ii) the right of the Purchaser to acquire the BZAM Shares, or (iii) the Purchaser from operating the BZAM Business after Closing on substantially the same basis as currently operated;
- (g) each of BZAM and the BZAM Shareholder shall have delivered or caused to be delivered to the Purchaser the following:
 - (i) certified copies of (A) the notice of articles, articles and/or by-laws, as applicable, of such Party, (B) as applicable, the resolutions of the shareholders and/or the board of directors of such Party approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to the Purchaser, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to such Party issued by appropriate government officials of its jurisdiction of incorporation;
 - (iii) executed copies of the Transaction Documents executed by BZAM and/or the BZAM Shareholder, as applicable;
 - (iv) the certificates referred to in Sections 7.1(a) and 7.1(b);
 - (v) certificate(s) representing the BZAM Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing the transfer of the BZAM Shares to the Purchaser acceptable to the Purchaser, acting reasonably;
 - (vi) a direction with respect to the registration of the Consideration Shares; and
 - (vii) the BZAM Books and Records.
- (h) the Consideration Shares and the Earnout Shares shall have been conditionally approved for listing on the CSE, subject to the usual requirements of the CSE in respect of transactions of the nature of the Transaction as contemplated herein;
- (i) the issuance and delivery of the Consideration Shares and the Earnout Shares to the BZAM Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities

Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;

- (j) BZAM and the BZAM Shareholder shall have delivered a copy of the BZAM Financial Statements in a form and substance satisfactory to the Purchaser, acting reasonably;
- (k) BZAM and the BZAM Shareholder shall have arranged for the irrevocable transfer and assignment to BZAM of any asset or entity which is necessary or incidental to the ongoing operation of the BZAM Business and that is held by a party not dealing at arm's length with BZAM as at the Execution Date;
- (l) employment agreements executed by Matt Milich as Chief Executive Officer of the Merged Entity, and Jordan Winnett as Chief Commercial Officer of the Merged Entity, in form and substance agreed to by the parties thereto, acting reasonably;
- (m) an executed resignation effective as at the Closing Date for the sole director of BZAM;
- (n) executed releases from each of the directors and officers of BZAM of Claims they may have against BZAM arising out of any cause existing as at or prior to Closing, in form and substance agreed to by the Purchaser and the BZAM Shareholder, acting reasonably;
- (o) the executed Lock-up Agreement from the BZAM Shareholder;
- (p) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2;
- (q) each of the Parties identifying cash funding needs for operating shortfalls of the Merged Entity for the 12 months following the Closing Date, and securing a sufficient source of financing for such shortfalls;
- (r) each of the Parties mutually agreeing to any impairments on inventory or accruals required for BZAM or the Purchaser;
- (s) at least 75% of the shareholders of BZAM Cannabis Corp. shall have waived Section 3.2 of the unanimous shareholder agreement dated November 2017, as amended on March 7, 2019;
- (t) all other documentation and evidence reasonably requested by the Purchaser in order to establish the due authorization and completion by BZAM and the BZAM Shareholder of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of BZAM and the BZAM Shareholder required to effectively carry out their respective obligations under this Agreement.

7.2 Waiver

The conditions set forth in this Article 7 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to Closing.

7.3 Covenant of BZAM and the BZAM Shareholder

Each of BZAM and the BZAM Shareholder covenants to deliver all of the Closing documentation required to be delivered by each such party as set out in Section 7.1.

ARTICLE 8
BZAM'S CONDITIONS PRECEDENT

8.1 BZAM's Conditions

The obligation of BZAM and the BZAM Shareholder to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties of the Purchaser contained in Sections 3.1 [*Incorporation, Corporate Power and Registration*], 3.3 [*Due Authorization and Enforceability of Obligations*], 3.9 [*Capitalization of the Purchaser*], 3.35 [*Reporting Issuer*] and 3.36 [*Consideration Shares*] (the "**Purchaser Specified Representations**") shall be true and correct as of the Closing Date other than for de minimis inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of the Purchaser contained in this Agreement (other than the Purchaser Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (read for purposes of this Section 8.1(a) without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has had or would reasonably be likely to have a Material Adverse Effect; and (iii) the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;
- (b) the Purchaser shall have fulfilled, performed or complied with in all material respects all other covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;
- (c) the CSE has provided any necessary approval in respect of the Transaction and this Agreement and the Purchaser Shares (including the Consideration Shares and the Earnout Shares) shall have been conditionally approved for listing, subject to customary conditions, on the CSE following completion of the Transactions contemplated herein;
- (d) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the BZAM and the BZAM Shareholder, acting reasonably;
- (e) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (f) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to the Purchaser;
- (g) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, or (ii) the right of the BZAM Shareholder to sell the BZAM Shares;

- (h) the Purchaser shall have delivered or caused to be delivered to BZAM and the BZAM Shareholder the following:
 - (i) certified copies of (A) the articles and by-laws of the Purchaser, (B) the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to BZAM and the BZAM Shareholder, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government officials of its jurisdiction of incorporation dated within five (5) Business Days of the Closing Date;
 - (iii) executed copies of the Transaction Documents executed by the Purchaser;
 - (iv) the certificates referred to in Sections 8.1(a) and 8.1(b); and
 - (v) the Closing Shares;
- (i) the Purchaser Shares shall continue to be listed for trading on the CSE;
- (j) the issuance and delivery of the Consideration Shares and the Earnout Shares to the BZAM Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;
- (k) employment agreements executed by Matt Milich as Chief Executive Officer of the Merged Entity, and Jordan Winnett as Chief Commercial Officer of the Merged Entity, in form and substance agreed to by the parties thereto, acting reasonably;
- (l) the board of directors of the Merged Entity shall consist of seven (7) directors or such greater amount as may be agreed between the Purchaser and BZAM, of which:
 - (i) at least three (3) of whom shall be independent directors, determined in accordance with section 1.4 of National Instrument 52-110 Audit Committees;
 - (ii) two (2) individuals (which shall not be required to be independent) shall be nominated by the BZAM Shareholder and five (5) directors shall be nominated by the Purchaser (which shall include Jacques Dessureault, Angus Footman, Oliver Dufourmantele, Louis Sterling and Chris Schnarr); and
 - (iii) if at any time and from time to time there is a casual vacancy on the board of directors from the date hereof to the date that is 24 months from the Closing Date, any director appointed to fill such vacancy must be approved by the BZAM Shareholder,

in all cases, subject to the receipt of all applicable regulatory approvals and all in a manner that complies with the regulations of the CSE and applicable securities laws.

- (m) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2;
- (n) each of the Parties identifying cash funding needs for operating shortfalls of the Merged Entity for the 12 months following the Closing Date, and securing a sufficient source of financing for such shortfalls;
- (o) all other documentation and evidence reasonably requested by BZAM and the BZAM Shareholder in order to establish the due authorization and completion by the Purchaser of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of the Purchaser required to effectively carry out their respective obligations under this Agreement; and
- (p) certain provisions of the Amended and Restated Credit Agreement dated as of September 29, 2021, as amended, by and between Cortland Credit Lending Corporation, the Purchaser, and certain lenders, will be waived or amended to the satisfaction of BZAM.

8.2 Waiver

The conditions set forth in this Article 8 are for the exclusive benefit of BZAM and the BZAM Shareholder and may be waived by BZAM and the BZAM Shareholder in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the BZAM and the BZAM Shareholder to Closing.

8.3 Covenant of the Purchaser

The Purchaser covenants to deliver all of the Closing documentation set out in Section 8.1.

ARTICLE 9 COVENANTS

9.1 BZAM Conduct of Business Prior to Closing

During the Closing Period, BZAM shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of the Purchaser, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;
- (d) not, without the prior written consent of the Purchaser, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of the Purchaser, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of the Purchaser, repay any shareholders' loans;

- (g) make all commercially reasonable efforts to preserve the goodwill of BZAM and its relationships with customers, suppliers, and others having business dealings with BZAM;
- (h) not, without the prior written consent of the Purchaser, hire, engage, or retain any new employees or independent contractors to be employed, engaged or retained in connection with the BZAM Business that provides for annual remuneration in an amount exceeding \$90,000 for each employee or independent consultant;
- (i) continue in full force all of its existing insurance policies;
- (j) comply in all material respects with all Laws applicable to the BZAM Business; and
- (k) apply for, and maintain in good standing, all permits and authorizations relevant to the BZAM Business.

9.2 Purchaser Conduct of Business Prior to Closing

During the Closing Period, the Purchaser shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of BZAM, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;
- (d) not, without the prior written consent of BZAM, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of BZAM, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of BZAM, repay any shareholders' loans;
- (g) make all commercially reasonable efforts to preserve the goodwill of the Purchaser and its relationships with customers, suppliers, and others having business dealings with the Purchaser;
- (h) not, without the prior written consent of BZAM, hire, engage, or retain any new employees, directors or independent contractors to be employed, engaged or retained in connection with the Purchaser Entities' business that provides for annual remuneration in an amount exceeding \$90,000 for each employee, director or independent consultant, as applicable, or increase the remuneration of any employees or directors;
- (i) not, without the prior written consent of BZAM, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;
- (j) continue in full force all of its existing insurance policies;
- (k) comply in all material respects with all Laws applicable to the Purchaser Entities' business; and

- (l) apply for, and maintain in good standing, all permits and authorizations relevant to the Purchaser Entities' business.

9.3 Actions to Satisfy Closing Conditions

- (a) BZAM and the BZAM Shareholder shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 7.1.
- (b) The Purchaser shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 8.1.

9.4 Consents, Approvals and Authorizations

- (a) BZAM and the BZAM Shareholder shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 4.19 or Section 4.20 of the BZAM Disclosure Letter. Such consents shall be on such terms as are acceptable to the Purchaser, acting reasonably.
- (b) The Purchaser shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 3.17 or Section 3.18 of the Purchaser Disclosure Letter. Such consents shall be on such terms as are acceptable to BZAM and the BZAM Shareholder, acting reasonably.
- (c) Each Party hereby covenants that it shall promptly prepare, file and diligently pursue until received all necessary Authorizations and make such necessary filings as are required to be obtained under applicable Law or the rules, policies and guidelines of the CSE with respect to this Agreement and the Transaction. Each Party shall offer the other Parties a reasonable opportunity to review and comment on any such filing or other such submission.
- (d) BZAM and the BZAM Shareholder represent and warrant that any information or disclosure relating to BZAM that is furnished in writing by BZAM for inclusion in any filing or submission made pursuant to this Section 9.4 will comply in all material respects with all applicable laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that any filing or submission made pursuant to this Section 9.4 shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that BZAM or the BZAM Shareholder shall not be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in any filing or submission made pursuant to this Section 9.4).
- (e) Each Party shall keep the other Parties fully informed regarding the status of such consents, approvals and authorizations, and the other Parties, their representatives and counsel shall have the right to participate in any substantive discussions with any other applicable Governmental Authority in connection with the Transaction and provide input into any applications for approval and related correspondence, which will be incorporated by such Party, acting reasonably. A Party will provide notice to the other Parties (and their counsel) of any proposed substantive discussions with any applicable Governmental Authority in connection with the Transaction. Promptly after any such consent, approval and authorization has been obtained by a Party and any such filing has been made by such Party, such Party shall notify the other Parties of same.

- (f) Without limiting the generality of the foregoing, the Purchaser shall promptly make all filings required by the CSE to obtain applicable Authorizations. If the approval of the CSE is conditional on the making of customary deliveries to the CSE, the Purchaser shall ensure that such filings are made as promptly as practicable and in any event within the time frame contemplated in the conditional approval letter from the CSE. The Purchaser shall offer BZAM and the BZAM Shareholder a reasonable opportunity to review and comment on any such filing.

9.5 Access for Investigation

- (a) The Purchaser will permit the BZAM, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the business of the Purchaser and to all the Purchaser Books and Records and to the properties and assets of Purchaser. Purchaser will also provide BZAM and the BZAM Shareholder with any financial and operating data and other information with respect to Purchaser as BZAM or the BZAM Shareholder reasonably requests to enable BZAM or the BZAM Shareholder to confirm the accuracy of the matters represented and warranted by Purchaser in Article 3.
- (b) BZAM will permit the Purchaser, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the BZAM Business and to all the BZAM Books and Records and to the properties and assets of BZAM. BZAM will also provide the Purchaser with any financial and operating data and other information with respect to BZAM or the BZAM Business as the Purchaser reasonably requests to enable the Purchaser to confirm the accuracy of the matters represented and warranted by BZAM or the BZAM Shareholder in Articles 4 and 5.

9.6 Delivery of Books and Records

At Closing, the BZAM Shareholder will cause to be delivered to the Purchaser all of the BZAM Books and Records, including copies of all of its insurance policies.

9.7 Notification of Untrue Representation or Warranty or Breach

During the Closing Period, each Party will promptly notify the other Parties in writing if any such Party acquires knowledge of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party acquires knowledge of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the Closing Period, each Party will promptly notify the other Parties of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event of which it has knowledge that would reasonably be expected to make the satisfaction of the conditions to Closing set forth herein impossible. For clarity, no notice given pursuant to this Section 9.6 shall be deemed to cure any breach of, affect or otherwise diminish any representation or warranty made in this Agreement unless the non-breaching Parties specifically agrees thereto in writing.

9.8 Disclosure of Confidential Information

The Parties acknowledge that the Confidentiality Agreement continues to apply and that any information provided by one Party to the other Parties that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

9.9 Exclusive Dealing

Each Party agrees that, during the period from the date this Agreement is entered into to earlier of: (i) the Closing; and (ii) the termination of this Agreement, each Party will not, nor will they permit any Affiliates, associates, agents, consultants, advisors or representatives of any such Party to:

- (a) directly or indirectly, solicit any proposal relating to the acquisition by any third party of all or any portion of the securities of the Party or the Parties' assets (an "**Acquisition Proposal**");
- (b) directly or indirectly, engage in or continue any discussions or negotiations with any other Person regarding any such Acquisition Proposal, or otherwise encourage or facilitate any efforts by any other Person to engage in such an Acquisition Proposal;
- (c) sell, transfer or dispose of any of its material assets or businesses; or
- (d) with respect to the BZAM Shareholder, sell, transfer or dispose of the Purchased BZAM Shares.

9.10 Public Communications

- (a) The Purchaser and BZAM Shareholder shall agree on the text of press releases by which the Purchaser will announce (i) the execution of this Agreement and (ii) the completion of the Transaction contemplated herein. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed), and neither Party shall make any filing with any Governmental Authority (except as contemplated by this Section 9.9) with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Laws shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.
- (b) Without limiting the generality of the foregoing and for greater certainty, BZAM and the BZAM Shareholder each acknowledges and agrees that the Purchaser shall file, in accordance with Applicable Securities Laws, this Agreement, together with a material change report related thereto, under the Purchaser's profile on SEDAR.

9.11 Tax Matters

- (a) The BZAM Shareholder shall cause to be prepared and filed on a timely basis all Tax Returns for all BZAM Entities for any Pre-Closing Tax Period for which Tax Returns have not been filed as of the Closing Date. Each such Tax Return shall be prepared in a manner consistent with (i) Law, (ii) the BZAM Financial Statements, and (iii) the past practices and procedures of BZAM. The BZAM Shareholder shall provide to the Purchaser a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities. The Purchaser shall notify the BZAM Shareholder in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. The BZAM Shareholder shall consider in good faith all such comments.

- (b) The Purchaser will cause to be prepared and filed on a timely basis all Tax Returns for all BZAM Entities for all Straddle Periods. The Purchaser shall prepare each such Tax Return on a basis consistent with (i) Law, (ii) the BZAM Financial Statements, and (iii) the past practices and procedures of BZAM. The Purchaser shall provide to the BZAM Shareholder for a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities. The BZAM Shareholder shall notify the Purchaser in writing within 15 days after delivery of such Tax Return if he has any reasonable comments with respect to items set forth in such Tax Return. The Purchaser shall consider in good faith all such comments.
- (c) Except as required by Law, the Purchaser and BZAM shall not, without the prior written consent of the BZAM Shareholder (not to be unreasonably withheld, conditioned or delayed), refile, amend or otherwise modify any Tax Return filed for any Pre-Closing Tax Period.

ARTICLE 10 INDEMNITY

10.1 Indemnification by the BZAM Shareholder

- (a) The BZAM Shareholder shall indemnify and save harmless the Purchaser, the Purchaser Entities and their respective directors, officers, agents, employees and shareholders (in this Section collectively referred to as the “**Indemnified Parties**”), from and against all Claims, whether or not arising due to third party Claims, which may be made or brought against the Indemnified Parties, or which they may suffer or incur, directly or indirectly as a result of or in connection with:
 - (i) any non-fulfilment of any covenant or agreement on the part of BZAM or the BZAM Shareholder under this Agreement or in any certificate or other document furnished by or on behalf of BZAM and the BZAM Shareholder pursuant to this Agreement;
 - (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of BZAM and the BZAM Shareholder contained in this Agreement or in any certificate or other document furnished by or on behalf of BZAM or the BZAM Shareholder pursuant to this Agreement;
 - (iii) any Taxes of BZAM Entities arising in or in respect of any Pre-Closing Tax Period, including without limitation any Taxes relating to a Pre-Closing Tax Period for which an assessment or reassessment is issued by a Governmental Authority after the Closing Date;
 - (iv) the BZAM Shareholder’ right, title and interest in and to the Purchased BZAM Shares; and
 - (v) any Claim based on intentional misrepresentation or fraud.
- (b) The obligation of indemnification set out in Section 10.1(a) shall be subject to the following limitations:
 - (i) subject to Section 10.1(b)(ii) and 10.1(b)(iii), the right of an Indemnified Party to seek indemnification from the BZAM Shareholder under Section 10.1 shall terminate unless the Indemnified Party gives BZAM or the BZAM Shareholder a written notice of claim for indemnification (“**Notice of Claim**”) prior to the date which is two years following the Closing Date (the “**Indemnification Deadline**”);

- (ii) the right of an Indemnified Party to seek indemnification from the BZAM Shareholder for any misrepresentation or any incorrectness in or breach of representations and warranties set out in Sections 4.1, 4.2, 4.3, 4.4, 4.10, 4.12, 4.26, 4.31, 5.1, 5.2, 5.3, 5.4 and 5.7 or pursuant to Sections 10.1(a)(iv) or 10.1(a)(v) shall terminate unless the Indemnified Party gives a Notice of Claim prior to the applicable limitation period imposed by law (the “**Fundamental Representation Indemnification Deadline**”); and
 - (iii) the right of an Indemnified Party to seek indemnification from the BZAM Shareholder for any misrepresentation or any incorrectness in or breach of representations and warranties relating to or impacted by Tax matters, including those set out in Section 4.34, arising from or in respect of a particular period ending on or before the Closing Date, shall terminate unless the Indemnified Party gives a Notice of Claim prior to the date which is 45 days after the relevant Tax authorities shall no longer be entitled to assess liability against a BZAM Entity for that particular period (the “**Tax Indemnification Deadline**”), having regard, without limitation, to any waivers given by a BZAM Entity in respect of any taxation period; and
 - (iv) the right of an Indemnified Party to seek indemnification from the BZAM Shareholder under Section 10.1(a) shall not be applicable to any Claim until the aggregate amount of all Claims suffered or incurred exceeds \$500,000, in which case the BZAM Shareholder shall be responsible for the aggregate amount, from the first dollar amount, of all Claims.
- (c) The amount of the BZAM Shareholder’s liability for any Claim in respect of the BZAM Shareholder’s indemnification obligations set forth in this Section 10.1 may, at the sole option of the BZAM Shareholder, be fully and finally satisfied (i) in cash and/or (ii) by return to the Purchaser of such number of Consideration Shares and/or Earnout Shares issued to the BZAM Shareholder as are equal to the amount owing to the Purchaser by the BZAM Shareholder, calculated in accordance with Section 10.1(e). For greater clarity, if the value of the Consideration Shares and/or Earnout Shares to be returned determined in accordance with Section 10.1(e) is less than the total amount owed for any indemnification obligations owed pursuant to this Section 10.1, the BZAM Shareholder shall satisfy the difference in cash.
- (d) Notwithstanding the foregoing Section 10.1(c), if it is determined that: (i) the return of any of the Consideration Shares and/or Earnout Shares to satisfy indemnification obligations owed pursuant to this Section 10.1 constitutes an “issuer bid” under National Instrument 62-104 – *Take-Over Bids and Issuer Bids*; or (ii) a relevant prospectus exemption is not available to allow for the sale of the Consideration Shares and/or Earnout Shares back to the Merged Entity to address any indemnification obligations owed pursuant to this Section 10.1; then any such any indemnification obligations owed will be settled by the BZAM Shareholder in cash.
- (e) The number of Consideration Shares and/or Earnout Shares to be returned in accordance with Section 10.1(c) shall be determined by dividing (i) the applicable amount of the BZAM Shareholder’s liability for such Claim by (ii) the deemed issue price per Consideration Share or Earnout Share of \$0.0596 (as adjusted for any stock splits, combinations and the like) rounded down to the nearest whole share.

10.2 Indemnification by the Purchaser

- (a) The Purchaser shall indemnify and save harmless the BZAM Shareholder (in this Section referred to as the “**Indemnified Party**”) from and against all Claims, whether or not arising due to third party claims, which may be made or brought against the Indemnified Party, or

which the Indemnified Party may suffer or incur, directly or indirectly as a result of or in connection with:

- (i) any non-fulfilment of any covenant or agreement on the part of the Purchaser under this Agreement or in any certificate or other document furnished by or on behalf of the Purchaser pursuant to this Agreement, including without limitation the Purchaser's post-closing obligations pursuant to Article 3 of this Agreement;
 - (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any certificate or other document furnished by or on behalf of the Purchaser pursuant to this Agreement; and
 - (iii) any Claim based on intentional misrepresentation or fraud.
- (b) The obligation of indemnification set out in Section 10.2(a) above shall be subject to the limitation that the right of the Indemnified Party to seek indemnification from the Purchaser under Section 10.2(a) shall terminate unless the Indemnified Party gives the Purchaser a Notice of Claim prior to the Indemnification Deadline.

10.3 Indemnification Procedures

- (a) In the case of Claims made by a third party with respect to which indemnification is sought, the Party seeking indemnification (in this Section, the "**Indemnified Party**") shall give prompt notice, and in any event within 15 days, to the other Party or Parties (in this Section, the "**Indemnifying Party**") of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence and provided that no claim for indemnity in respect of the breach of any representation or warranty contained in this Agreement may be made unless notice of such Claim has been given prior to the Indemnification Deadline, the Fundamental Representation Indemnification Deadline or the Tax Indemnification Deadline, as applicable.
- (b) The Indemnifying Party shall have the right, at its sole expense, to have carriage of any negotiations with respect to, and to dispute and contest any Claims provided that it so notifies the Indemnified Party within 10 Business Days of receiving such notice and provided further that such dispute is prosecuted or negotiations conducted by the Indemnifying Party reasonably and in good faith.
- (c) The Indemnifying Party and the Indemnified Party shall cooperate with each other in any proceedings with respect to any Claims.
- (d) The rights and benefits provided in this Article 10 are supplemental to any other rights, actions or causes of action which may arise pursuant to any other Section of this Agreement.
- (e) Any Claim pursuant to the provisions of this Article 10 must be commenced within the time periods provided for herein.
- (f) The amount of any loss or damage which may be claimed by a party pursuant to the provisions of this Article 10 shall be calculated after giving effect to any insurance proceeds received by the Indemnifying Party in relation to the subject matter of the Claim.

ARTICLE 11 TERMINATION

11.1 Termination

This Agreement may be terminated at any time prior to the Closing by:

- (a) mutual written agreement of the Parties;
- (b) the written notice of the Purchaser to BZAM and the BZAM Shareholder if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(b) shall not be available to the Purchaser if the failure of the Purchaser to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Drop Dead Date;
- (c) the written notice of the Purchaser to BZAM and the BZAM Shareholder if there has been a violation or breach by BZAM or the BZAM Shareholder of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 7.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the Purchaser or, in the case of a covenant breach, cured by BZAM and the BZAM Shareholder to the reasonable satisfaction of the Purchaser within ten (10) Business Days after notice of such breach is given by the Purchaser (except that no cure period will be provided for a breach by BZAM or the BZAM Shareholder that, by its nature, cannot be cured);
- (d) the written notice of BZAM and the BZAM Shareholder to the Purchaser if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to BZAM and the BZAM Shareholder if the failure of BZAM or the BZAM Shareholder to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;
- (e) the written notice of BZAM and the BZAM Shareholder to the Purchaser if there has been a violation or breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 8.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by BZAM and the BZAM Shareholder or, in the case of a covenant breach, cured by the Purchaser to the reasonable satisfaction of BZAM and the BZAM Shareholder within ten (10) Business Days after notice of such breach is given by BZAM and the BZAM Shareholder (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured); or
- (f) any of the Parties if: (i) there shall be any applicable Law that makes consummation of the Transaction contemplated by this Agreement illegal or otherwise prohibited; or (ii) any Governmental Authority shall have issued and Order restraining or enjoining the Transaction contemplated by this Agreement, and such Order shall have become final and non-appealable.

11.2 Agreement of No Further Force or Effect

In the event of the termination of this Agreement by a Party as provided in Section 11.1, written notice thereof shall forthwith be given by the terminating Party to the other Parties, and this Agreement shall

thereupon terminate and will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions of Article 1, Section 9.8, Section 9.10, Article 12, and this Section 11.2 shall survive any termination hereof; and provided further that (a) such termination shall not relieve any Party of any liability for any breach of this Agreement (other than non-willful breaches of representations, warranties and covenants, as to which no Party shall be liable hereunder) and (b) upon such termination, the Parties shall comply with all of the provisions of the Confidentiality Agreement.

11.3 Remedies; Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

ARTICLE 12 GENERAL

12.1 Expenses

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisers, consultants and accountants) incurred in connection with this Agreement and the transactions contemplated herein are to be paid by the Party incurring such expenses.

12.2 Assignment

No Party to this Agreement may assign any of its respective rights under this Agreement without the prior consent of each of the other Parties. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void. This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

12.3 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by overnight courier, the notice to the following address or number:

If to the Purchaser:

The Green Organic Dutchman Holdings Ltd.
6205 Airport Road, Building A – Suite 200
Mississauga, Ontario L4V 1E3

Attention: Sean Bovington, Chief Executive Officer and Interim Chief Financial Officer

Email: **[Redacted – Confidential Information]**

If to BZAM (prior to closing) or the BZAM Shareholder:

Attention: Matt Milich
Email: [Redacted – Confidential Information]

Attention: Bassam Alghanim
Email: [Redacted – Confidential Information]

(or to such other address or number as any Party may specify by notice in writing to another Party).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day. Any notice sent by overnight courier will be deemed conclusively to have been effectively given on the second Business Day after it is deposited with the courier service.

12.4 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the exhibits and schedules attached hereto contain the entire agreement among the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto.

12.6 Waiver

The failure or delay by a Party in enforcing, or insisting upon strict performance of, any provision of this Agreement does not constitute a waiver of such provision or in any way affect the enforceability of this Agreement (or any of its provisions) or deprive a Party of the right, at any time or from time to time, to enforce or insist upon strict performance of that provision or any other provision of this Agreement. Any waiver by a Party of any provision of this Agreement is effective only if in writing and signed by a duly authorized representative of such Party.

12.7 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

12.8 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

12.9 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

12.10 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.

12.11 Language

The Parties acknowledge that it is their express wish that this agreement and all documents related thereto be drawn up in the English language only. Les parties reconnaissent qu'ill est de leur volonté expresse que la présente convention et tous les documents s'y rapportant soient rédigés en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.

By: (s) "Sean Bovingdon"
Name: Sean Bovingdon
Title: Chief Executive Officer, Interim Chief
Financial Officer & Director

BZAM HOLDINGS INC.

By: (s) "Bassam Alghanim"
Name: Bassam Alghanim
Title: Director

BZAM INTERNATIONAL LTD.

By: (s) "Bassam Alghanim"
Name: Bassam Alghanim
Title: Director

**Exhibit "CC" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

FOURTH AMENDMENT
dated as of November 3, 2022
to
AMENDED AND RESTATED CREDIT AGREEMENT
dated as of September 29, 2021

THIS FOURTH AMENDMENT (this “**Amendment**”) dated as of November 3, 2022 is entered into between, among others, The Green Organic Dutchman Ltd. (the “**Borrower**”) and Cortland Credit Lending Corporation, in its capacity as agent (the “**Agent**”), for the lenders from time to time party to the Credit Agreement (as hereinafter defined).

RECITALS

WHEREAS the Borrower and the Agent are parties to an amended and restated credit agreement dated September 29, 2021, as amended by a first amendment dated November 30, 2021, a second amendment dated March 9, 2022 and a third amendment dated as of April 29, 2022 (collectively, the “**Credit Agreement**”);

AND WHEREAS the Borrower and the Agent have agreed to amend the Credit Agreement, from and after the Amendment Effective Date (as hereinafter defined), on the terms and condition more particularly described herein;

NOW THEREFORE, in consideration of the premises and mutual agreements contained herein and in the Credit Agreement, the parties hereto agree as follows:

Article 1 – Definitions

All capitalized terms not otherwise defined herein (including the recitals above) are used as defined in the Credit Agreement, as amended hereby.

Article 2 – Amendments

As of the Amendment Effective Date, the Credit Agreement is hereby amended as follows:

2.1 Section 2(d) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“(d) A utilization fee, calculated daily and payable on the last Business Day of each month, by subtracting the aggregate amount of the Loan Advances outstanding on each day, from the Maximum Revolving Facility Limit) and multiplying the difference by the Utilization Fee Rate.”

2.2 The following new Sections 2(l) and 2(m) are hereby added following Section 2(k) of the Credit Agreement:

- “(l) In consideration of entering into ARCA Amendment No. 4, the Agent, Cortland Credit Strategies LP and Cortland Credit Institutional LP shall be issued, respectively, the ARCA Amendment No. 4 Warrants (as defined in Section 2(m)) issued to each of them, which shall be earned on the ARCA Amendment No. 4 Effective Date, and issued within 10 Business Days of the ARCA Amendment No. 4 Effective Date.
- (m) Subject to the provisions of this Agreement, as of the ARCA Amendment No. 4 Effective Date, the Agent, Cortland Credit Strategies LP, and Cortland Credit Institutional LP shall receive, on behalf of the Lenders, warrants to purchase, respectively, Two Million Three Hundred Thirty Three Thousand Three Hundred Thirty Three (2,333,333), Four Million Five Hundred Sixty Four Thousand (4,564,000) and One Hundred Two Thousand Six Hundred Sixty Seven (102,667) freely tradeable common shares (for a total of Seven Million (7,000,000) freely tradeable common shares, collectively, the “**ARCA Amendment No. 4 Warrant Shares**”) of Holdings (such ARCA Amendment No. 4 Warrant Shares together with all documents, instruments and certificates given in connection therewith, the “**ARCA Amendment No. 4 Warrants**”), at the ARCA Amendment No. 4 Exercise Price, for a period of sixty (60) months following the issuance thereof.”

2.3 Section 3(c) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

- “(c) The Revolving Facility shall be a revolving facility. For greater certainty, the Borrower shall be entitled to obtain Loan Advances under the Revolving Facility from time to time and repay all or any portion of the Loan Advances under the Revolving Facility from time to time and thereafter re-borrow Loan Advances from time to time; provided that: (i) the Borrower, acknowledges, covenants and agrees that the Total Exposure shall not at any time exceed the Revolving Facility Limit; and (ii) any repayment made in respect of the Base Facility Amount prior to the Maturity Date (each such repayment, a “**Base Facility Prepayment**”) shall permanently reduce the Base Facility Amount (but, for greater certainty, not the Maximum Revolving Facility Limit) by an amount equal to such Base Facility Prepayment.”

2.4 The following new Sections 6(ff) and Section 6(gg) are hereby added following Section 6(ee) of the Credit Agreement:

- “(ff) ARCA Amendment No. 4 Warrants. In respect of the ARCA Amendment No. 4 Warrants
- (i) ARCA Amendment No. 4 Warrants. That Holdings is duly authorized and has the corporate and lawful power and authority to create and issue the ARCA Amendment No. 4 Warrants and the ARCA Amendment No. 4 Warrant Shares issuable upon the exercise thereunder and to perform its obligations thereunder and that the certificate(s) representing the ARCA Amendment No. 4 Warrants, will, when issued, represent a valid, legal and binding obligation of Holdings enforceable in accordance with its terms.

- (ii) ARCA Amendment No. 4 Warrant Shares. That Holdings has agreed to, at all times, reserve and keep available out of its authorized common shares a sufficient number of ARCA Amendment No. 4 Warrant Shares to satisfy the right of purchase pursuant to the ARCA Amendment No. 4 Warrants, it will cause the ARCA Amendment No. 4 Warrant Shares, including duly authorized certificates in respect thereof, subscribed for and purchased in accordance with the terms and conditions of the ARCA Amendment No. 4 Warrants to be issued and delivered as directed and such ARCA Amendment No. 4 Warrant Shares shall be issued as fully paid and non-assessable common shares of Holdings and the holders thereof shall not be liable to Holdings or to its creditors in respect thereof.
- (iii) Actions to Issue ARCA Amendment No. 4 Warrants. That Holdings has agreed to take such actions as may be reasonably necessary and as are within its power to ensure that all ARCA Amendment No. 4 Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed.
- (iv) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to preserve and maintain its corporate existence and its status as a reporting issuer not in default in the provinces and territories of Canada.
- (v) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares for trading on the Canadian Securities Exchange (the "CSE") (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the ARCA Amendment No. 4 Warrants) and to have the ARCA Amendment No. 4 Warrant Shares issued pursuant to the exercise of the ARCA Amendment No. 4 Warrants listed and posted for trading on the CSE (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the ARCA Amendment No. 4 Warrants) as expeditiously as possible and in any event prior to the issuance of such common shares.
- (vi) Issuance of ARCA Amendment No. 4 Warrant Shares. That Holdings has agreed that upon exercise of the ARCA Amendment No. 4 Warrants, the ARCA Amendment No. 4 Warrant Shares will be issued as fully paid and non-assessable common shares in the capital of Holdings.

(gg) 14274261 Canada Inc. 14274261 Canada Inc. does not hold any assets."

2.5 Section 8(ii) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

"(ii) will: (i) within 30 days of April 30, 2023, provide evidence reasonably satisfactory to the Agent that it has EBITDA greater than Zero Dollars (\$0) for the month ending April 30, 2023; and (ii) maintain positive EBITDA on a rolling 3-month average after May 1, 2023;"

2.6 The following new Sections 8(mm), 8(nn) and Section 8(oo) are hereby added following Section 8(ll) of the Credit Agreement:

“(mm) with respect to the BZAM Edmonton Property:

- (i) it shall not or shall not permit, as applicable, the charge on the Existing BZAM Edmonton Property Charge to be increased from such amount existing as of the date of this Agreement;
- (ii) it shall not or shall not permit, as applicable, any charges to be placed on the BZAM Edmonton Property (other than Permitted Liens); and
- (iii) to the extent the Existing BZAM Edmonton Property Charge is discharged at any time, it shall provide or cause to be provided (as applicable) a first charge on the BZAM Edmonton Property in favour of the Agent.

(nn) in respect of the ARCA Amendment No. 4 Warrants, will:

- (i) and will cause Holdings to, execute and files with the Securities Commissions and the CSE all forms, notices and certificates required to be filed by Holdings pursuant to applicable securities laws within the applicable time frame pursuant to such securities laws and use its commercially reasonable efforts to cause the ARCA Amendment No. 4 Warrants to be issued by the dates required hereunder;
- (ii) cause Holdings to, at all times, reserve and keep available out of Holdings’ authorized common shares a sufficient number of ARCA Amendment No. 4 Warrant Shares to satisfy the right of purchase pursuant to the ARCA Amendment No. 4 Warrants and to issue and deliver the ARCA Amendment No. 4 Warrant Shares subscribed for and purchased in accordance with the terms and conditions of the ARCA Amendment No. 4 Warrants to be issued as fully paid and non-assessable common shares of Holdings;
- (iii) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all ARCA Amendment No. 4 Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
- (iv) to cause a news release of Holdings announcing this Amendment, the issuance of the ARCA Amendment No. 4 Warrants and such other matters as may be required pursuant to applicable securities laws to be disseminated and filed pursuant to such applicable securities laws, provided that Borrower agrees to provide a draft of such news release to the Agent and to allow the Agent to provide reasonable comments prior to its dissemination / filing; and
- (v) to cause Holdings to provide a draft of any other news release related to ARCA Amendment No. 4 and/or ancillary matters to the Agent and to allow the Agent to provide reasonable comments prior to the dissemination / filing

of any such other news release;

(oo) will provide, or cause to be provided, in respect of 14274261 Canada Inc. to the extent it holds any assets, all Guarantees and Security required to be provided under this Agreement”

2.7 Section 10(a) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“(a) The term of the Revolving Facility expires on March 24, 2024 (the “**Maturity Date**”).”

2.8 Schedule “C” to the Credit Agreement is hereby amended by adding the following definitions, in alphabetical order:

“**Applicable Margin**” means at any time: (i) at any time there is a Positive EBDA Variance, 6.55% per annum; or (ii) at any time there is a Negative EBDA Variance, 8.05% per annum.

“**ARCA Amendment No. 4**” means the fourth amendment to this Agreement dated November 3, 2021.

“**ARCA Amendment No. 4 Effective Date**” means the date upon which all of the conditions precedent to the effectiveness of Amendment No. 4 shall have been satisfied.

“**ARCA Amendment No. 4 Exercise Price**” means the closing price per common share of Holdings on the CSE on the immediately preceding Business Day to the announcement of the issuance of the ARCA Amendment No. 4 Warrants.

“**BZAM Edmonton Property**” means the real property legally described as Plan 8720213, Block 5, Lot 4, Excepting thereout all mines and minerals and municipally known as 8770 24th Street NW, Edmonton, Alberta, T6P 1X8.

“**BZAM Loan**” means the loan made by Stone Pine Capital Ltd. To the Borrower on September 26, 2022, in the principal amount of \$2,200,000.

“**EBDA**” means, at any time, EBITDA less (without duplication) interest, financing costs and taxes.

“**Existing BZAM Edmonton Property Charge**” means the charge on the BZAM Edmonton Property in favour of Manjinder Singh Gill, as agent, in a principal amount of \$5,000,000 with registration number 212152636.

“**Negative EBDA Variance**” means at any time, when there exists no Positive EBDA Variance.

“**Positive EBDA Variance**” means at any time, EBDA greater than Zero Dollars (\$0) in each month of the immediately preceding consecutive three (3) month period.

“**Securities Commissions**” means, collectively, the applicable securities commission or other securities regulatory authority in each of the provinces and territories of Canada.”

- 2.9 The definition of “Change of Control” is hereby added to Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Change of Control**” means (i) if (x) Matt Milich ceases to be the chief executive officer of the Borrower, (y) Sean Bovingdon ceases to be the chief financial officer of the Borrower, or (z) Jordan Winnett ceases to be the chief commercial officer of the Borrower, and the Agent shall not have been satisfied, in its reasonable discretion, with the arrangements made with respect to the replacement of both such individuals, (ii) fifty percent (50%) or more of the ownership or Control of the voting interests of Holdings are acquired, directly or indirectly, by any Person, whether acting individually or in concert with any other Person or Persons, (iii) the sale of all or substantially all of the assets of any Obligor (other than to another Obligor); or (iv) if any wholly owned, direct or indirect, subsidiary of the Borrower ceases to be wholly owned, directly or indirectly, by the Borrower; or (v) Borrower ceases to be wholly-owned, directly or indirectly, by Holdings. Notwithstanding the foregoing, BZAM International Ltd. (and its Affiliates) may own more than fifty percent (50%) of Holdings pursuant to: (i) an equity conversion relating to the BZAM Loan; or (ii) with the written consent of the Agent, in its sole discretion; provided that, in each case, Holdings shall provide, or cause to be provided to the Agent any and all documentation required in order for the Agent to comply with Applicable Law.”

- 2.10 The definition of “Interest Rate” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Interest Rate**” means the greater of (i) 12% per annum and, (ii) the TD Prime Rate, plus the Applicable Margin.”

- 2.11 The definition of “Permitted Indebtedness” in Schedule “C” of the Credit Agreement is hereby amended by adding the following at the end of such definition:

“(g) the BZAM Loan; and

(h) indebtedness owing to Manjinder Singh Gill in a principal amount not to exceed \$5,000,000, secured by the Existing BZAM Edmonton Property Charge.”

- 2.12 The definition of “Maximum Revolving Facility Limit” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Maximum Revolving Facility Limit**” means Thirty Four Million Dollars (\$34,000,000).”

- 2.13 The definition of “Revolving Facility Margin Limit” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Revolving Facility Margin Limit**” means, at any time: (i) the book value of Eligible Inventory at such time (which, for greater certainty, excludes any Inventory subject to any Potential Priority Claims or Priority Liens) multiplied by the Advance Rate applicable to Eligible Inventory; plus (ii) the face amount of Eligible Accounts Receivable at such time multiplied by the Advance Rate applicable to Eligible Accounts Receivable; minus (iii) the face amount of Potential Priority Claims relating to Eligible Accounts Receivable forming (or capable of forming) Priority Liens; provided that the amount calculated in (i), above, shall not exceed

Three Million Dollars (\$3,000,000).”

- 2.14 The definition of “Termination Fee” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Termination Fee**” means, at any time, an amount equal to two percent (2%) of the Maximum Revolving Facility Limit.”

- 2.15 The definition of “Transaction Documents” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Transaction Documents**” means, collectively, this Agreement (including for greater certainty any amendments thereto), the Guarantees given by the Obligors (other than the Borrower) in respect of the obligations under this Agreement, the Security Agreements, the Warrants, the Amendment No. 1 Warrants, the Amendment No. 2 Warrants, the ARCA Amendment No. 1 Warrants, the ARCA Amendment No. 4 Warrants and all other documents contemplated by this Agreement and/or delivered in connection with this Agreement (including, for greater certainty, any Advance Request Certificate and Borrowing Base Certificate).”

- 2.16 Schedules “D” through “J” of the Credit Agreement are hereby deleted in their entirety and replaced with the Schedules “D” through “J” attached hereto as Exhibit “A”.

Article 3 – Confirmation of Guarantee and Security

- 3.1 The Borrower and each of the other Obligors hereby confirms to the Agent that all Security Agreements (including, for greater certainty, Guarantees) previously executed by each of them, respectively, continue in full force and effect.

Article 4 – Representations and Warranties

- 4.1 The Borrower hereby represents and warrants that:
- (a) it has full power, authority and capacity to enter into and to perform all its obligations contemplated by this Amendment;
 - (b) the execution, delivery and performance by it of this Amendment: (i) has been duly authorized by all necessary action; and (ii) will not conflict with, result in a breach of, or constitute a default under, its charter documents;
 - (c) this Amendment constitutes a legal, binding and valid obligation enforceable against it in accordance with the terms subject to (i) the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally; and (ii) the extent that equitable principles may limit the availability of certain remedies including remedies of specific performance and injunctive relief, which equitable remedies may only be granted in the discretion of a court;
 - (d) the representations and warranties made by it in the Credit Agreement, other than

those expressly stated to be made as of a specific date, are true and correct in all material respects as of the date hereof with the same effect as if such representations and warranties had been made on and as of the date hereof; and

- (e) no Default or Event of Default has occurred or is continuing, that has not been waived, in writing, by the Agent.

Article 5 – Miscellaneous

5.1 **Effectiveness.** Article 2 of this Amendment shall become effective as of the date hereof, provided that the following conditions have been satisfied on or before the date hereof (the “**Amendment Effective Date**”):

- (a) each of the parties hereto shall have received duly executed counterparts of this Amendment;
- (b) all Guarantees, Security Agreements in connection with this Amendment from or relating to (unless such agreement is the subject of the post-closing covenant more particularly described in Section 5.2, below)
- (c) a duly executed officer’s certificate from each of the Obligors, attaching certified copies of such entity’s constating documents, bylaws and directors’ resolutions authorizing this Amendment, and all other related documents and transactions;
- (d) certificates of good standing in respect of each of the Obligors from the jurisdiction of its organization;
- (e) a legal opinion from legal counsel to each of the Obligors; and
- (f) such other documents and information which the Agent may reasonably request.

5.2 **Post-Closing Covenant.** The Borrower covenants and agrees that it shall satisfy or cause to be satisfied each of the items set forth below, in form and substance satisfactory to the Agent, in accordance with the timelines more particularly described below, unless otherwise agreed to in writing by the Agent, in its sole discretion:

- (a) The Borrower shall deliver, or cause to be delivered to the Agent, Security Agreements, registrations and such other documentation as may be reasonably required by the Agent in respect of the owned real property listed as (c) and (d) in Schedule “I” to the Credit Agreement, within thirty (30) days of the Amendment Effective Date;
- (b) The Borrower shall deliver, or cause to be delivered to the Agent, landlord agreements in respect of the leased real property listed as (d), (e), (f) and (g) in Schedule “I” to the Credit Agreement, within thirty (30) days of the Amendment Effective Date;
- (c) The Borrower shall deliver or cause to be delivered all Blocked Account Agreement required by the Agent, within ten (10) days of the Amendment Effective Date; and

- (d) The Borrower shall deliver, or cause to be delivered to the Agent, the ARCA Amendment No. 4 Warrants within ten (10) days of the Amendment Effective Date.

The Borrower acknowledges and agrees that the failure by Borrower to satisfy its obligations in this Section 5.2 shall cause an immediate Event of Default with no cure period.

- 5.3 References to Credit Agreement. Upon the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import shall mean and be a reference to the Credit Agreement as amended by this Amendment, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.
- 5.4 Effect on Credit Agreement. The Credit Agreement, as amended and modified hereby, and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.
- 5.5 No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any party under the Credit Agreement or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein, except as specifically set forth herein.
- 5.6 Governing Law. This Amendment, including the rights and duties of the parties hereto, shall be governed by, and construed in accordance with, the laws of the Province of Ontario (without giving effect to the conflict of laws principles thereof).
- 5.7 Successors and Assigns. This Amendment shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.
- 5.8 Headings. The section headings in this Amendment are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Amendment or any provision hereof.
- 5.9 Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery by facsimile or email of an executed signature page of this Amendment shall be as effective as delivery of an original executed counterpart thereof.

(The remainder of this page is intentionally blank; signature page follows.)

IN WITNESS WHEREOF the parties hereto have executed this Amendment.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: CEO

Per: _____
Name: _____
Title: _____
I/we have the authority to bind the corporation.

OTHER OBLIGORS:

THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.

Per: _____
Name: Matt Milich
Title: CEO

Per: _____
Name: _____
Title: _____
I/we have the authority to bind the corporation.

MEDICAN ORGANIC INC.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: CEO

Per: _____
Name: _____
Title: _____
I/we have the authority to bind the corporation.

IN WITNESS WHEREOF the parties hereto have executed this Amendment.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

Per: _____

Name: Sean Bovingdon

Title: CEO

Per: _____

Name:

Title:

I/we have the authority to bind the corporation.

OTHER OBLIGORS:

THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.

Per:  _____
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Name: Matt Milich

Title: CEO

Per: _____

Name:

Title:

I/we have the authority to bind the corporation.

MEDICAN ORGANIC INC.

Per: _____

Name: Sean Bovingdon

Title: CEO

Per: _____

Name:

Title:

I/we have the authority to bind the corporation.

GALAXIE BRANDS CORPORATION

Per: Olivier Dufourmantelle

Name: Olivier Dufourmantelle

Title: President

Per: _____

Name:

Title:

I/we have the authority to bind the corporation.

BZAM HOLDINGS INC.

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/we have the authority to bind the corporation.

GALAXIE BRANDS CORPORATION

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/we have the authority to bind the corporation.

BZAM HOLDINGS INC.

DocuSigned by:


Per: _____
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Name: Matt Milich

Title: President

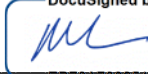
Per: _____

Name:

Title:

I/we have the authority to bind the corporation.

FOLIUM LIFE SCIENCE INC.

DocuSigned by:

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Per: _____
Name: Matt Milich
Title: President

Per: _____
Name:
Title:
I/we have the authority to bind the corporation.

BZAM MANAGEMENT INC.

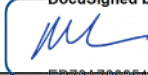
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Per: _____
Name: Matt Milich
Title: President

Per: _____
Name:
Title:
I/we have the authority to bind the corporation.

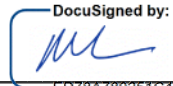
BZAM CANNABIS CORP.

DocuSigned by:

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Per: _____
Name: Matt Milich
Title: President

Per: _____
Name:
Title:
I/we have the authority to bind the corporation.

10050999 MANITOBA LTD.

DocuSigned by:


Per: _____

Name: Matt Milich

Title: President

Per: _____


Name:

Title:

I/we have the authority to bind the corporation.

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: 
378FEFF2EF6A46C...

Name: Sean Register

Title: CEO

Per: _____

Name:

Title:

I/we have the authority to bind the Agent.

Exhibit A
Updated Schedules D to J to the Credit Agreement

SCHEDULE “D”

LITIGATION

1. *1613240 Ontario Ltd. and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd.* (“TGOD Holdings”), Ontario Superior Court of Justice File No. CV-18-605781. Action commenced by the former Chief Financial Officer of TGOD Holdings claiming \$3 million in damages, stemming from the termination of her consulting agreement.
2. *Panni Management and Technology Corporation v. Galaxie Brands Corporation (formerly Green Relief Inc.), the Green Organic Dutchman Holdings Ltd., AOCO Ventures Inc. and Olivier Dufourmantelle*, Alberta Court of King’s Bench File No. 2201 02989. Action for \$84,987.87 due to breach of contract and nonpayment of invoices. Defendants claim plaintiff breached the contract and claim set-off in the amount of \$20,000 for cost of retaining third party to complete the work.
3. BZAM Cannabis Corp. commenced a claim, by arbitration, against GO Drywall Ltd. for breach of a construction contract for failure to provide services. BZAM Cannabis Corp.’s claim is for \$248,936.25. Go Drywall Ltd. commenced a cross claim for wrongful termination of the contract seeking \$746,805.89. A final arbitration hearing occurred on October 25, 2022. Post-hearing briefs are pending and to be filed.
4. BZAM Management Inc. has filed an appeal from the assessments by the BC Ministry of Finance’s tax appeals division to recover approximately \$1.05 Million in BC property transfer taxes paid by it in connection with its acquisition of three properties in British Columbia. BZAM Management Inc. takes the position that the taxes were not payable as it is not in fact a “foreign corporation”, which is the basis upon which such taxes are exigible. Waiting on response from BC Ministry of Finance Tax Appeals Division.
5. British Columbia Workers’ Compensation Appeal Tribunal (“**WCAT**”). Employee BZAM Management Inc. has claimed workers’ compensation benefits for a workplace injury. Claim denied on review. Worker appealed to WCAT. Both parties have filed submissions. WCAT has just directed that this matter will go to an oral hearing for the appeal on January 16, 2023.
6. On February 1, 2021, a former BZAM Cannabis Corp. employee filed a human rights complaint with the Alberta Human Rights Commission with respect to their termination for refusal to be vaccinated for Covid-19 pursuant to BZAM’s Vaccination Policy. Waiting for hearing date.
7. *Jason Glenn c.o.b.a Frostmec Services v BZAM Management Inc.* – British Columbia Small Claims Court. Former employee filed a Notice of Claim alleging non-payment of invoices and seeking \$28,082.00. BZAM denies all allegations of fact in the Notice of Claim. The parties were unable to settle at the Settlement Conference. A trial date has yet to be set by the Court.

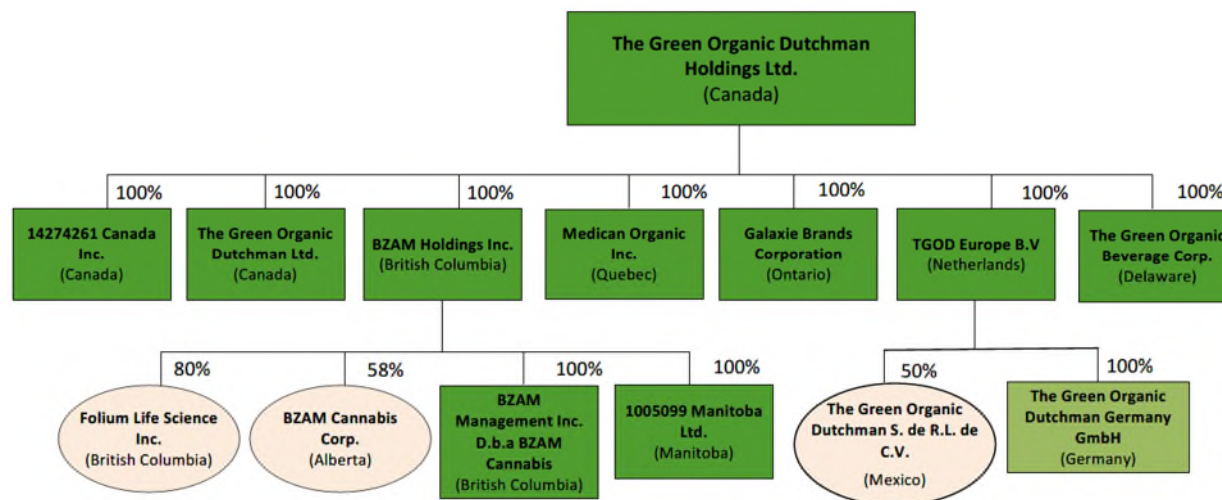
SCHEDULE "E"

ENVIRONMENTAL DISCLOSURE

Nil.

SCHEDULE "F"

CORPORATE INFORMATION

Intercorporate RelationshipsThe Green Organic Dutchman Ltd.

Name of Obligor: The Green Organic Dutchman Ltd.
 Prior Obligor Names: N/A
 Predecessor Corporations: N/A
 Jurisdiction of Incorporation: Canada
 Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3
 Principal Place of Business/
 Chief Executive Office: 1915 Jerseyville Road West, Jerseyville, Ontario L0R 1R0
 Issued & Outstanding Shares: 200 common shares
 List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 200 common shares

The Green Organic Dutchman Holdings Ltd.

Name of Obligor: The Green Organic Dutchman Holdings Ltd.
 Prior Obligor Names: N/A
 Predecessor Corporations: N/A
 Jurisdiction of Incorporation: Canada
 Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3
 Principal Place of Business/
 Chief Executive Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3
 Issued & Outstanding Shares: 754,179,027 common shares
 List of Shareholders: N/A

Medican Organic Inc.

Name of Obligor: Medican Organic Inc./Médican Biologique inc.
Prior Obligor Names: N/A
Predecessor Corporations: 9371-8633 Québec Inc./9371-8633 Québec Inc.
Jurisdiction of Incorporation: Québec
Registered Office: 311-455 Boul. Fénélon, Dorval, Québec H9S 5T8
Principal Place of Business/
Chief Executive Office: 1175 Boul. Gérard-Cadieux, Salaberry-de-Valleyfield, Québec, J6T 6M1
Issued & Outstanding Shares: 100 common shares
List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 100 common shares

Galaxie Brands Corporation

Name of Obligor: Galaxie Brands Corporation
Prior Obligor Names: Green Relief Inc.
Predecessor Corporations: Green Relief Inc., 2458208 Ontario Inc.
Jurisdiction of Incorporation: Ontario
Registered Office: 780 Concession 8 West, Puslinch, Ontario N0B 2J0
Principal Place of Business/
Chief Executive Office: 780 Concession 8 West, Puslinch, Ontario N0B 2J0
Issued & Outstanding Shares: 150,000,000 class B shares, 118,194,050 common shares
List of Shareholders: The Green Organic Dutchman Ltd. – 150,000,000 class B shares, 118,194,050 common shares

BZAM Holdings Inc.

Name of Obligor: BZAM Holdings Inc.
Prior Obligor Names: N/A
Predecessor Corporations: N/A
Jurisdiction of Incorporation: British Columbia
Registered Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3
Principal Place of Business/
Chief Executive Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3
Issued & Outstanding Shares: 100 common shares
List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 100 common shares

BZAM Management Inc.

Name of Obligor: BZAM Management Inc.
Prior Obligor Names: N/A
Predecessor Corporations: N/A
Jurisdiction of Incorporation: British Columbia
Registered Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3
Principal Place of Business/
Chief Executive Office: 200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6
Issued & Outstanding Shares: 100 common shares
List of Shareholders: BZAM Holdings Inc. – 100 common shares

1005099 Manitoba Ltd.

Name of Obligor: 1005099 Manitoba Ltd.
 Prior Obligor Names: N/A
 Predecessor Corporations: N/A
 Jurisdiction of Incorporation: Manitoba
 Registered Office: 2500 – 360 Main Street, Winnipeg, MB, R3C 4H6
 Principal Place of Business/
 Chief Executive Office: 3 – 875 Corydon Avenue, Winnipeg, MB R3M 0W7
 Issued & Outstanding Shares: 100 common shares
 List of Shareholders: BZAM Holdings Inc. – 100 common shares

BZAM Cannabis Corp.

Name of Obligor: BZAM Cannabis Corp.
 Prior Obligor Names: N/A
 Predecessor Corporations: BZAM Cannabis Corp. and Sweetgrass Inc.
 Jurisdiction of Incorporation: Alberta
 Registered Office: 3400, 350 – 7TH Avenue SW, Calgary, Alberta T2P 3N9
 Principal Place of Business/
 Chief Executive Office: 8770 24 Street NW, Edmonton, Alberta T6P 1X8
 Issued & Outstanding Shares: 884,350 Class “A” Shares
 List of Shareholders:

BZAM Holdings Inc.	510,000 Class “A” Shares
Archon Industries	48,330 Class “A” Shares
1175345 Alberta Ltd.	25,000 Class “A” Shares
Jodi MacDonald	10,000 Class “A” Shares
Center Line Millwright Contracting Ltd.	11,670 Class “A” Shares
Derwin Herrera	10,000 Class “A” Shares
1979073 Alberta Ltd.	10,000 Class “A” Shares
Chaucer Investments Ltd.	25,000 Class “A” Shares
2086781 Alberta Ltd.	10,000 Class “A” Shares
2094804 Alberta Ltd.	20,000 Class “A” Shares
1237132 Alberta Ltd.	1,000 Class “A” Shares
William Rutledge	10,000 Class “A” Shares
Suezette Reichert	5,000 Class “A” Shares
Gail M. Burke	2,500 Class “A” Shares
Gamages Limited	75,000 Class “A” Shares
Homefolio Inc.	45,000 Class “A” Shares
Ryan Murray	20,000 Class “A” Shares
Simon Catherall	10,000 Class “A” Shares
Jairad Burke	10,000 Class “A” Shares
Barb O’Neill	10,000 Class “A” Shares
All Star Ventures Ltd.	3,200 Class “A” Shares
Grant Schneider	2,150 Class “A” Shares
Patrick Leonard	500 Class “A” Shares
Alex Lee	10,000 Class “A” Shares

Folium Life Sciences Inc.

Name of Obligor: Folium Life Sciences Inc.
Prior Obligor Names: N/A
Predecessor Corporations: Folium Life Sciences Inc. and 1137773 B.C. Ltd.
Jurisdiction of Incorporation: British Columbia
Registered Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3
Principal Place of Business/
Chief Executive Office: 107/109 – 1761 Sean Heights, Saanichton, BC V8M 0A5
Issued & Outstanding Shares: 3,600 Class “A” Shares
List of Shareholders:

BZAM Holdings Inc.	2,880 Class “A” Shares
Fonda Betts	91.2 Class “A” Shares
Sheldon Kales	54 Class “A” Shares
1244780 B.C. Ltd.	574.8 Class “A” Shares

SCHEDULE "G"

PENDING CORPORATE CHANGES

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated October 23, 2020 and trading on the CSE under the symbol "TGOD.WA".

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated December 10, 2020 and trading on the CSE under the symbol "TGOD.WB".

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated June 12, 2020 and trading on the CSE under the symbol "TGOD.WR".

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated December 19, 2019 and trading on the CSE under the symbol "TGOD.WS".

Warrants issued by The Green Organic Dutchman Holdings Ltd. to Maynbridge Capital Inc. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. To Cortland Credit Lending Corporation. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. to Canaccord Genuity Corp. in connection with its financings of The Green Organic Dutchman Holdings Ltd.

Escrowed share units, contingent share units, RSUs, and incentive stock options and ESPP issued under The Green Organic Dutchman Holdings Ltd.'s incentive compensation plans

Common shares of The Green Organic Dutchman Holdings Ltd. held in escrow to be released subject to the achievement of certain milestones in 2022, to certain vendors of Galaxie Brands Corporation pursuant to the share purchase agreement dated October 29, 2021, between The Green Organic Dutchman Holdings Ltd., 2783935 Ontario Inc. and Aoco Ventures Inc.

SCHEDULE "H"

MATERIAL AGREEMENTS AND MATERIAL PERMITS

Material Agreements

1. Standing Offer Contract 1631 between The Green Organic Dutchman Holdings Ltd. and Alberta Gaming, Liquor and Cannabis Commission dated May 20, 2019
2. Master Cannabis Supply Agreement between The Green Organic Dutchman Holdings Ltd. and Ontario Cannabis Retail Corporation dated February 6, 2019
3. Data Subscription Agreement between The Green Organic Dutchman Holdings Ltd. and Ontario Cannabis Retail Corporation dated February 25, 2019
4. Licensed Producer Supply Agreement for Non-Medical Cannabis between The Green Organic Dutchman Holdings Ltd. and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act dated November 7, 2019
5. NLC Cannabis and Cannabis Related Product Supply Agreement between The Green Organic Dutchman Ltd. and Newfoundland and Labrador Liquor Corporation dated November 19, 2019
6. Lettre D'Intention between The Green Organic Dutchman Holdings Ltd. and Societe Quebecoise du Cannabis dated March 26, 2020
7. Equipment Purchase Agreement between The Green Organic Dutchman Holdings Ltd. and Enwave Corporation dated December 28, 2018
8. Supplier Agreement – Cannabis Products between The Green Organic Dutchman Holdings Ltd. and Loblaws Inc. dated March 3, 2020
9. Agreement of Purchase and Sale of Valleyfield Facility with Cannara Biotech (Ops) Inc., dated June 8, 2021
10. Service agreement with Cannara (Valleyfield) with respect to providing services at Valleyfield, QC dated September 25, 2021
11. Master Cannabis Supply Agreement dated April 5, 2021 between Ontario Cannabis Retail Corporation and Galaxie Brands Corporation
12. Licensed Producer Supply Agreement for Non-Medical Cannabis dated March 31, 2021 between Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act, SBC 2018, c 28 and Galaxie Brands Corporation
13. Standing Offer Contract executed May 7, 2021 between Alberta Gaming, Liquor and Cannabis Commission and Galaxie Brands Corporation
14. Supply Agreement dated September 28th, 2021 between Galaxie Brands Corporation and Cannmart Inc.

15. Unanimous Shareholder Agreement (between Galaxie Brands Corporation, Northwest Confections Canada Inc. and Wyld Glx Corp.
16. Intellectual Property Licence Agreement dated April 15, 2021 between Galaxie Brands Corporation and Wyld Glx Corp.
17. Intellectual Property Licence Agreement dated April 15, 2021 between Northwest Confections Canada Inc. and Wyld Glx Corp.
18. Amended and Restated Manufacturing and Distribution Agreement dated August 24, 2021 between Galaxie Brands Corporation and Wyld Glx Corp.
19. Amending Agreement dated October 18, 2021 between Northwest Confections Canada Inc. and Galaxie Brands Corporation
20. Joint Venture between Northwest Confections Canada Inc. (subsidiary of Northwest Commonwealth LLC) and Galaxie Brands Corporation
21. Amended and Restated Joint Venture Agreement dated August 24, 2021 between Northwest Confections Canada Inc. and Galaxie Brands Corporation
22. Purchase order, Master Production and Packing Services Agreement dated August 21st, 2021 between Galaxie Brands Corporation and Noya Cannabis Inc.
23. Contract Grow Agreement dated April 27, 2021 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Pure Sunfarms Corp., as seller
24. Purchase Agreement dated May 25, 2022 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Medisun Inc., as seller

Material Permits

25. License Agreement between The Green Organic Dutchman Holdings Ltd. and 5071 Incorporated (o/a Stillwater Foods) dated May 28, 2018, terminates effective December 31, 2022
26. Health Canada Licence No LIC-CJMMLU7IIN-2022 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. Expiring July 20, 2027
27. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
28. Licensing and Manufacturing agreement dated December 23, 2020 between Galaxie Brands Corporation and Trec Brands Inc.
29. Galaxie Brands Corporation Cannabis Licence No. 82993 7846 RD0001 under the *Excise Act, 2001* (Canada)
30. Galaxie Brands Corporation Licence No. LIC-DOAXL5IINX-2020-10 under the *Cannabis Act* (Canada)

31. Galaxie Brands Corporation Licence No. 9JHRW8LW under the *Safe Food For Canadians Act* (Canada)

SCHEDULE "I"

REAL PROPERTY

1. Owned:
 - a. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0 owned by The Green Organic Dutchman Ltd.
 - b. 8770 24th Street NW, Edmonton, Alberta, T6P 1X8 owned by BZAM Cannabis Corp.
 - c. 13325 Cedar Way, Maple Ridge, BC V4R 2T4 owned by BZAM Management Inc.
 - d. 2775 Myers Creek Road E., Midway, BC V0H 1M0 owned by BZAM Management Inc.

2. Leased:
 - a. 6205 Airport Rd., Suites 200 & 301, Bldg A, Mississauga, ON L4V 1E3 leased by The Green Organic Dutchman Holdings Ltd.
 - b. 311-455 BOUL., Fenelon, Dorval, Quebec H9S 578 leased by Medican Organic Inc.
 - c. 780 Concession 8 West, Puslinch, Ontario N0B 2J0 leased by Galaxie Brands Corporation
 - d. 19100 Airport Way, Units 518/519, Pitt Meadows, BC V3Y 0E2 leased by BZAM Management Inc.
 - e. 40 Great Plains Road, Edenwold, SK S4L 1B6 leased by 10050999 Manitoba Ltd.
 - f. Unit 3 – 875 Corydon Avenue, Winnipeg, MB, R3M 0W7 leased by 10050999 Manitoba Ltd.
 - g. Unit 107/109, 1759 Sean Heights, Saanichton BC, V8M 1X6 leased by BZAM Cannabis Corp.

SCHEDULE "J"

PERMITTED ENCUMBRANCES

1. Lien with registration number 20170906 1631 1862 3892 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to assignment of term deposits and credit balances.
2. Lien with registration number 20180410 1610 1532 1077 in favour of Bank of Montreal as against The Green Organic Dutchman Holdings Ltd. with respect to a short-term investment certificate n/o 0002-9631-033 in the principal amount of \$100,000.
3. Lien with registration number 20191025 1616 1626 1771 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to a term deposits #8 and #9 for letters of credit in the amount of \$35,000 and \$455,500, plus interest accrued on such term deposits.
4. Lien with registration number 20170123 1550 1624 2739 in favour of Newport Leasing Limited as against Galaxie Brands Corporation with respect to a 2016 Mercedes-Benz Sprinter 2500 144WB with VIN WD3BE7DD2GP269063.
5. Lien with registration number 20210531 1708 1462 9723 in favour of Vault Credit Corporation as against, among others, Galaxie Brands Corporation with respect to Collateral Classifications: "Equipment" and "Other" and the scope of which is limited by the estoppel letter dated November 12, 2021 from vault to, among others, Galaxie Brands Corporation and Cortland Credit Lending Corporation, as Agent.
6. Lien with registration number 20211029 1104 1590 1889 in favour of AOCO Ventures Inc. as against Galaxie Brands Corporation with respect to a promissory note dated October 28, 2021 in the principal amount of \$400,000 as secured by a general security agreement made the same date, the priority of which lien is determined by the Postponement and Subordination Agreement made November 15, 2021 between AOCO Ventures Inc., as subordinators, and Cortland Credit Lending Corporation, as Agent.
7. Charge on the real property legally described as Plan 8720213, Block 5, Lot 4, and municipally known as 8770 24th Street NW, Edmonton, Alberta, T6P 1X8 in favour of Marjinder Sing Gill, as agent, in a principal amount of \$5,000,000 with registration number 212152636

**Exhibit "DD" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

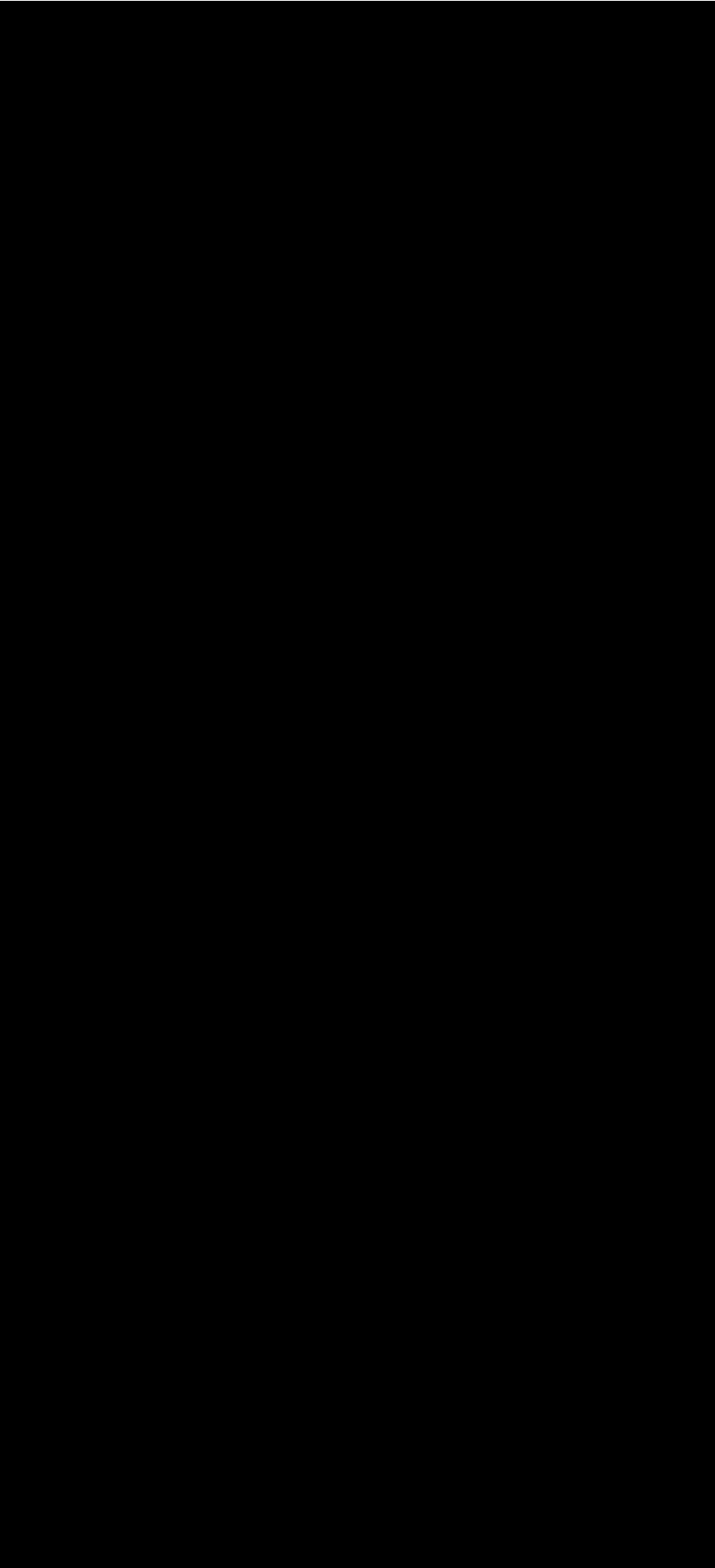
BZAM LTD
Borrowing Base Calculation
November 17, 2023

	TGOD CAD	BZAM CAD	Total CAD
ACCOUNTS RECEIVABLE			
Gross Accounts Receivable	3,736,606	3,271,435	7,008,040
Less: Amounts received already included in AR	-	-	-
Less: Amounts collected not yet flushed into Acc.849	-	-	-
Add: Delivered but unbilled AR	-	-	-
Net Accounts Receivable	3,736,606	3,271,435	7,008,040
Less:			
[REDACTED]	979,598	1,197,591	2,177,189
[REDACTED]	(142,052)	(46,148)	(188,200)
[REDACTED]	-	-	-
[REDACTED]	143,295	46,148	189,443
[REDACTED]	-	-	-
[REDACTED]	-	-	-
[REDACTED]	-	-	-
Total Ineligible	980,841	1,197,591	2,178,432
Total Eligible Accounts Receivable	2,755,765	2,073,844	4,829,609
[REDACTED]	-	-	-
Total Accounts Receivable Available	2,342,400	1,762,767	4,105,167
INVENTORIES			
Total Finished Goods Inventory	6,307,385	-	6,307,385
Total Ineligible Finished Goods Inventory	489,726	-	489,726
Total Eligible Finished Goods Inventory	5,817,659	-	5,817,659
[REDACTED]	-	-	-
Total Finished Goods Inventory Available	1,454,415	-	1,454,415
Less:			
[REDACTED]	468,000	326,000	794,000
[REDACTED]	288,418	-	288,418
[REDACTED]	360,749	-	360,749
[REDACTED]	-	-	-
Total Priority Payables	1,117,167	326,000	1,443,167
Net Available Collateral (before items below)	2,679,648	1,436,767	4,116,415
Less: Balance from previous draw	\$ (5,685,338)		\$ (5,685,338)
Net Available Collateral	(3,005,690)	1,436,767	(1,568,923)
Net Available Collateral		(a) (1,568,923)	
[REDACTED]		3,000,000	
Max Available to Draw		(i) 1,431,077	
Total Draw		Lower of (i),(ii) 1,431,077	
(ii) Total Facility	34,000,000		
Less Term Portion	(24,000,000)		
Add Amount paid down on the Term Portion	3,388,573		
Balance from Previous Draw	(5,685,338)		
Max Available in Facility	7,703,236		

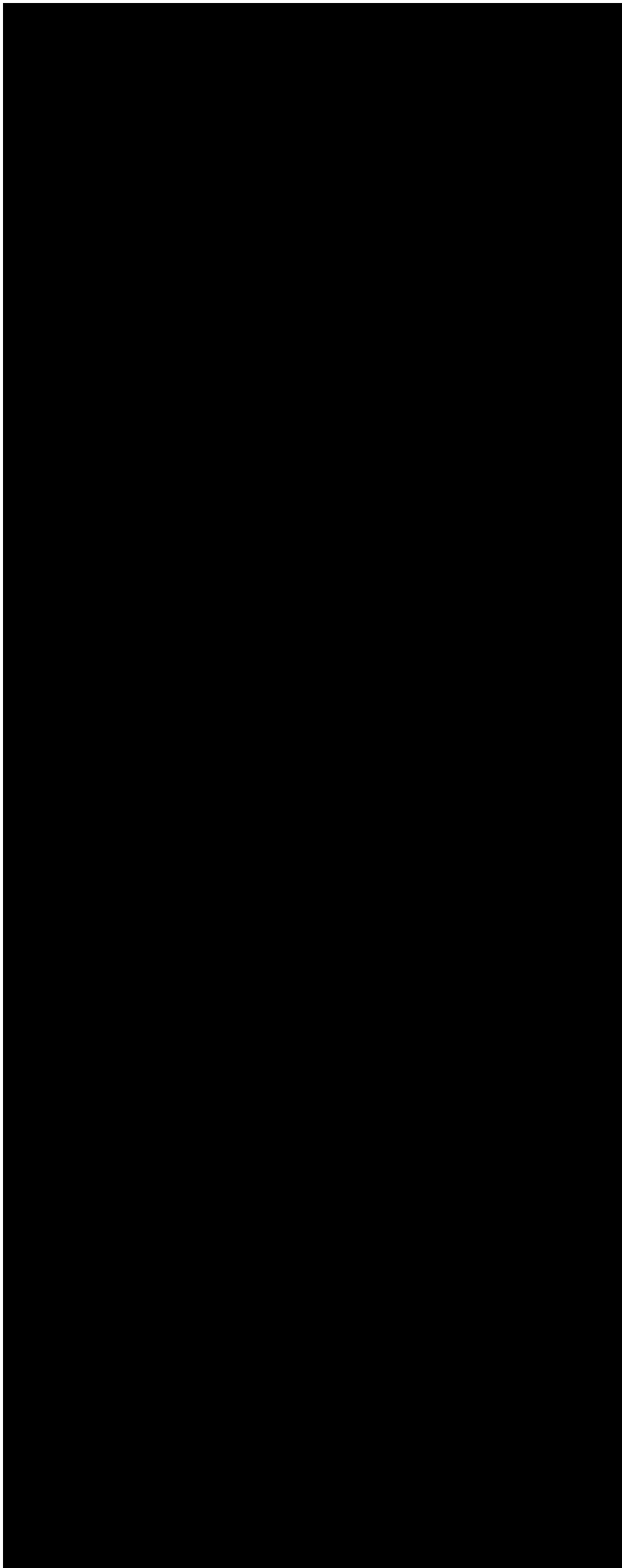
**Exhibit "EE" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

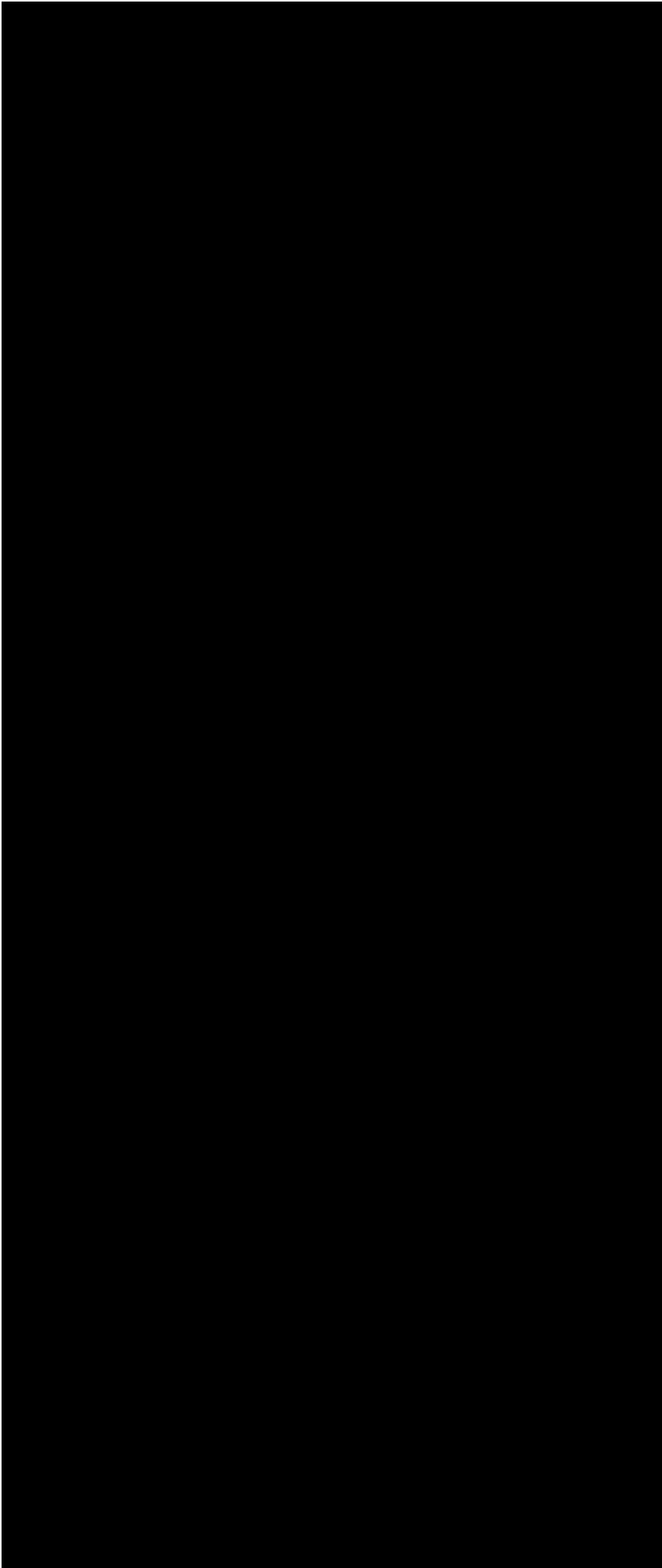
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TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

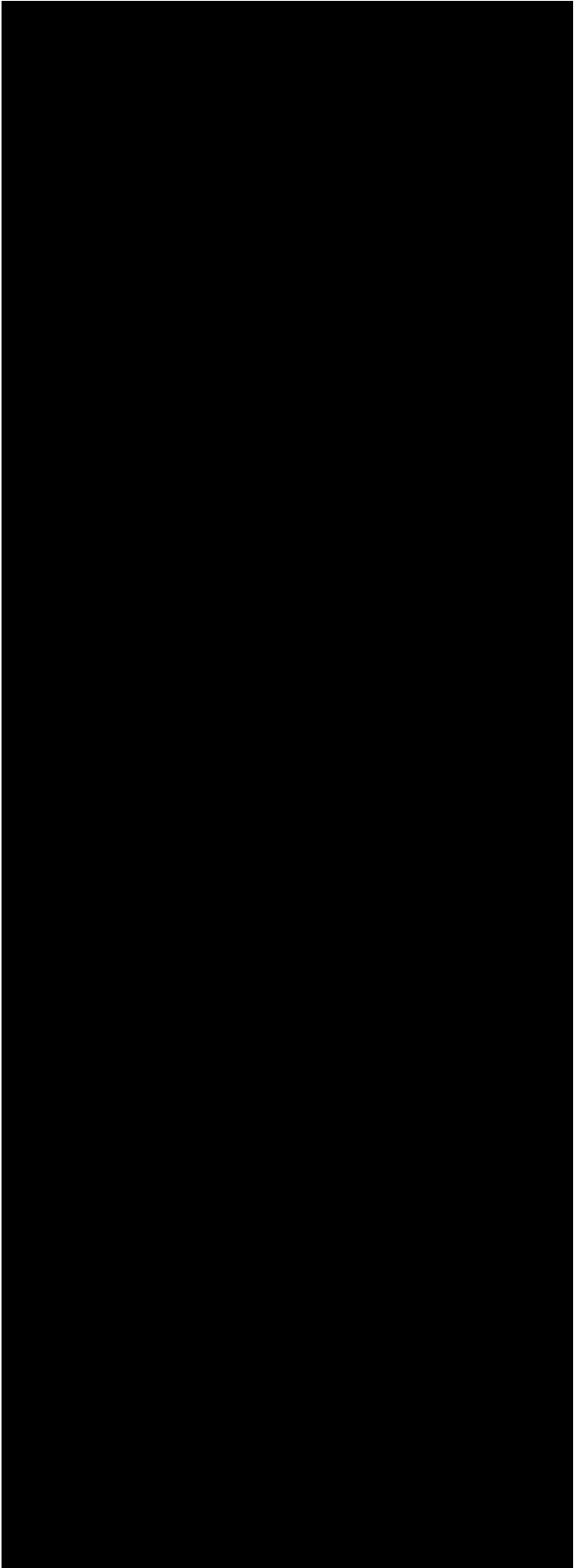


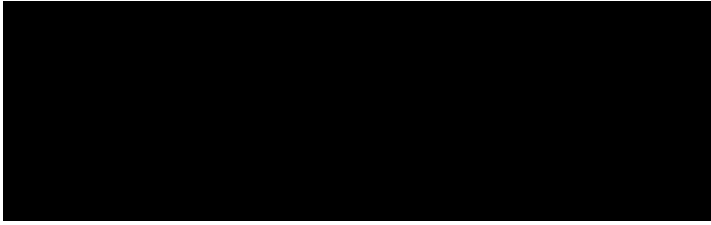


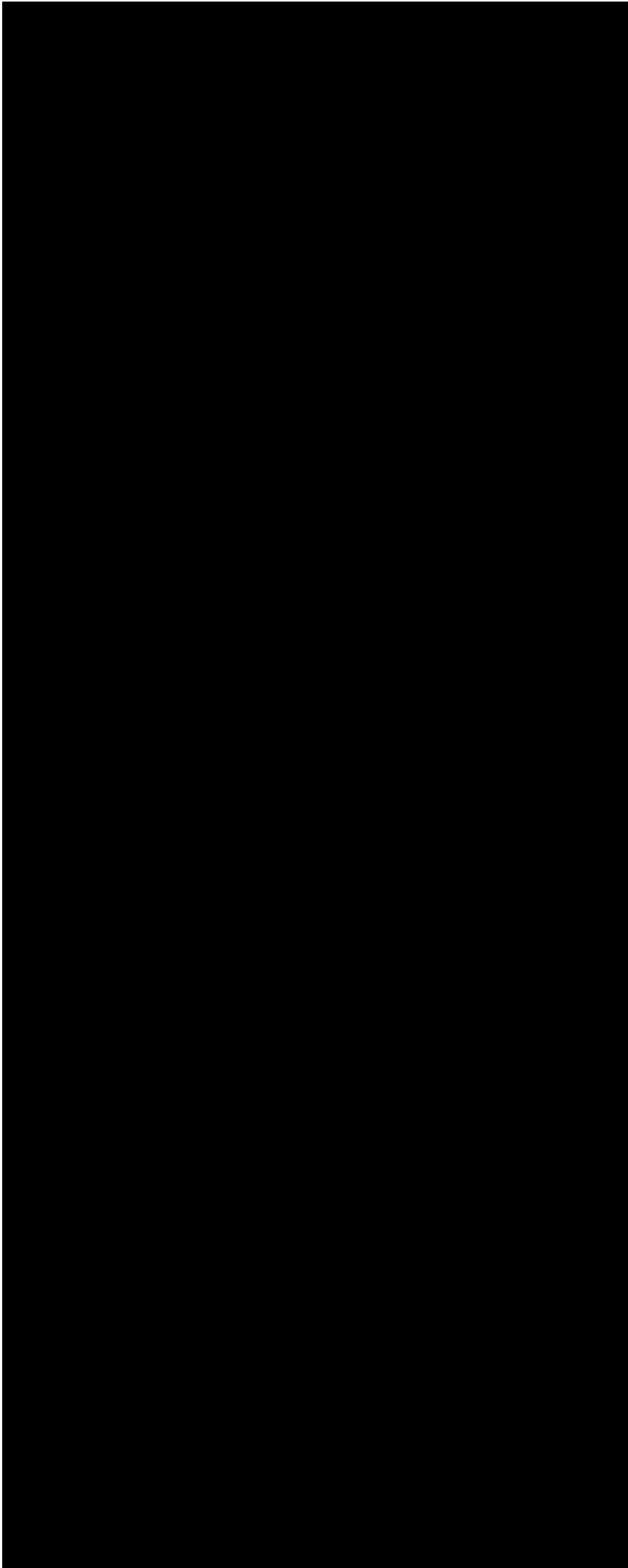


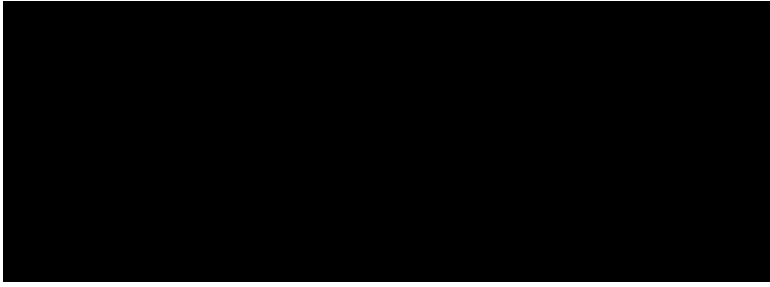


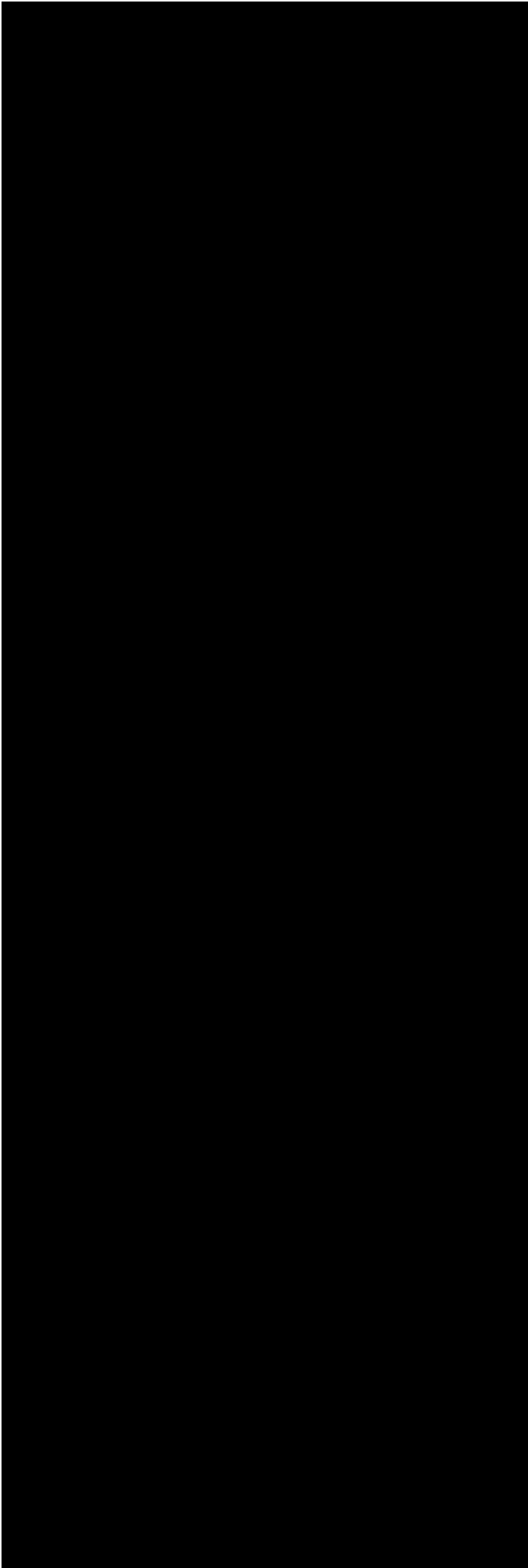




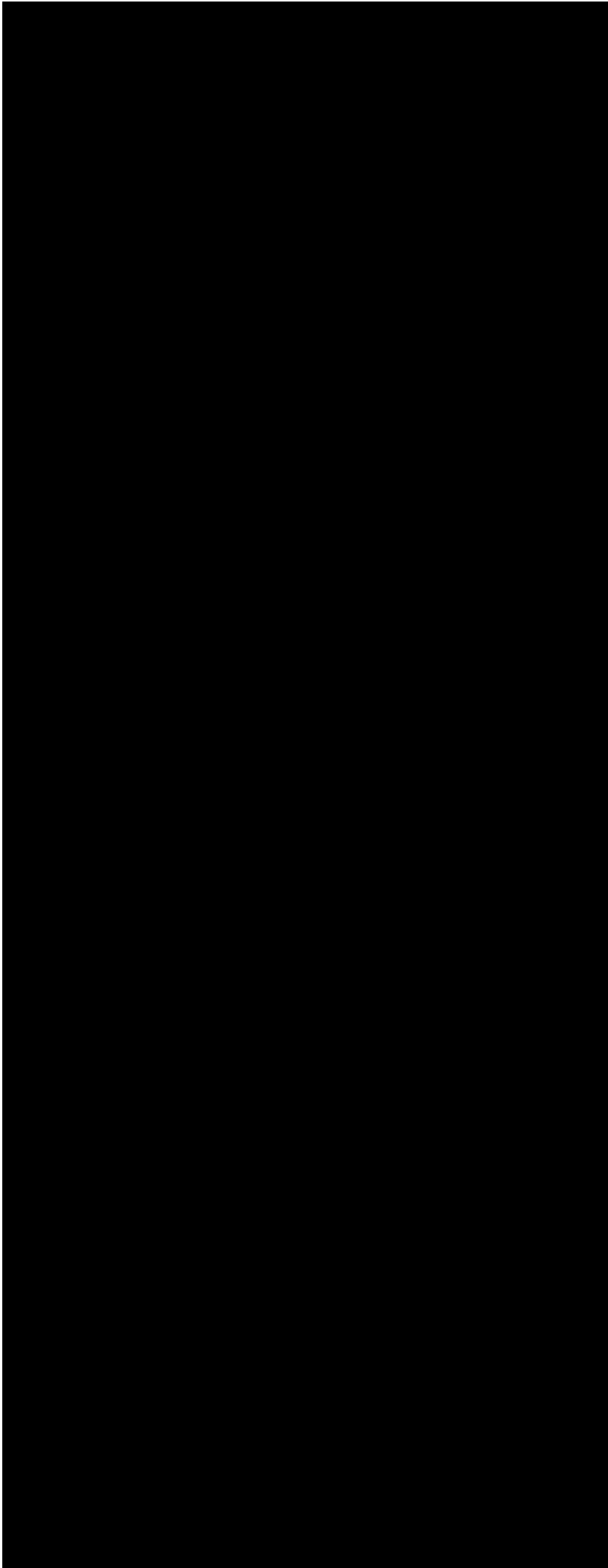




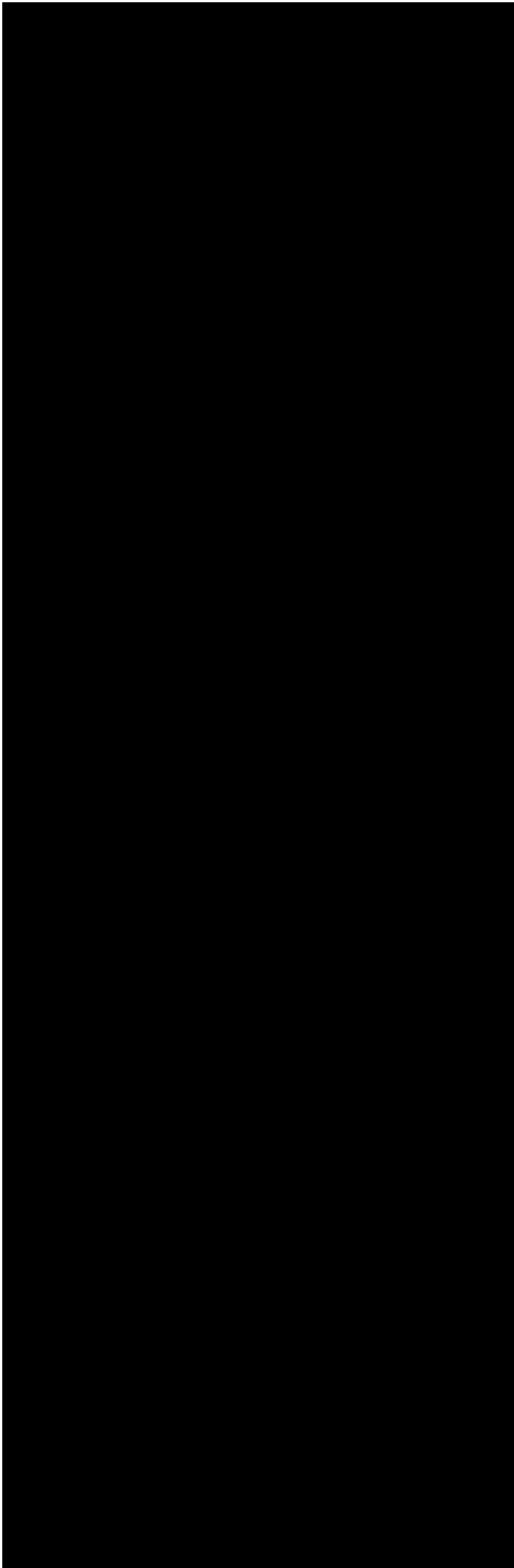








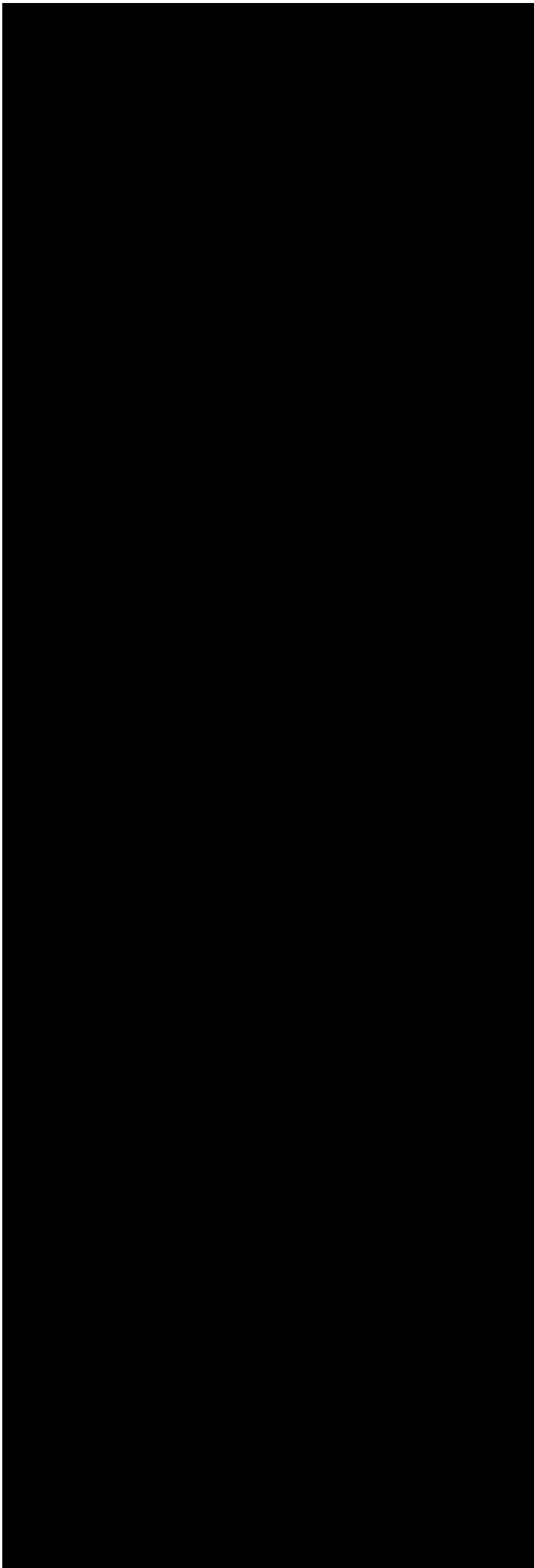


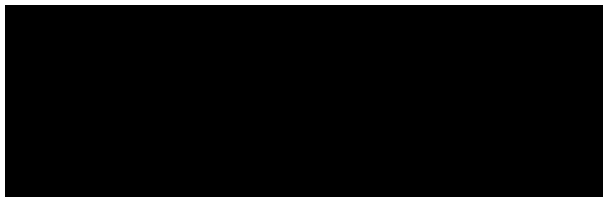








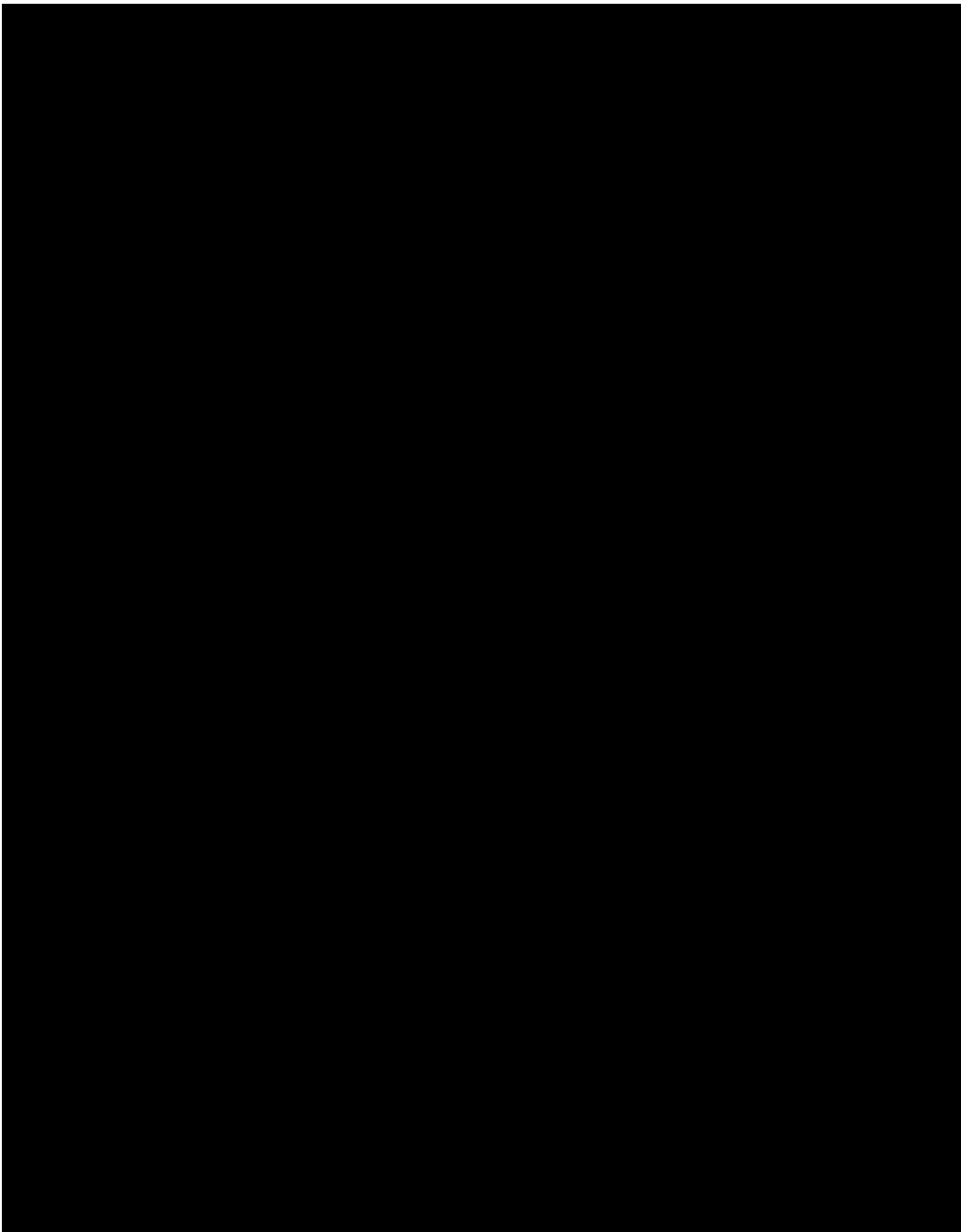


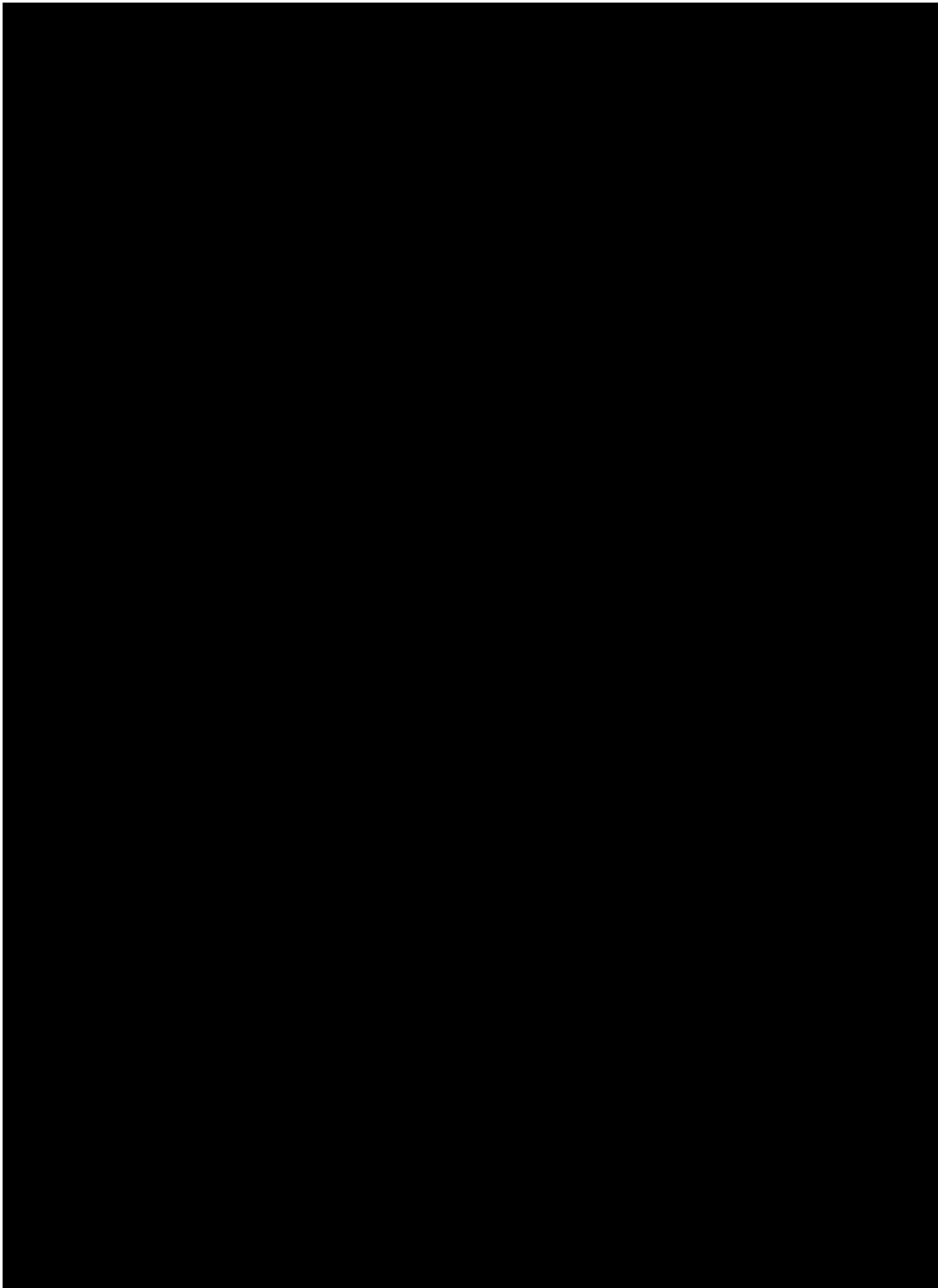


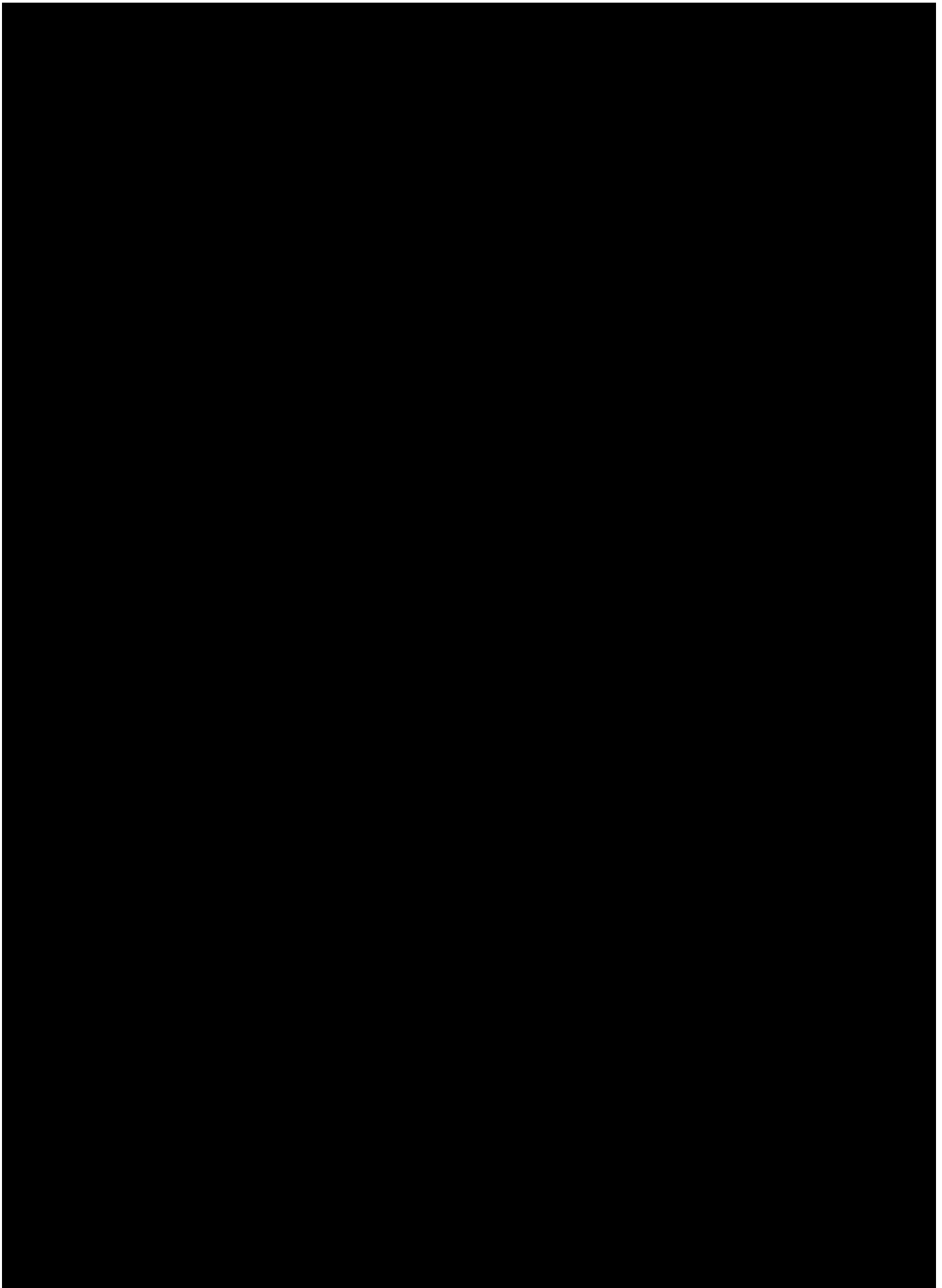
**Exhibit "FF" to the
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March 25, 2024**

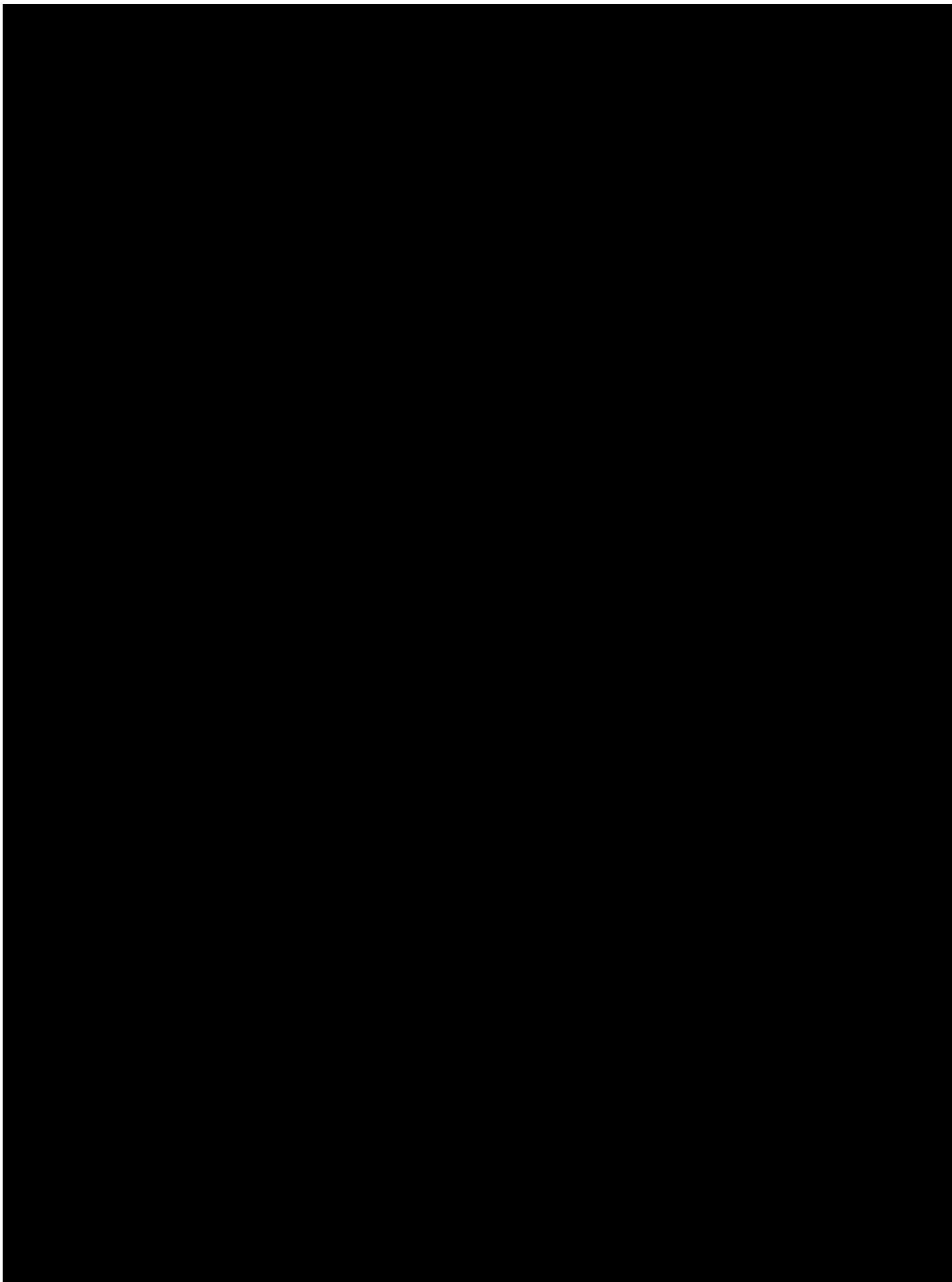
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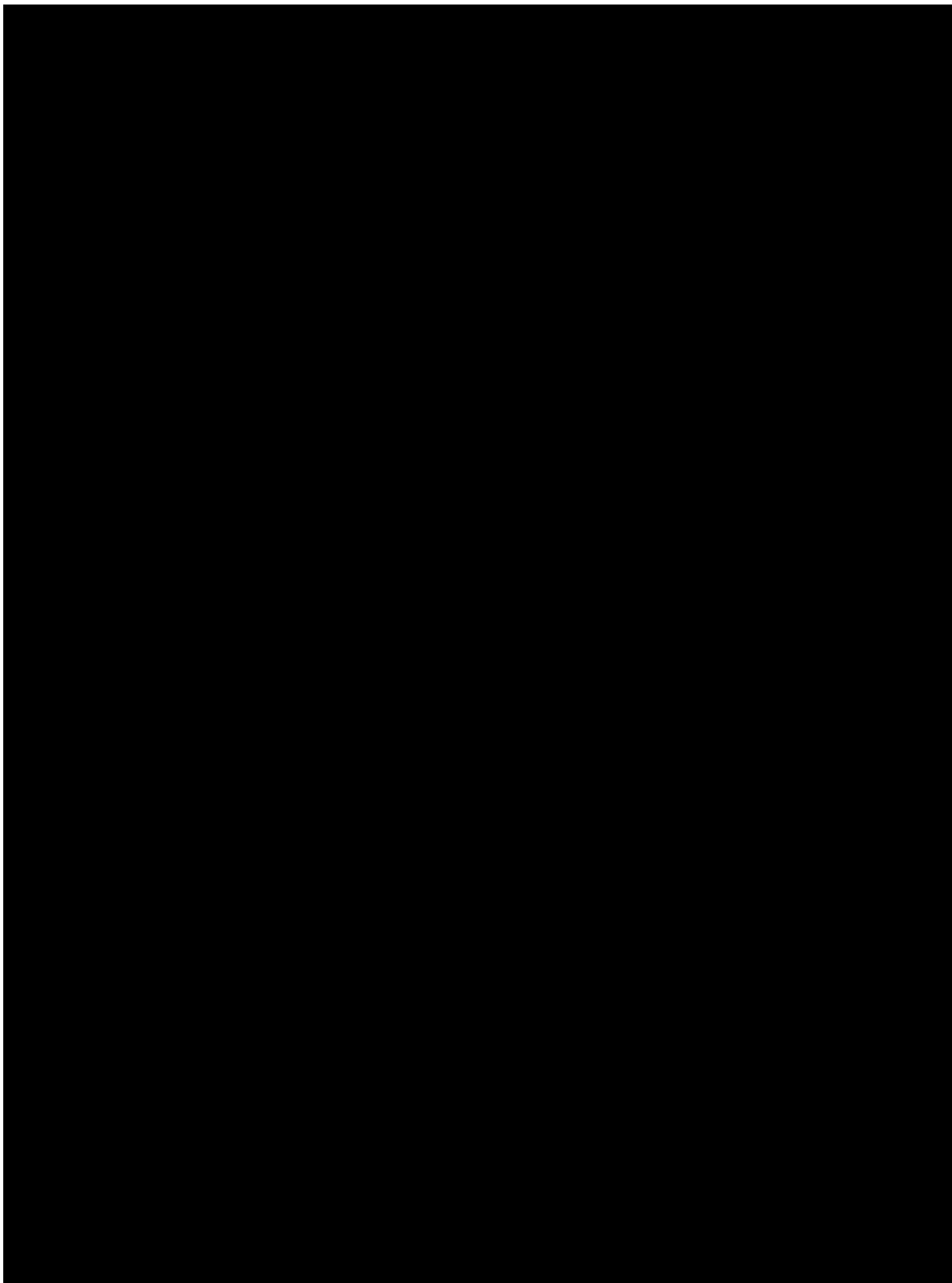
TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

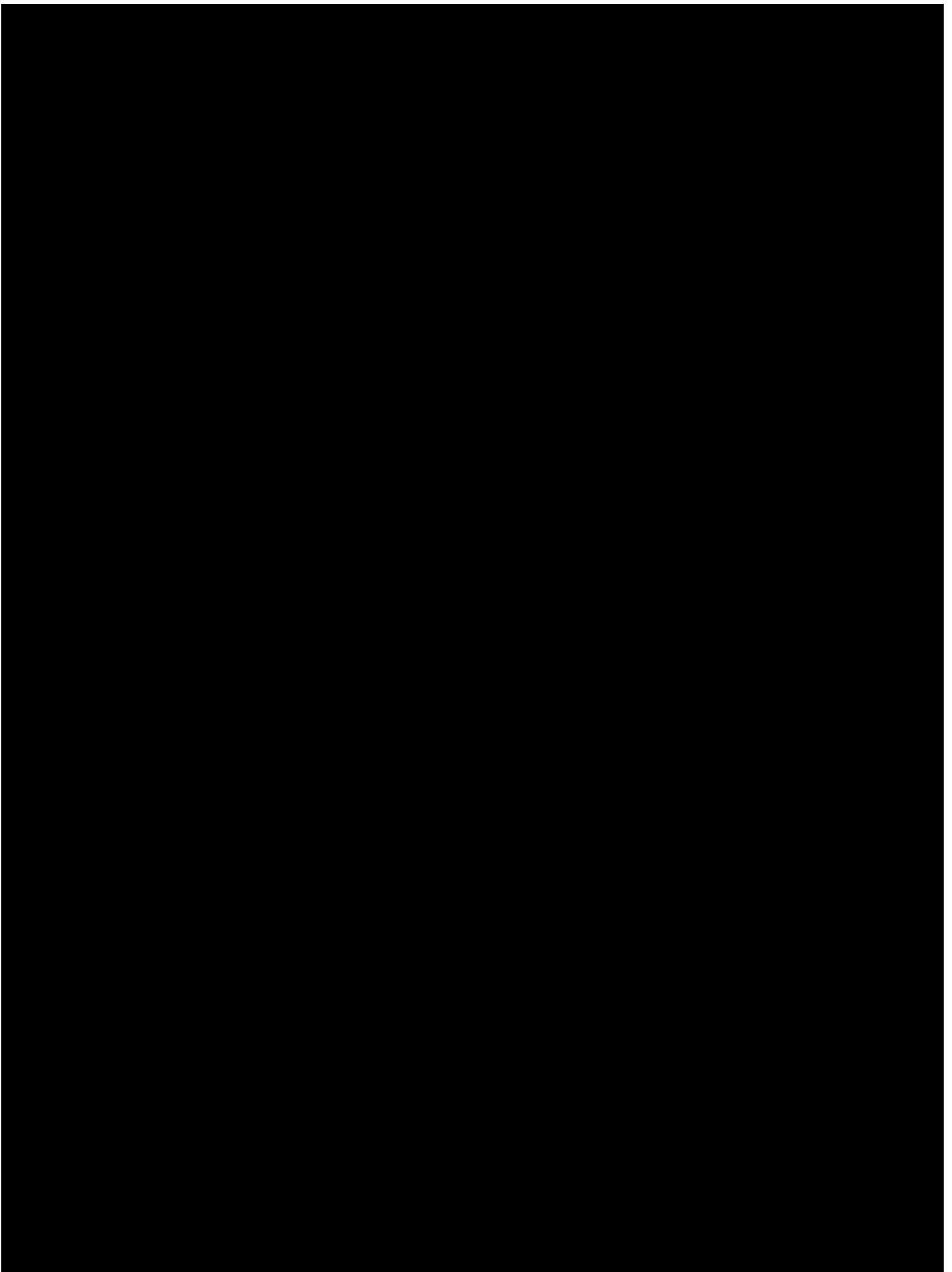


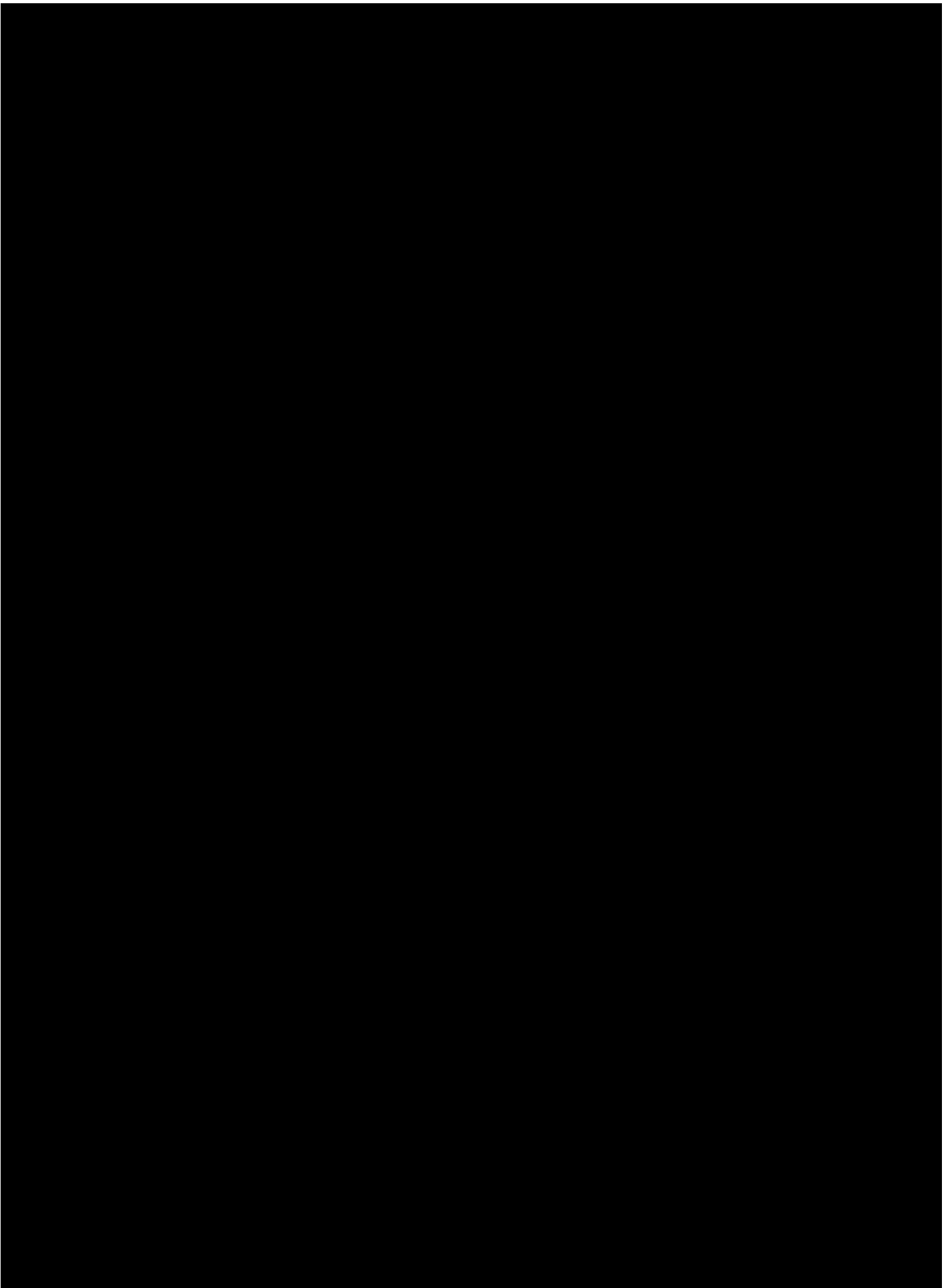


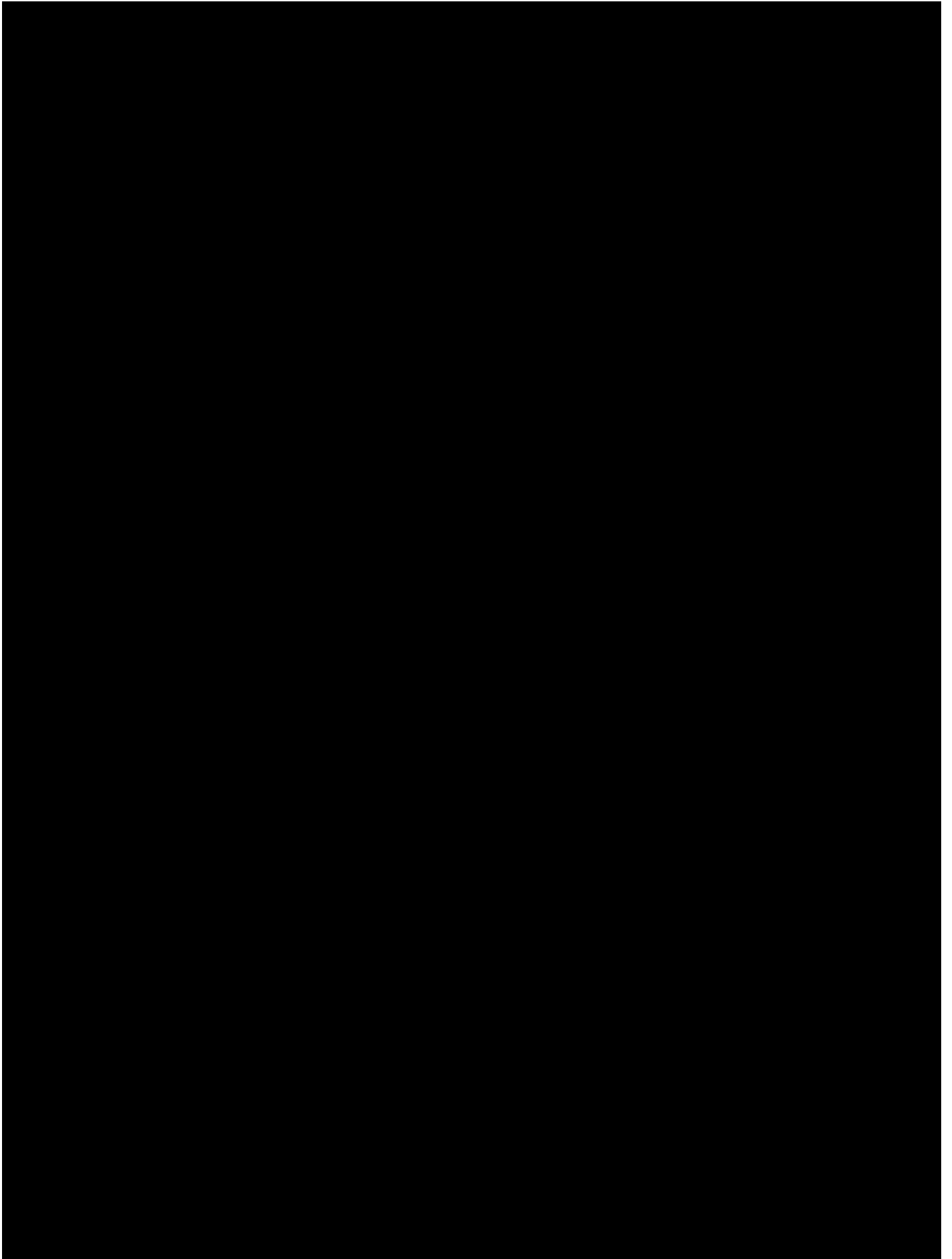


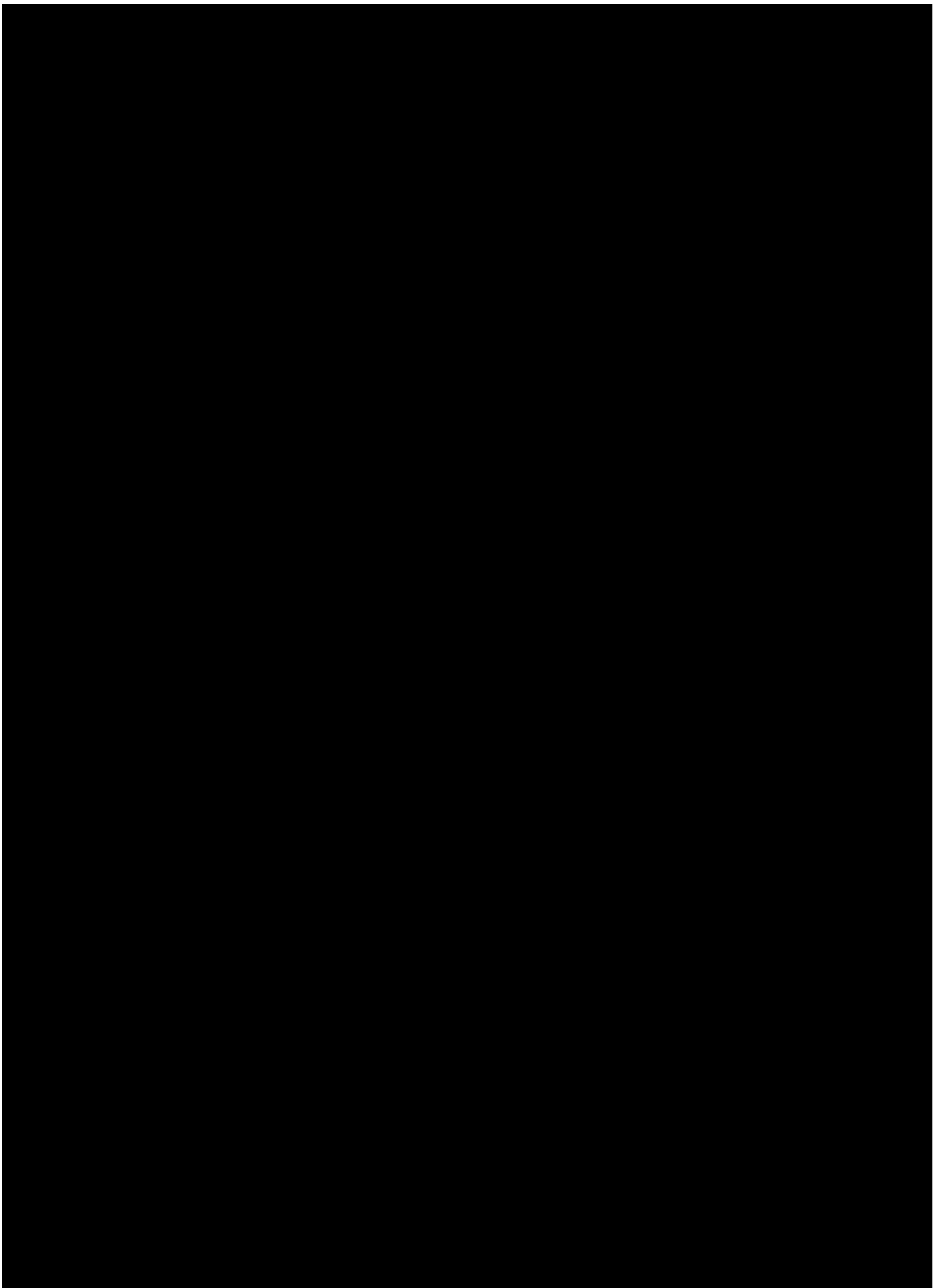


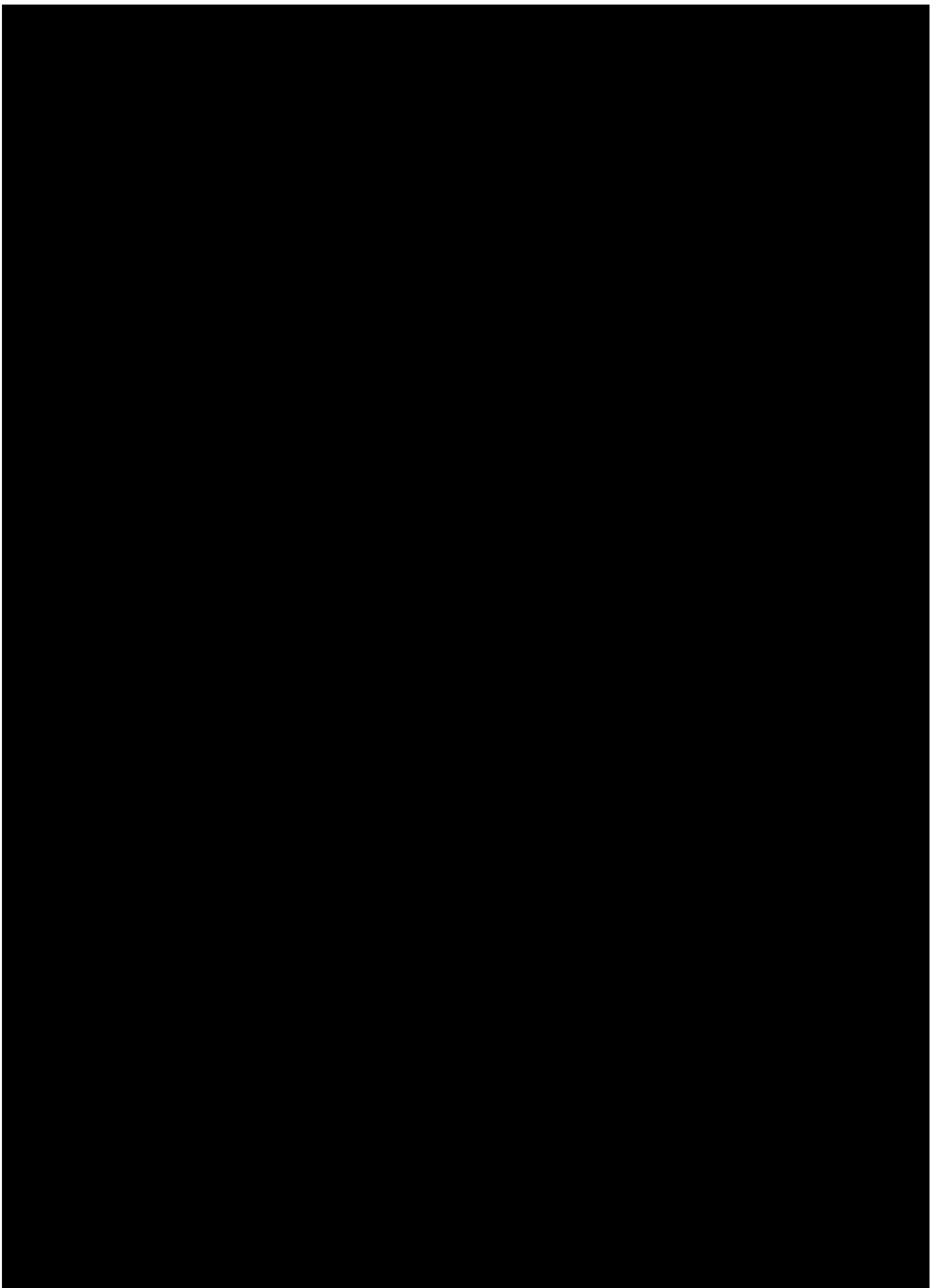


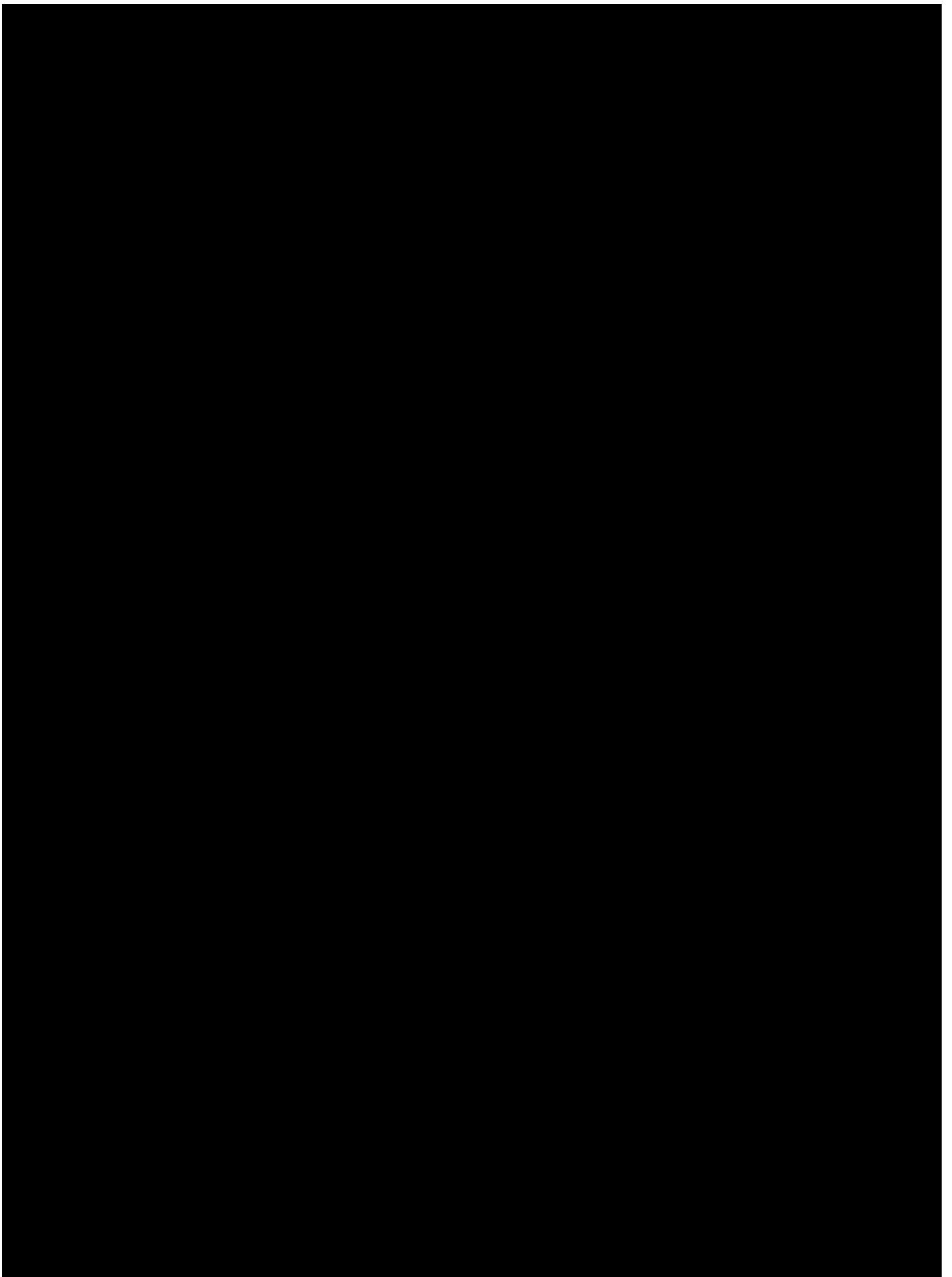


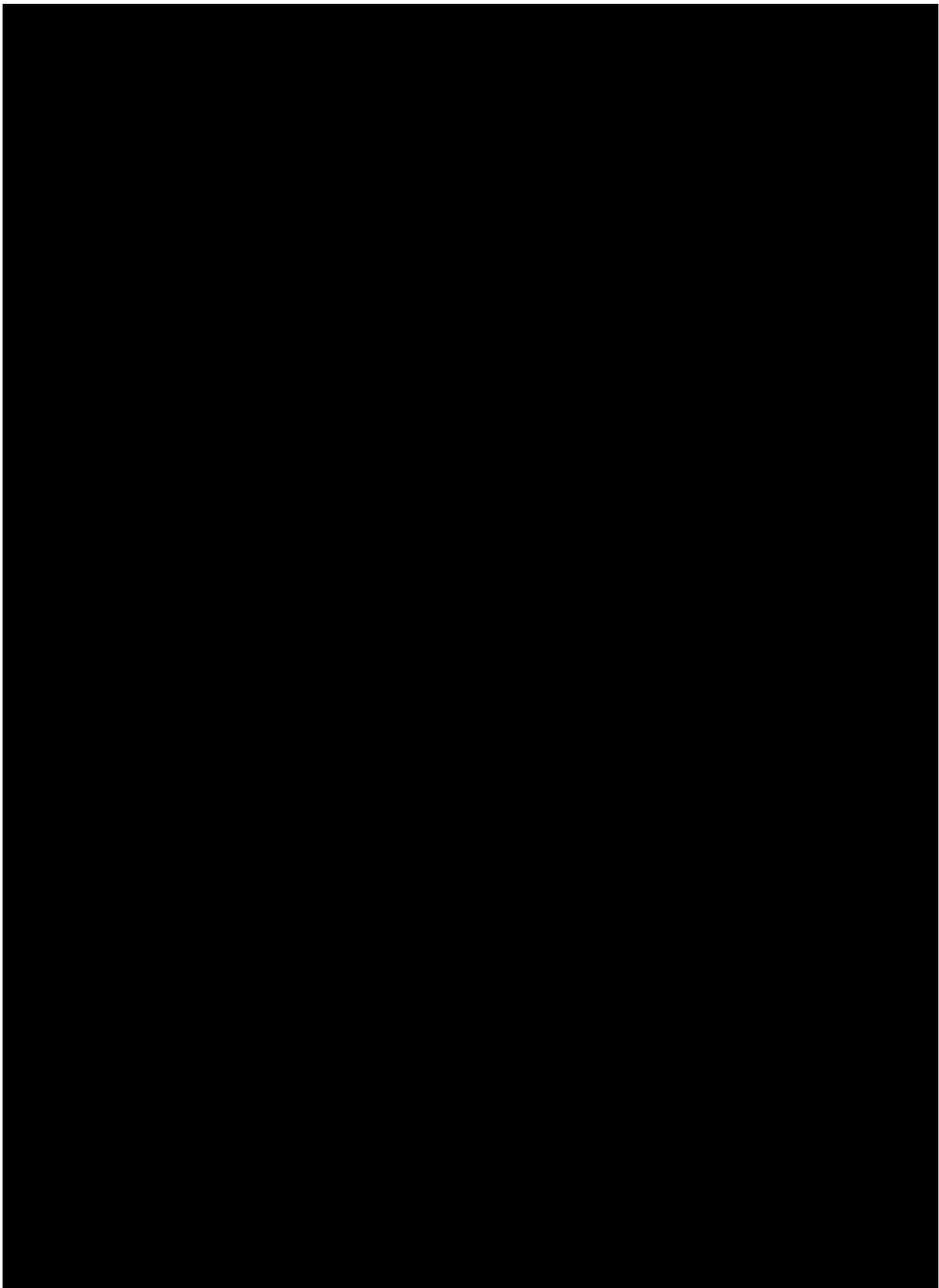


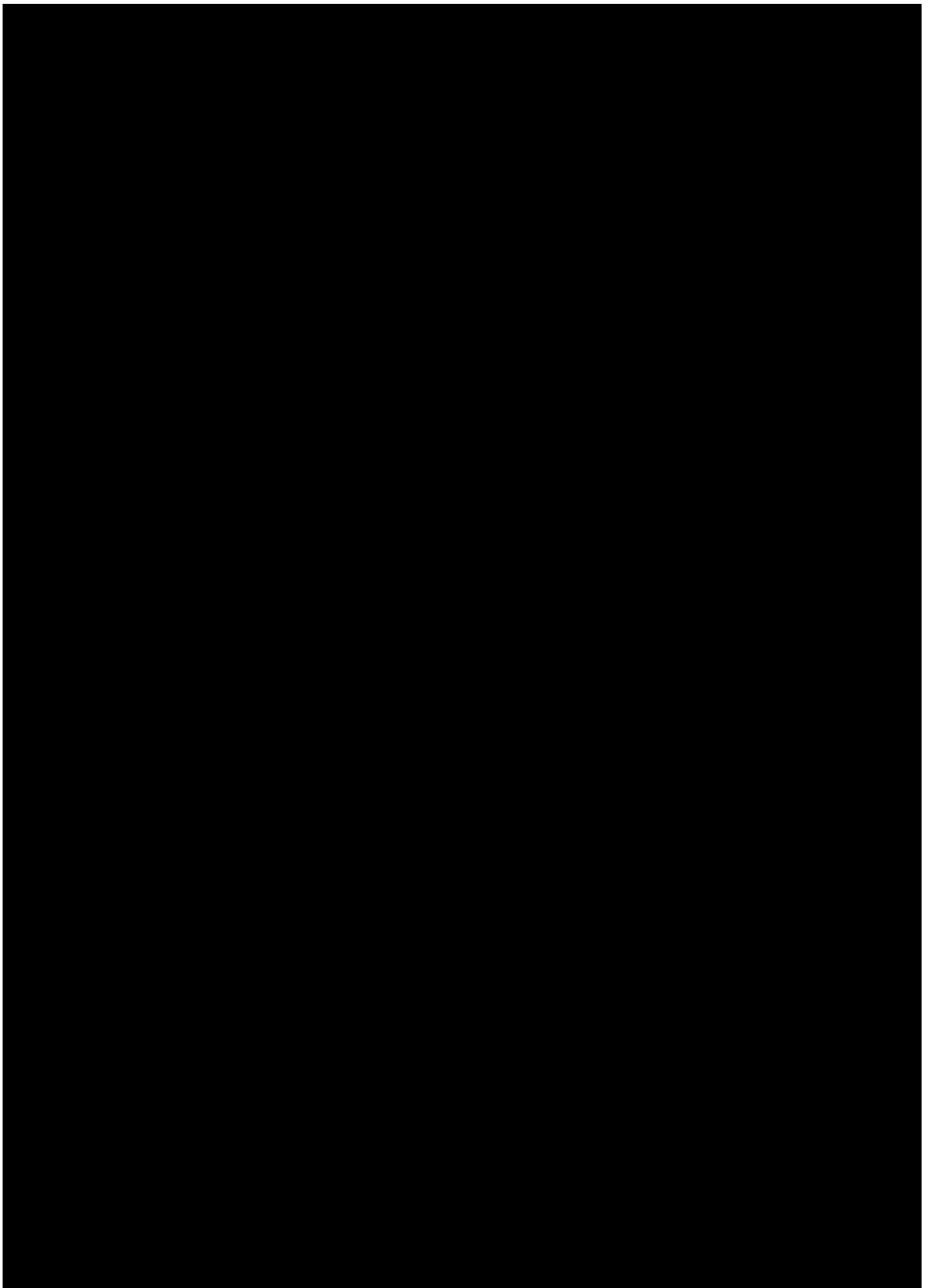


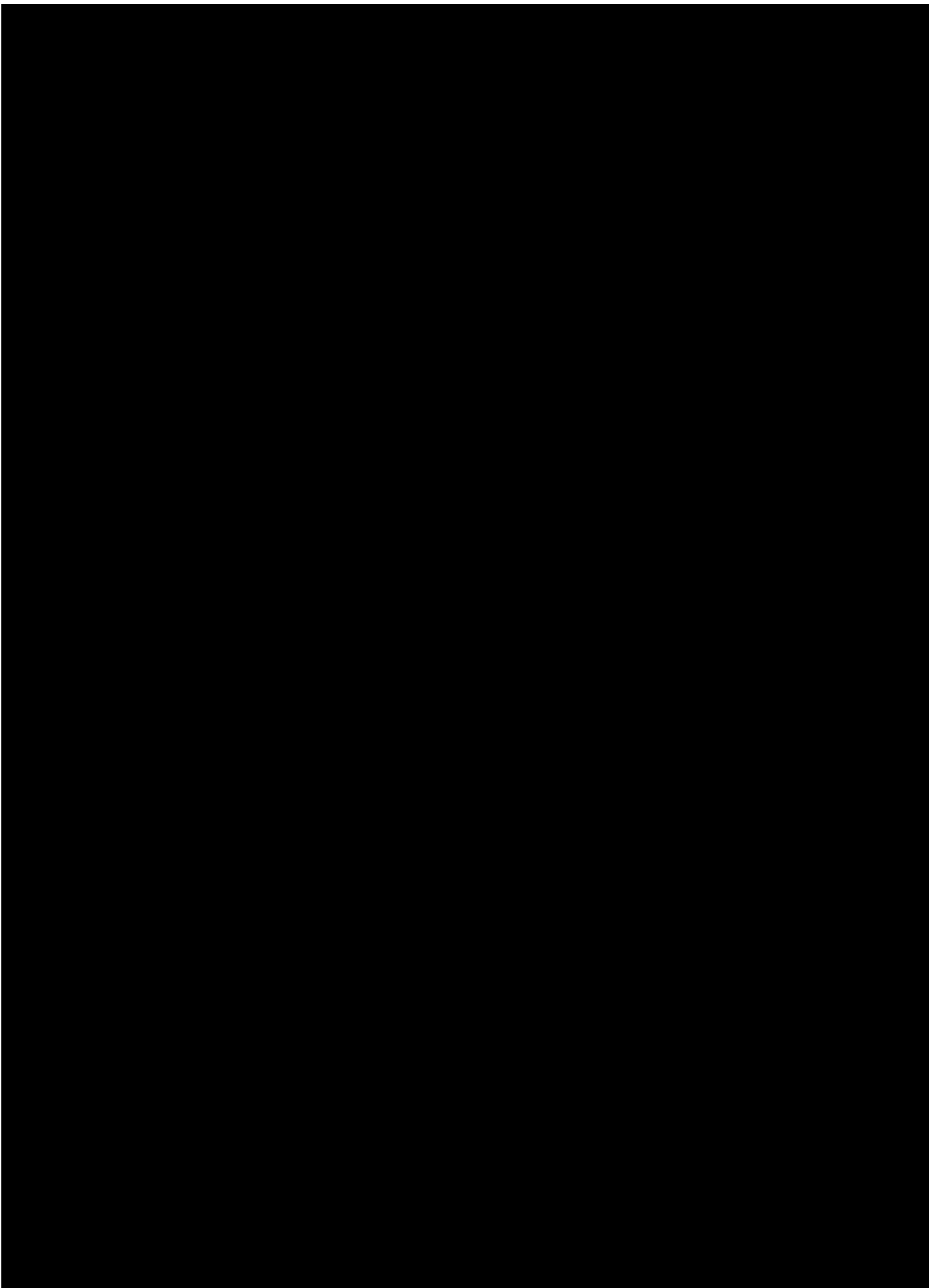


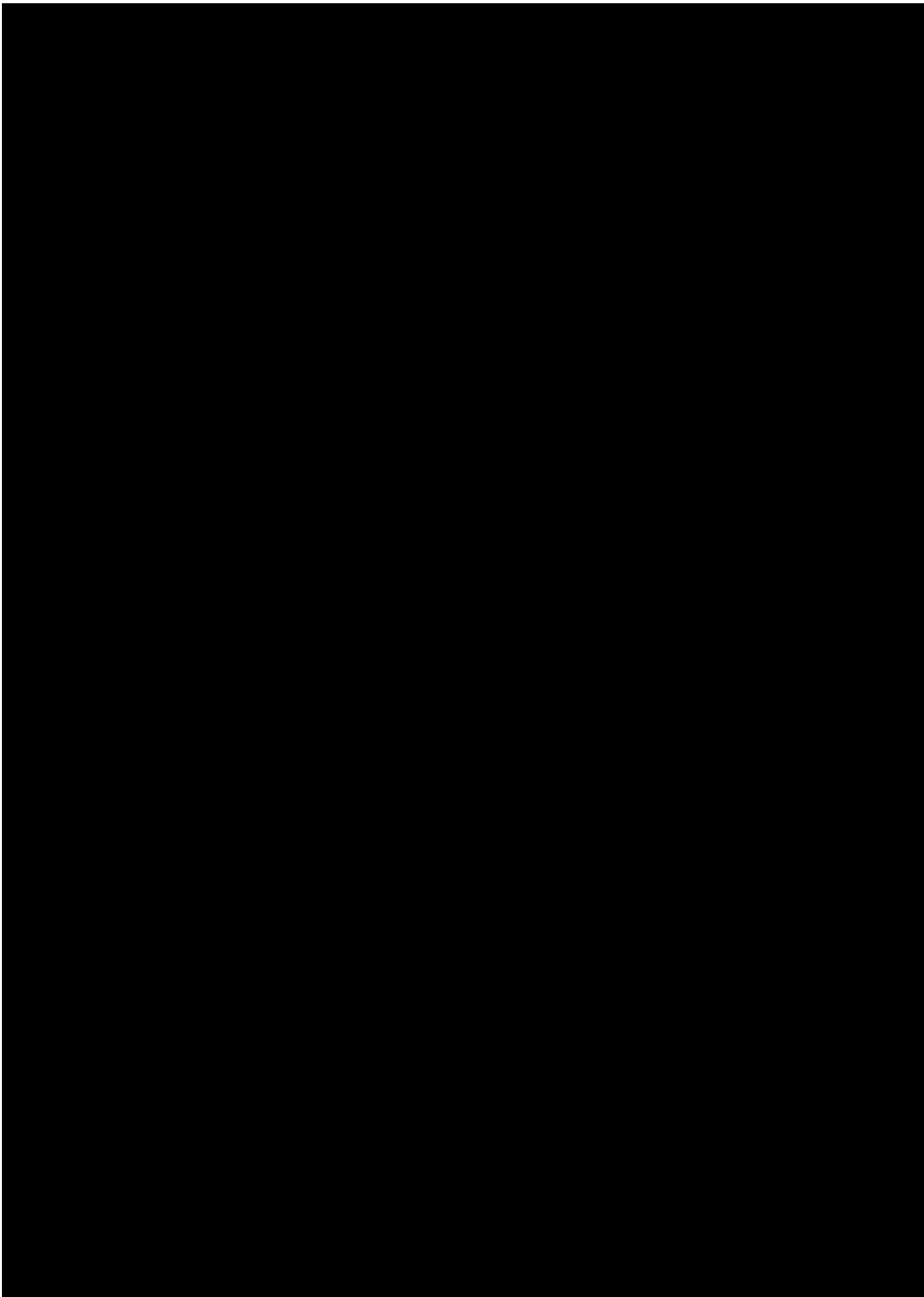


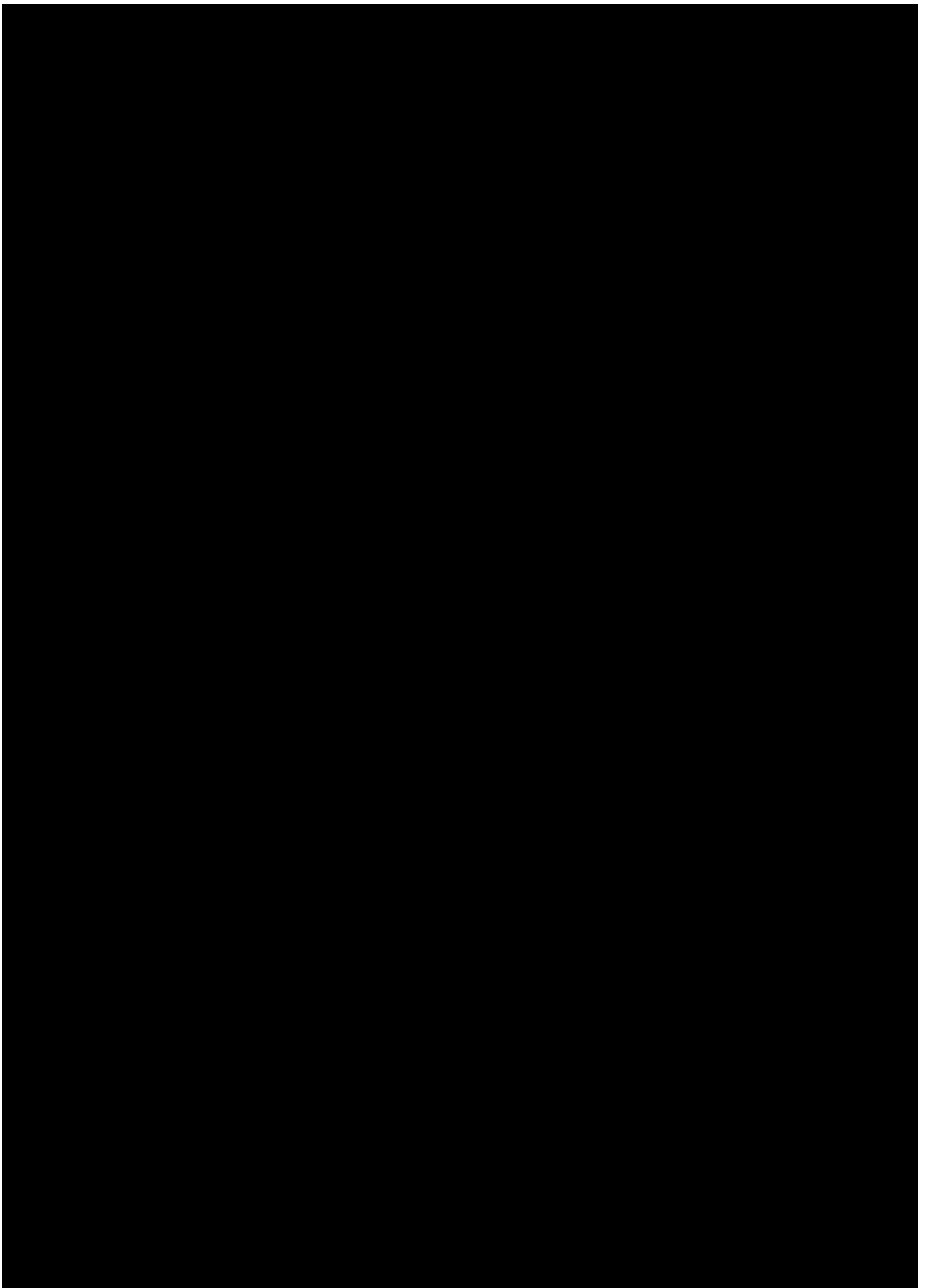








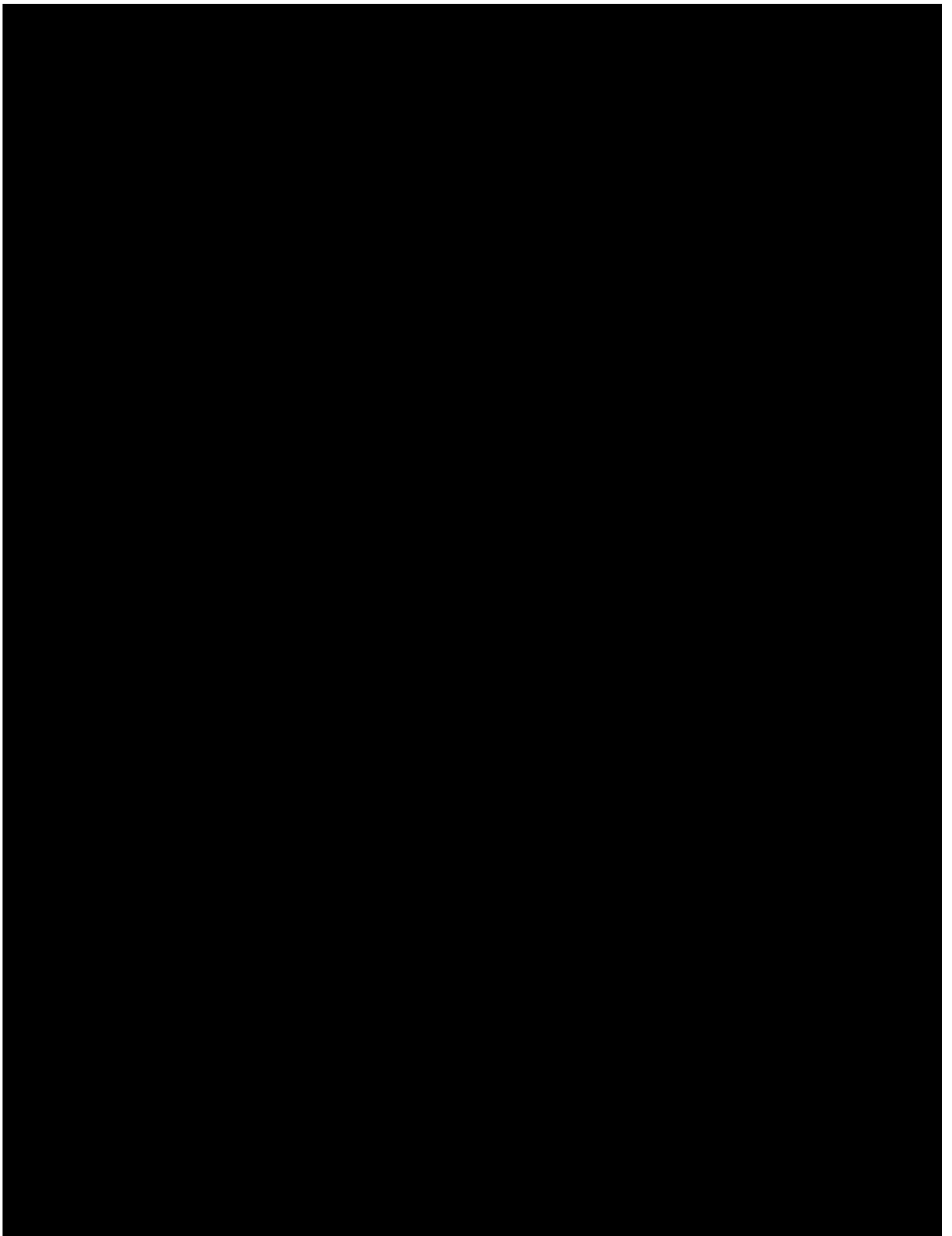


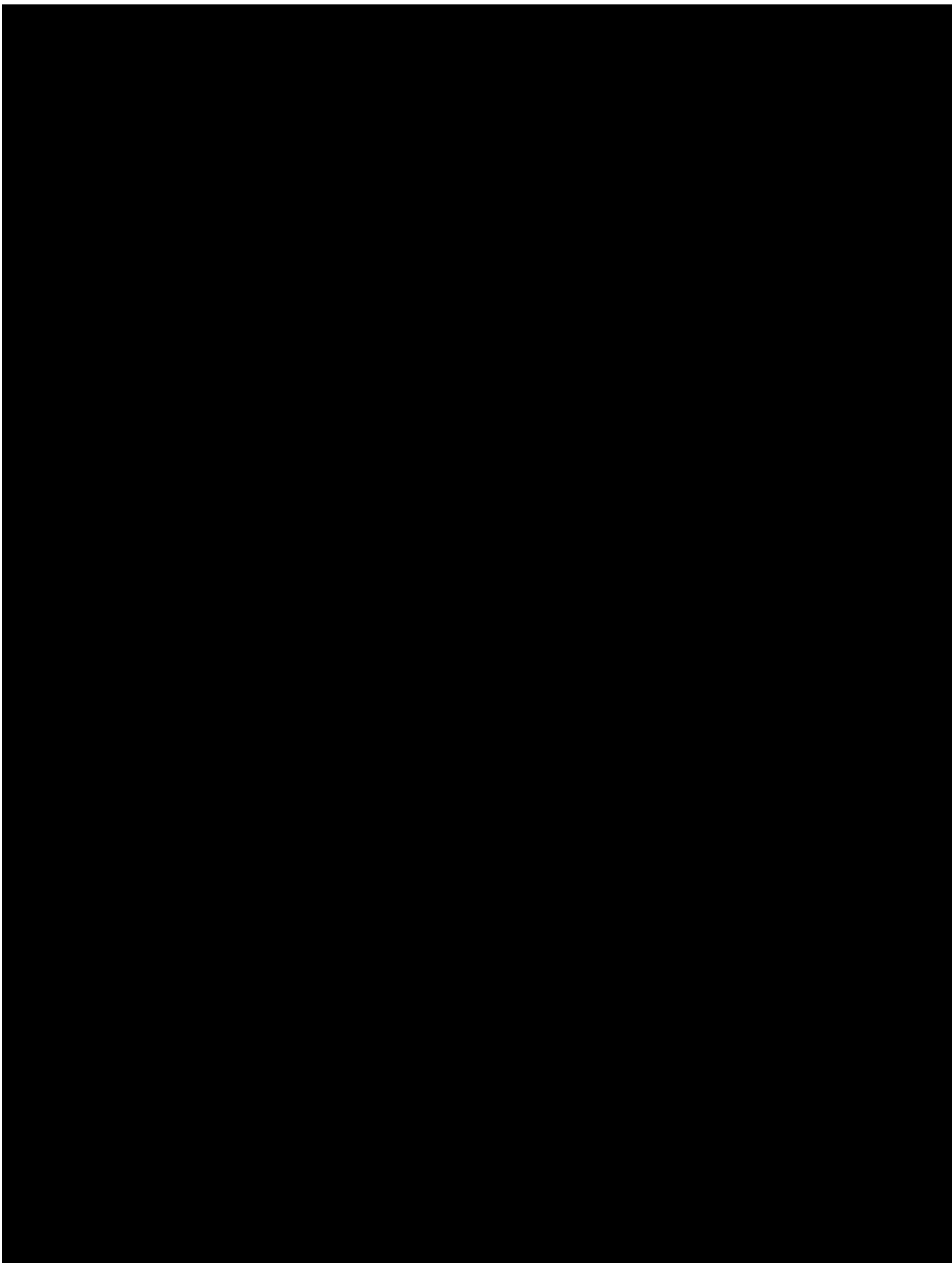


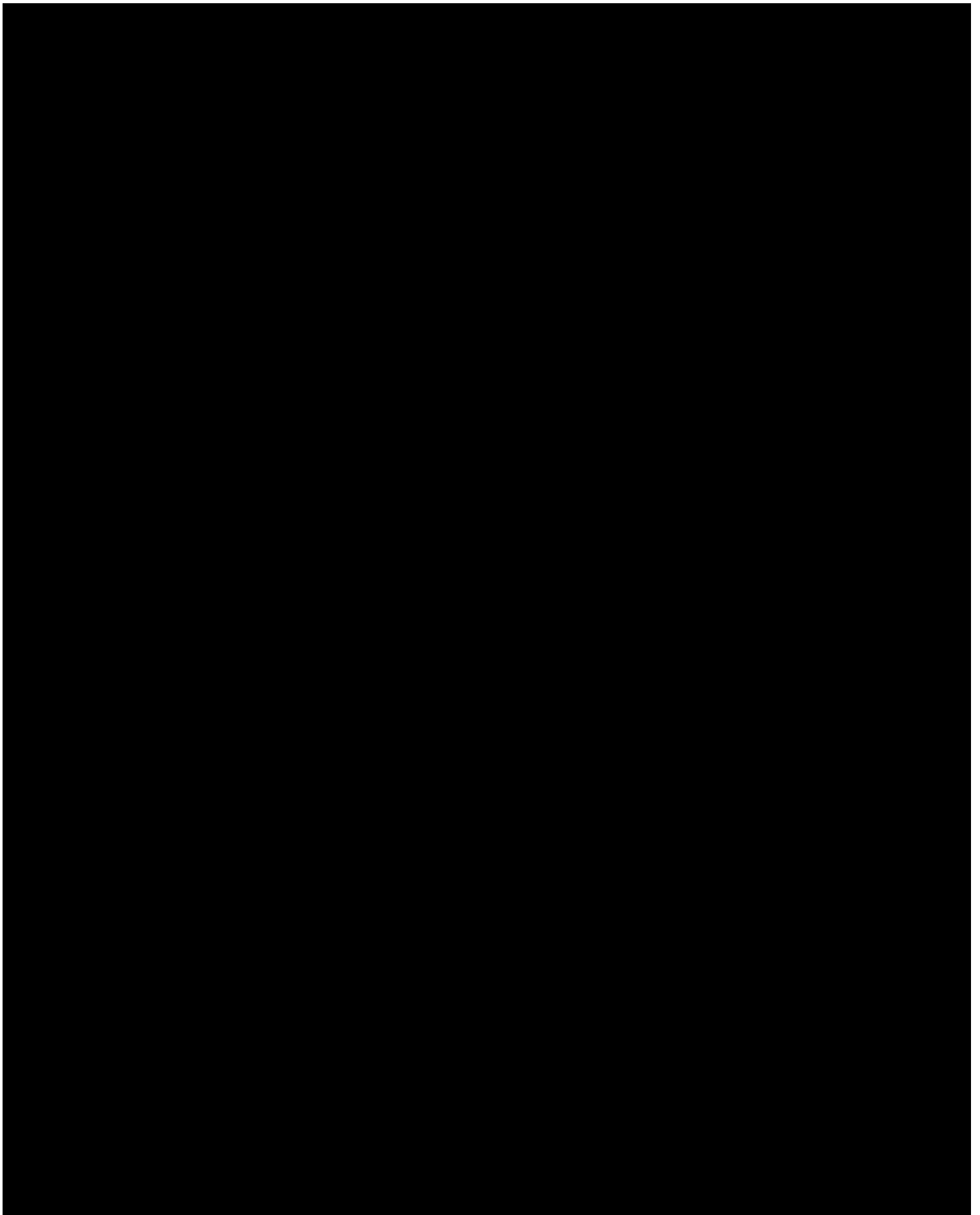
**Exhibit "GG" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

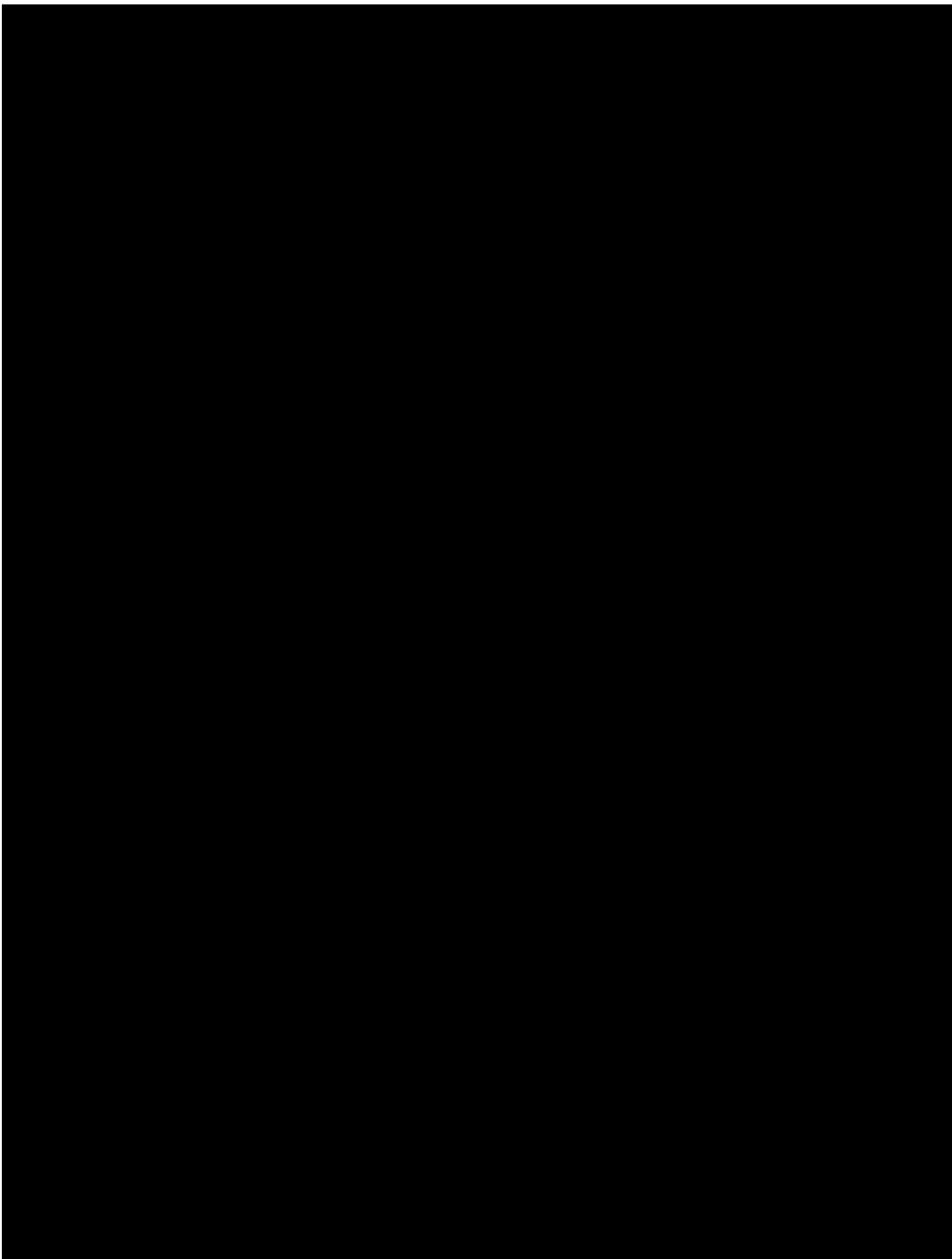
A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

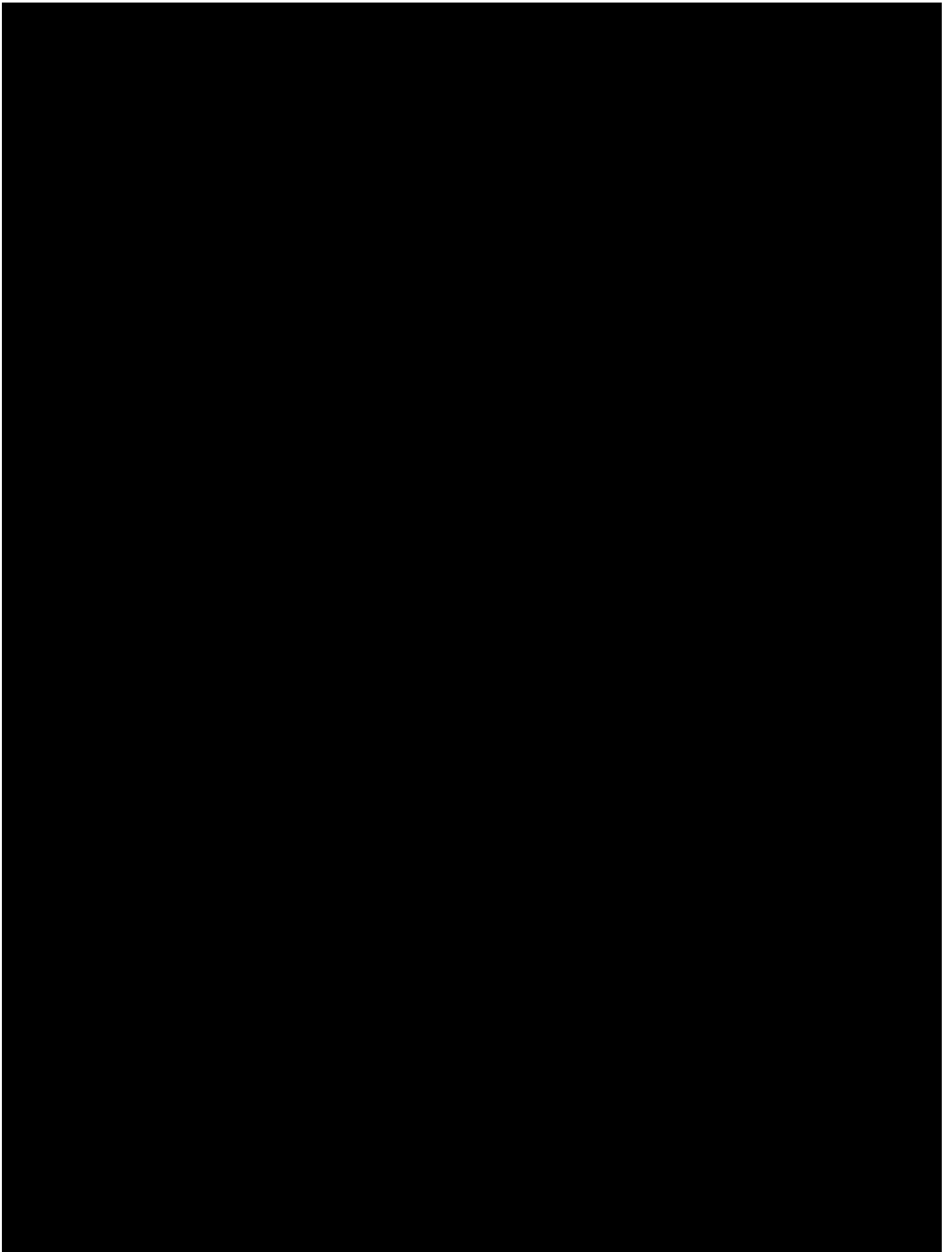
TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

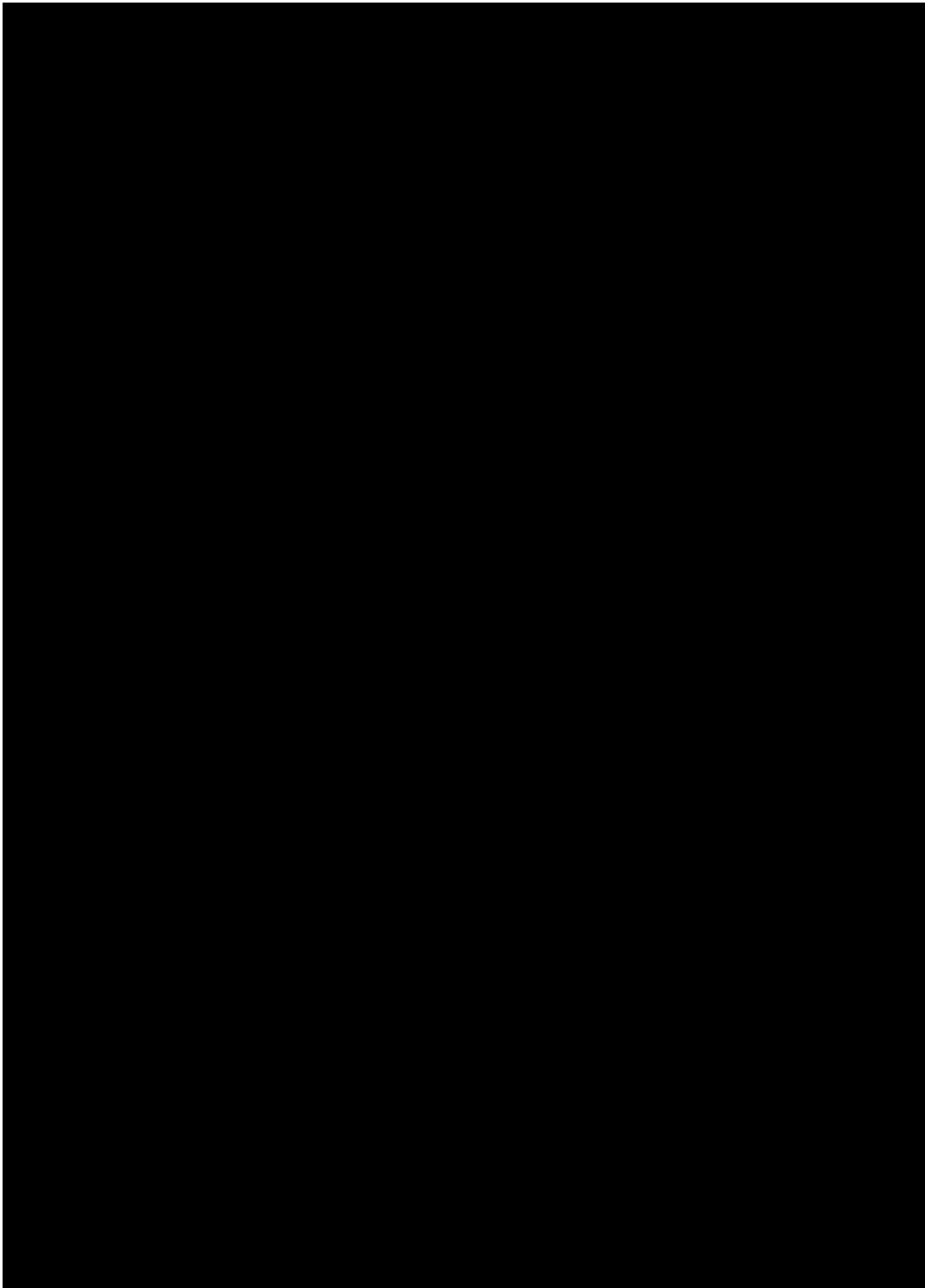












**Exhibit "HH" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Matthew Milich <mmilich@bzam.com>
Sent: Thursday, December 21, 2023 7:28 AM
To: Keith Adams; Kay Jessel
Cc: Mihai Ionescu; sbabe@airdberlis.com
Subject: Re: Proposed revision to p-Notes

Hi Keith,

Sounds good, will send an invite.

Best,

Matt

From: Keith Adams <kadams@finalbell.com>
Date: Wednesday, December 20, 2023 at 9:24 PM
To: Matthew Milich <mmilich@bzam.com>, Kay Jessel <kay@finalbell.com>
Cc: Mihai Ionescu <mionescu@sangramoller.com>, sbabe@airdberlis.com <sbabe@airdberlis.com>
Subject: Proposed revision to p-Notes

Please find attached the proposed revisions based on today's conversation(s).

Matt, Kay, and I would like to talk tomorrow morning at 8:30 am or 9 am. I sent an invite for us at 8:30am. If that doesn't work please send a revised proposed time. We would like to be just the business leaders without the lawyers please.

----- Forwarded Message -----

From: Mihai Ionescu <mionescu@sangramoller.com>
To: Keith Adams <kadams@finalbell.com>; Kay Jessel <kay@finalbell.com>
Sent: Wednesday, December 20, 2023 at 05:13:00 PM PST
Subject: RE: FBHI/BZAM - Proposal re: Notes

Revised version below. I think one of you two should send it so it comes from a principal. Kay, let us know if you have any more comments.

Also, can someone confirm the following - these are needed to complete the two notes: o:p>

- Address where payment to be made to 14R and inclusion of wire transfer details to 14R's account.

- Whether the payments are to be sent to 14R in Cdn\$ (the currency of the notes) or US\$, in which case it will be subject to the exchange rate at the time of each payment.

Please consider the following proposals for the two notes payable by FBC to 14R and guaranteed by BZAM:

1. Payment plan for installment payments begin on Jan. 15/24 in equal monthly installments with the last payment and maturity on Dec. 14, 2024. We note that in our last draft note certain amounts were deducted. We disagree with this approach, as this is not contemplated in the SEA or any discussions preceding it. These payments are made in the ordinary course. We also understand there was a proposal relating to Crono payables. From Final Bell's perspective, funds need to flow right off closing as they are being placed into escrow to fund ongoing interest payments owing to Final Bell's senior lender. The senior lender is expecting the payables coming from FB Canada/BZAM to fund ongoing interest payments and be placed into a segregated blocked account, which is another reason for a need for enforcement flexibility on these notes.

2. Interest at 0%. If any payment is not made on any installment, uncured within 5 business days, the full amount of the note becomes immediately due and payable and begins to accrue interest at 18%.

3. Enforcement of the note on such a default is postponed in right of payment in favour of Cortland under its senior loan, with such postponement expiring and the full amount of the loan and accrued and unpaid interest being immediately enforceable in the event of default under the Cortland loan. Cortland agrees to inform 14R of any event of default under its loan, and note includes a cross default under the Cortland loan that terminates the postponement right.

4. Notwithstanding the postponement clauses, if any amount remains outstanding under the note at maturity, the postponement expires and 14R can immediately exercise its rights to enforce the note together with all outstanding principal and all accrued and unpaid interest).

1. Beginning on March 31, 2025, the note will be repayable in twelve equal monthly installments of \$333,333.33, maturing on March 31, 2026. All payments under these notes need to be fully paid prior to Final Bell's senior loan maturing in 2026.

2. Interest at 0%. If any payment is not made on any installment, uncured within 5 business days, the full amount of the note becomes immediately due and payable and begins to accrue interest at 18%.

 :

3. Enforcement of the note on such a default is postponed in right of payment in favour of Cortland under its senior loan, with such postponement expiring and the full amount of the loan and accrued and unpaid interest being immediately enforceable in the event of default under the Cortland loan. Cortland agrees to inform 14R of any event of default under its loan, and note includes a cross default under the Cortland loan that terminates the postponement right. Postponement right is terminated also in an event of default under the Stone Pine notes.

 :

4. Notwithstanding the postponement clauses, if any amount remains outstanding under the note at maturity, the postponement expires and 14R can immediately exercise its rights to enforce the note (together with all outstanding principal and all accrued and unpaid interest).

 :

5. Note is secured by the assets of BZAM pursuant to a security agreement entered into by FBC, BZAM and 14R. Security is subordinated to Cortland's security. Security ranks pari passu with security granted to Stone Pine.

 :

 :

For both notes, we can generally work with Cortland's forms of postponement agreement and subordination agreement, but will include a carve out of all such rights in favour of Cortland in order to allow the full enforcement rights of 14R upon the occurrence of the events listed above. For the secured note, the enforcement by 14R based on the above would still result in the subordination of enforcement of the security granted to 14R, without the subordination of any right of payment on the note.

 :

These concepts are designed to: (i) create a structure that provides a real maturity date on the notes with enforcement rights subject to a reasonable deferral period, in order to address the concerns of Final Bell's senior lender when discharging its security over Final Bell Canada; (ii) create a reasonable cash flow management structure for Final Bell Canada (and BZAM) to fund historic liabilities of FB Canada over no more than a period of over 2 years, recognizing that FB Canada is being acquired by BZAM with payables owing, the majority of which are being written off; (iii) provide a reasonable opportunity for BZAM and Cortland to manage FB Canada's payables without the risk of a \$4 million debt obligation immediately payable at once in early 2025; and (iv) allow Final Bell to properly value and account for the two notes as debt which will enter into our current asset pool thereby validating the divestiture of one of its operating entities.

 :

We believe this normalized payment structure adequately balances the interests of BZAM's senior lender to manage cash flow of a new entity entering into its security package (without any lender financing of the acquisition), against the interests of Final Bell and its senior lender to have a reasonable level of assurance that FB Canada is incentivized to make these deferred payments, as well as to meet our requirements with our senior lender. This supports the business of FB Canada going forward and better aligns all parties to ensure FB Canada's operations, which will continue to be supported by Final Bell, will be successful. Otherwise, the structure as it stands compromises Final Bell's rights of recourse over these notes if they are unpaid, which is subject to a variety of business decisions within the control of BZAM going forward, while also forcing Final Bell to sustain FB Canada's business in the hopes that it can at some unknown point recover these amounts owing. This

would create an imbalance of interests that are not in line with a divestiture of an operating entity, subject to a deferred payment structure, by laying all the risk on Final Bell. <=o:p>

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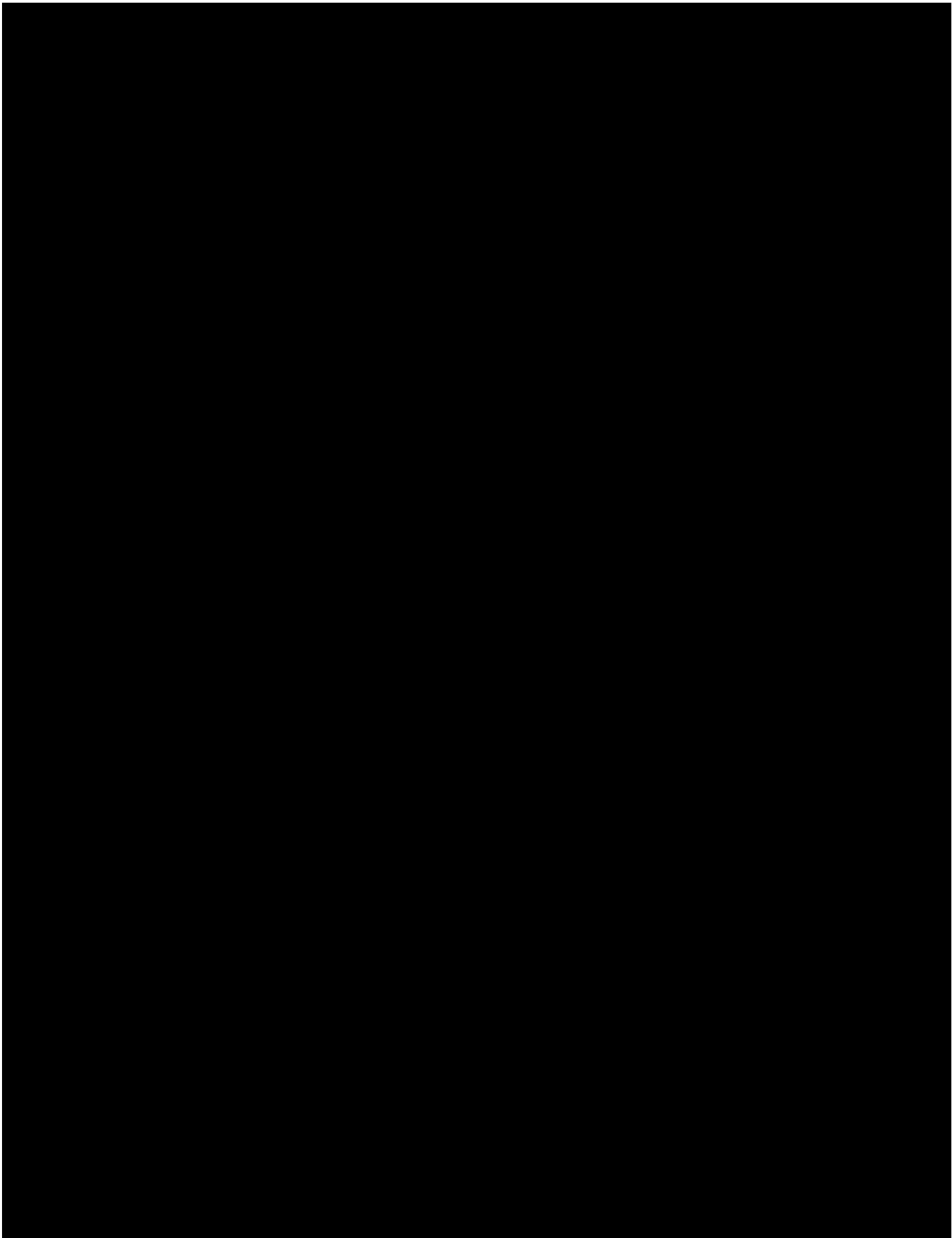
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**Exhibit "II" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



**Exhibit "JJ" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
BZAM LTD. (the "Corporation") HELD ON WEDNESDAY, JANUARY 24, 2024 AT
12:00 P.M (Toronto Time) BY VIDEO CONFERENCE (The "Meeting").**

The following directors were present:

- Bassam Alghanim, *Chairman*
- Chris Schnarr
- Keith Merker
- Wendy Kaufman
- Sherry Tross
- Sean Bovingdon, CFO
- Kay Jessel

By Invitation:

- Matt Milich, CEO
- Jordan Winnett, Chief Commercial Officer
- Greg Boone, President
- Christy Zhou, Chief Legal Officer
- Lana MacKenzie, Vice President, National Sales -East
- Oli Maughan, Vice President, Marketing & Retail
- Jennifer Maccarone, Vice President, Operations – East
- Leo Wong, Vice President, Operations – West
- Seth Mitchell, Vice President, People & Culture
- Alberto Montagne, Chief Financial Officer, Stone Pine Capital, Observer
- Tony Moschella, Observer
- Tyler Patterson, National Key Accounts Manager – West, *joined part of the Meeting*
- Rosanna Mastropietro, Corporate Secretary

With the consent of the meeting, notice of the meeting being delivered, Mr. Alghanim acted as Chairman and Ms. Mastropietro acted as Secretary of the Meeting.

Quorum being present, the Chair declared the meeting duly constituted for the transaction of business.

Before commencing with official business, Messrs. Alghanim and Milich welcomed Kay Jessel, the new member of the board of directors (the "**Board**"), the new members of the senior management team from Final Bell and lastly, Mr. Alghanim informed the Board that Messrs. Montagne and Moschella have been asked to join the Meeting as Observers. No objections were raised.

1. BUDGET REVIEW

Mr. Milich kicked off the budget presentation, as delivered to the Board, with the Corporation's mission and key objectives for 2024. Each member of the management team then spoke to their respective area within the budget presentation. During the presentation, various members of the management team responded to directors' questions and concerns, which led to certain action items for management to take away and address to the Board's satisfaction. At the conclusion of the presentation, the Board agreed to defer the approval of the 2024 Budget and requested management to perform a further review and analysis related thereto for the Board's approval at a later date.

2. **OTHER BUSINESS**

a. *AGM Date and Related Logistics*

The directors were in support of a virtual annual and general meeting of shareholders, as held in the past, at the end of May, if feasible. Ms. Mastropietro was to review and coordinate the requisite documentation and logistics for the corporate governance, compensation and nominating committee's review and approval in due course.

b. *Departure of Chief Financial Officer ("CFO")*

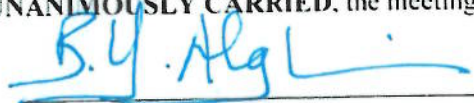
Mr. Milich noted that Mr. Bovingdon, CFO, would be departing from the Corporation with an effective date of April 30, 2024 to allow for a smooth transition of the role. A press release announcing his departure would be forth coming as soon as his separation agreement was finalized. In conjunction with this transition, Mr. Bovingdon would be stepping down from the Board effective immediately. The Board supported Mr. Milich in joining the Board as management's representative to fill the vacancy left by Mr. Bovingdon.

UPON MOTION DULY MADE, SECONDED AND UNANIMOUSLY CARRIED:

1. The resignation from Mr. Bovingdon, formerly director of the Corporation, is hereby accepted, effective immediately.
2. Mr. Milich is hereby appointed as director of the Corporation until the next annual meeting of shareholders or until his successor is elected or appointed.
3. Effective as of the date hereof, the Board shall be comprised of:
Bassam Alghanim
Kay Jessel
Keith Merker
Wendy Kaufman
Sherry Tross
Chris Schnarr
Matt Milich
4. Any one officer or director of the Corporation, except as otherwise provided herein, is hereby authorized and directed to execute and deliver on behalf of the Corporation all such further deeds, documents or writings and to make such filings with regulatory authorities and take such further and other actions as shall appear necessary or desirable from time to time in order to carry out fully the foregoing resolutions. Execution and delivery of such documents in the aforesaid manner shall be conclusive evidence that all deeds, documents and writings so executed and delivered are valid, binding obligations of and enforceable against the Corporation in accordance with the terms thereof.

3. **TERMINATION**

There being no further business, **UPON MOTION DULY MADE, SECONDED AND UNANIMOUSLY CARRIED**, the meeting was terminated.



Bassam Alghanim
Chairman



Rosanna Mastropietro
Corporate Secretary

**Exhibit "KK" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BZAM Announces Departure of its Chief Financial Officer



NEWS PROVIDED BY

BZAM LTD. →

Jan 25, 2024, 07:30 ET

VANCOUVER, BC, Jan. 25, 2024 /CNW/ - BZAM Ltd. ("**BZAM**") (CSE: BZAM) (US-OTC: BZAMF) announced today that Sean Bovingdon, Chief Financial Officer, will be leaving his position on April 30, 2024 to pursue other opportunities. He will remain in his role to ensure a smooth transition, including through the announcement of the Company's results for the fiscal year ending December 31, 2023. In conjunction with transition, he will be stepping down from the Board of Directors effective immediately. Matt Milich, BZAM's Chief Executive Officer, will be joining the Board as management representative to fill the vacancy.

"On behalf of the Board of Directors and the entire BZAM team, I would like to thank Sean for his dedication to BZAM. We wish him every success in his future endeavors," said Mr. Milich.

The Corporation has commenced a formal search process for a new Chief Financial Officer.

About BZAM Ltd.

BZAM Ltd. (CSE: BZAM) (US-OTC: BZAMF) is a leading Canadian cannabis producer. The BZAM family includes core brands BZAM™, TGO™, ness™, Highly Dutch Organic™, TABLE TOP™, as well as partner brands Jeeter, Cookies, Sherbinskis, Dunn Cannabis, FRESH and Wyld. BZAM operates facilities in BC, Ontario and Quebec, as well as a retail store in Regina, Saskatchewan.



The BZAM Shares and certain BZAM warrants issued under the indentures dated June 12, 2020, October 23, 2020 and December 10, 2020 currently trade on the CSE under the symbol "BZAM", "BZAM.WR", "BZAM.WA", and "BZAM.WB" respectively. The BZAM Shares trade in the U.S. on the OTCQX under the symbol "BZAMF". For more information on BZAM Ltd., please visit www.bzam.com.

SOURCE BZAM LTD.

For further information: Matt Milich, CEO, BZAM, mmilich@bzam.com, 778-655-6335

**Exhibit "LL" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
BZAM LTD. (the "Corporation") HELD ON TUESDAY, FEBRUARY 6, 2024 AT 12:00
P.M (Toronto Time) BY VIDEO CONFERENCE (The "Meeting").**

The following directors were present:

- Bassam Alghanim, *Chairman*
- Chris Schnarr
- Keith Merker
- Wendy Kaufman
- Sherry Tross
- Matt Milich, CEO
- Kay Jessel

By Invitation:

- Sean Bovington, CFO
- Alberto Montagne, Chief Financial Officer, Stone Pine Capital Ltd.
- Rosanna Mastropietro, Corporate Secretary

With the consent of the meeting, notice of the meeting being delivered, Mr. Alghanim acted as Chairman and Ms. Mastropietro acted as Secretary of the Meeting.

Quorum being present, the Chair declared the meeting duly constituted for the transaction of business.

1. CASHFLOW REVIEW & DISCUSSION

Mr. Alghanim informed the board of directors (the "**Board**") that following the Board Meeting held on January 24, 2024, he had asked Alberto Montagne, CFO of Stone Pine Capital Ltd. ("**Stone Pine**"), to visit the Corporation's office in Mississauga to do a further detailed review of the budget and cashflow. Mr. Montagne noted that he spent a few days with the finance team and management to review and understand the financial reporting and analysis, and expressed concerns related to his findings.

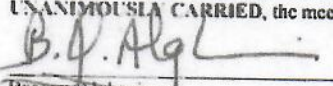
Mr. Montagne concluded his report by advising that Stone Pine would not be in a position to provide additional funding to the Corporation until Stone Pine received and reviewed a detailed restructuring plan acceptable to Stone Pine, with a view to providing a solution for a long-term sustainable outcome for the Corporation.

As a result of the review exercise, Mr. Milich noted that the funding gap was approximately \$5M. Aside from requesting additional funding from Stone Pine, Management informed the Board that other funding alternatives were considered, explored, and analyzed, but that such options were not feasible given the current market conditions and the financial state of the Corporation. As a result of such analysis, Management further advised that a potential restructuring of the Corporation under a formal insolvency process may be the only viable option to preserve and maximize value of the Corporation and its stakeholders. Mr. Milich noted that management had made some initial inquiries with potential restructuring advisors.

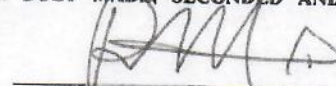
In an effort to develop and provide the Board a comprehensive restructuring plan, Mr. Milich requested the Board's support to engage the appropriate external advisors, as required. The Board indicated its support of that approach and expressed their interest in receiving an immediate update on the restructuring plan this week. Ms. Mastropietro was instructed to circulate a meeting invite for Thursday, February 8, 2024 at 3 pm (ET) for said update to the Board.

2. TERMINATION

There being no further business, **UPON MOTION DULY MADE, SECONDED AND UNANIMOUSLY CARRIED**, the meeting was terminated.



Bassam Alghanim
Chairman



Rosanna Mastropietro
Corporate Secretary

**Exhibit "MM" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
BZAM LTD. (the “Corporation”) HELD ON THURSDAY, FEBRUARY 8, 2024 AT 3:00
P.M (Toronto Time), ADJOURNED AND RESUMED ON MONDAY, FEBRUARY 12,
2024 BY VIDEO CONFERENCE (The “Meeting”).**

The following directors were present:

- Bassam Alghanim, *Chairman*
- Chris Schnarr
- Keith Merker
- Wendy Kaufman
- Sherry Tross
- Matt Milich, CEO
- Kay Jessel

By Invitation:

- Sean Bovingdon, CFO
- Rosanna Mastropietro, Corporate Secretary
- Alberto Montagne, CFO, Stone Pine Capital Ltd. (*present on February 12, 2024*)
- Sean Zweig, Partner, Bennett Jones LLP (*present on February 12, 2024*)
- Jeffrey Rosenberg, Sr. Managing Director, FTI Consulting (*present on February 12, 2024*)

With the consent of the meeting, notice of the meeting being delivered, Mr. Alghanim acted as Chairman and Ms. Mastropietro acted as Secretary of the Meeting.

Quorum being present, the Chair declared the meeting duly constituted for the transaction of business.

1. CASHFLOW UPDATE

As a follow up to the board of directors (the “**Board**”) meeting held two days prior, Mr. Milich noted that a few preliminary steps had been taken, for example: management initiated the engagement of external advisors, and management prepared a revised cashflow forecast and a revised 2024 budget. Mr. Milich presented the revised cashflow forecast to the Board, informing the Board that the forecast was based on the initial consultation with the external advisors. The revised cashflow forecast contemplated a potential restructuring plan, which could include a filing under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) as soon as February 21, 2024.

Mr. Bovingdon then went through the week-by-week cashflow details with the Board, and discussed the risks and assumptions related thereto. Mr. Bovingdon shared certain insights that were communicated by the advisors related to a potential CCAA filing. Mr. Schnarr then asked management for a memo prepared by the external advisors with advice related to a potential CCAA filing for the Board’s review. Mr. Bovingdon also noted the potential implementation of a key employment retention program (“**KERP**”) to support the retention of key employees in a restructuring process to avoid interruptions in operations and back-office support. Management responded to certain questions posed by the directors, and a general discussion ensued.

Mr. Milich added that he had preliminary discussions with Cortland Credit Lending Corporation (“**Cortland**”), who indicated its continued support for the Corporation in a potential restructuring.

Management was tasked with preparing an outline of steps and relevant dates associated with a potential CCAA filing for the Board’s review. A brief discussion followed, and the directors agreed to

adjourn the meeting, and reconvene the following week on Monday, February 12, 2024 at 3:00 p.m. (ET) by video conference.

2. ADJOURNMENT & RESUMPTION OF MEETING

All directors were present with Messrs. Bovingdon, Montagne, Rosenberg, Zweig and Ms. Mastropietro in attendance.

Messrs. Rosenberg and Zweig (the “**Advisors**”), each provided a brief introduction of themselves including their respective areas of expertise to the Board.

Mr. Milich provided a brief recap of the cashflow forecast that was presented at last week’s board meeting for the benefit of the Advisors in attendance. He noted that Cortland expressed an interest in providing a debtor-in-possession financing (commonly known as a “**DIP**”) to the Corporation, if necessary, to provide working capital in a CCAA proceeding. A fulsome discussion followed, whereby the Advisors provided an overview of CCAA, certain relevant considerations for the Corporation in the context of a CCAA proceedings, and responded to various directors’ inquiries. The Advisors then briefly addressed timelines, related actions, operating assumptions and directors’ and officers’ liabilities and responsibilities under a CCAA proceeding, including implications of being a director during and post-CCAA filing. A general discussion ensued. Mr. Milich also added that following any restructuring, the Corporation intended to emerge as a private company.

Management and the Advisors noted that the next steps in the contingency planning were to continue to compile and draft relevant documents in connection with a potential CCAA filing, including a board resolution approving the restructuring plan, related actions and documents. However, no decisions with respect to a potential filing were made.

Following a brief discussion, **UPON MOTION DULY MADE, SECONDED AND UNANIMOUSLY CARRIED** that the Corporation be authorized to continue to proceed with further contingency planning in respect of a potential CCAA filing, with final approval from the Board to be sought prior to the commencement of a CCAA proceeding.

Bassam Alghanim
Chairman



Rosanna Mastropietro
Corporate Secretary

**Exhibit "NN" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



BZAM Ltd. Announces \$2 Million Brokered Private Placement Led by Chairman and Largest Shareholder

October 02, 2023 16:00 ET | Source: [BZAM Ltd.](#)

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VANCOUVER, British Columbia and TORONTO, Oct. 02, 2023 (GLOBE NEWSWIRE) -- BZAM Ltd. (the “**Company**” or “**BZAM**”) (**CSE: BZAM**) (**US-OTC:BZAMF**), a leading Canadian cannabis producer, has entered into an engagement letter with Clarus Securities Inc. (the “**Agent**”), pursuant to which the Agent has agreed to conduct, on a “best-efforts” marketed basis, a private placement (the “**Offering**”) of at least 15,384,615 units (each, a “**Unit**”) at an issue price of C\$0.13 per Unit (the “**Offering Price**”) for aggregate gross proceeds of approximately C\$2,000,000. The Units will be offered by way of the listed issuer financing exemption under Part 5A of National Instrument 45-106 – *Prospectus Exemptions* (the “**Listed Issuer Financing Exemption**”).

Matt Milich, the Chief Executive Officer of the Company, stated: “We are incredibly grateful for the support of our Chairman throughout the post-merger integration process. Now that we have effectively completed our post-merger plan, we look forward to the next chapter as we target positive free cashflow in the first quarter of 2024.”

Each Unit will consist of one common share (each, a “**Share**”) and one Share purchase warrant (each, a “**Warrant**”), with each Warrant entitling the holder thereof to acquire one Share (each, a “**Warrant Share**”) at an exercise price of C\$0.18 per Warrant Share for a period of three years from the Closing Date (as defined below).

Further to the engagement letter, the Agent may offer up to a maximum of 21,153,846 Units for aggregate gross proceeds of approximately C\$2,750,000 and the Company has granted the Agent an option (the

Release Summary

BZAM LTD. ANNOUNCES \$2 MILLION BROKERED PRIVATE PLACEMENT LED BY CHAIRMAN AND LARGEST SHAREHOLDER

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stabilization purposes. The Agent shall be under no obligation whatsoever to exercise the Over-Allotment Option in whole or in part. If the Over-Allotment Option is exercised in full, the aggregate gross proceeds of the Offering will be approximately C\$3,162,500.

The Company intends to use the proceeds of the Offering for general corporate expenses and working capital purposes.

The Offering is expected to close on or about October 12, 2023, or such other date as may be agreed upon by the Company and the Agent (the “**Closing Date**”) and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals, including the approval of the Canadian Securities Exchange (“**CSE**”). There can be no assurances that the Offering will be completed on the terms set out herein, or at all, or that the proceeds of the Offering will be sufficient for the purposes of the Company set out herein.

Subject to compliance with applicable regulatory requirements and in accordance with the Listed Issuer Financing Exemption, the Units will be offered for sale to purchasers resident in Canada, except Québec, and other qualifying jurisdictions. Since the Offering is being completed pursuant to the Listed Issuer Financing Exemption, the securities issued in the Offering will not be subject to a hold period pursuant to applicable Canadian securities laws.

There is an offering document prepared in the form prescribed by Form 45-106F19 under Canadian securities laws, relating to the Offering (the “**Offering Document**”) that can be accessed under the Company’s profile at www.sedarplus.ca and on the Company’s website at www.bzam.com. Prospective investors should read the Offering Document before making an investment decision.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and may not be offered or sold to, or for the account or benefit of, persons in the “United States” or “U.S. persons”(as such terms are defined in Regulation S under the U.S. Securities Act) absent registration under the U.S. Securities Act and all applicable state securities laws or pursuant to an exemption from such registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Company expects certain insiders of the Company to purchase Units issued as part of the Offering. As such, the Offering is considered to be a “related party transaction” for purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-**

did not file the material change report more than 21 days before the expected Closing Date as the details of the Offering and the participation therein by the “related parties” of the Company were not settled at such time. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Company is exempt from the formal valuation requirement in section 5.4 of MI 61-101 in reliance on section 5.5(a) of MI 61-101 as the fair market value of the transaction, insofar as it involves interested parties, is not more than the 25% of the Company's market capitalization. Additionally, the Company is exempt from minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(1)(a) as the fair market value of the transaction, insofar as it involves interested parties, is not more than the 25% of the Company's market capitalization.

This news release is not for publication or distribution, directly or indirectly, in or into the United States. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities of BZAM Ltd. in the United States, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended, or any U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons unless registered under the United States Securities Act of 1933, as amended, and applicable state securities laws or unless an exemption from such registration is available. No public offering of securities is being made in the United States.

About BZAM Ltd.

BZAM Ltd. (CSE: BZAM) (US-OTC: BZAMF) is a leading Canadian cannabis producer with a focus on branded consumer goods, innovation, quality, consistency, integrity and transparency. The BZAM family includes core brands BZAMTM, TGODTM, nessTM, Highly Dutch OrganicTM, TABLE TOPTM, and partner brands Dunn Cannabis, FRESH and Wyld. BZAM operates facilities in BC, Alberta, Ontario and Quebec, as well as a retail store in Regina, Saskatchewan.

BZAM's Shares and certain warrants issued under the indentures dated June 12, 2020, October 23, 2020 and December 10, 2020 currently trade on the CSE under the symbol “BZAM”, “BZAM.WR”, “BZAM.WA”, and “BZAM.WB” respectively. BZAM's Shares trade in the U.S. on the OTCQX under the symbol “BZAMF”. For more information on BZAM Ltd., please visit www.bzam.com.

CONTACT INFORMATION

Matt Milich, CEO

Lisa Stewart, Investor Relations



Cautionary Statements

This news release includes statements containing certain “forward-looking information” within the meaning of applicable securities law (“forward-looking statements”). Forward looking statements in this release include, but are not limited to, statements with respect to the size and terms of the Offering; the timing and ability of the Company to achieve positive free cash flow; the actual Closing Date for the Offering; the ability of the Company to obtain all necessary corporate and regulatory approvals, including Board approval, and any approval required from the CSE; the Company’s anticipated use of proceeds from the Offering; the expected participation by insiders in the Offering; the exemption from formal valuation and minority shareholder approval requirements under MI 61-101; and whether the proceeds of the Offering will be sufficient for the purposes of the Company moving forward. Forward-looking statements are frequently characterized by words such as “plan”, “continue”, “expect”, “project”, “intend”, “should”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties (including market conditions) and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements, including those risk factors described in the Company’s most recent Annual Information Form filed with Canadian securities regulators and available on the Company’s issuer profile on SEDAR at www.sedarplus.ca. Although the Company believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this news release are made as of the date of this news release. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

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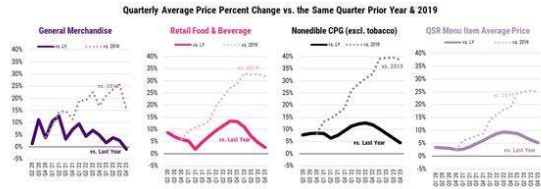


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March 25, 2024 12:06 ET

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Circana.

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March 25, 2024 12:00 ET



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**Exhibit "OO" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in black ink, appearing to read "Tom Feore", written in a cursive style.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BZAM Ltd. Secures Loan Facility from Chairman and Largest Shareholder's Investment Holding Company; Terminates Previously Announced Brokered Private Placement of Units



NEWS PROVIDED BY

BZAM LTD. →

Oct 30, 2023, 17:34 ET

TORONTO and VANCOUVER, BC, Oct. 30, 2023 /CNW/ - BZAM Ltd. (the "Company" or "**BZAM**") (CSE: BZAM) (OTC: BZAMF) announced today that the Company has opted to proceed with a loan facility offered by the investment holding company of its Chairman and largest shareholder in lieu of the brokered private placement (the "Offering") referenced in its press release of October 2, 2023. In place of the Offering, the Company has secured a loan today from the Chairman and largest shareholder of the Company of up to \$3 million in aggregate, funded by way of one or more secured promissory notes (the "**Loan**"). The Loan will bear interest at a rate of prime plus 8% per annum and mature no earlier than April 1, 2025. The Loan is intended to be used for general corporate expenses and working capital purposes, with the initial tranche of \$1.19 million being funded today.

Matt Milich, the Chief Executive Officer of the Company, stated: "We are pleased to have secured this non-dilutive financing and grateful for the continuing support of our Chairman. This funding provides additional flexibility as we look to expand revenue and market share in Q4 and beyond from our increasingly streamlined and efficient cost base."

The Company's Chairman and largest shareholder, who is an insider of the Company, will be issuing the Loan. Accordingly, the Loan is considered to be a "related party transaction" for purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Pursuant to MI 61-101, the Company will file a material change report providing disclosure in relation to each "related party transaction" on SEDAR+ under BZAM's issuer profile at www.sedarplus.ca. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Company is exempt from the formal valuation requirement in section 5.4 of MI 61-101 in reliance on section 5.5(a) of MI 61-101 as the fair market value of the Loan is not more than the 25% of the Company's market capitalization. Additionally, the Company is exempt from minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(1)(a) as the fair market value of the Loan is not more than the 25% of the Company's market capitalization.

About BZAM Ltd.

BZAM Ltd. (CSE: BZAM) (US-OTC: BZAMF) is a leading Canadian cannabis producer with a focus on branded consumer goods, innovation, quality, consistency, integrity and transparency. The BZAM family includes core brands BZAM™, TGOD™, ness™, Highly Dutch Organic™, TABLE TOP™, and partner brands Dunn Cannabis, FRESH and Wyld. BZAM operates facilities in BC, Alberta, Ontario and Quebec, as well as a retail store in Regina, Saskatchewan.

BZAM's Common Shares and certain warrants issued under the indentures dated June 12, 2020, October 23, 2020 and December 10, 2020 currently trade on the CSE under the symbol "BZAM", "BZAM.WR", "BZAM.WA", and "BZAM.WB" respectively. BZAM's Shares trade in the U.S. on the OTCQX under the symbol "BZAMF". For more information on BZAM Ltd., please visit www.bzam.com.

Forward-looking Statements

*This news release includes statements containing certain "forward-looking information" within the meaning of applicable securities law ("**forward-looking statements**"). Forward looking statements in this release include, but are not limited to, statements about the issuance of the Loan, the amount of the Loan, use of the funds received under the Loan, potential cost savings, statements on future revenue and market share, and statements on continuing support from the Chairman. Forward-looking statements are frequently*

characterized by words such as "plan", "continue", "expect", "project", "intend", "should", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties (including market conditions) and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements, including those risk factors described in the Company's most recent Annual Information Form filed with Canadian securities regulators and available on the Company's issuer profile on SEDAR+ at www.sedarplus.ca. Although the Company believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this news release are made as of the date of this news release. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

Neither the CSE nor the CSE's Regulation Services Provider (as that term is defined in the policies of CSE) accept responsibility for the adequacy or accuracy of this release.

SOURCE BZAM LTD.

For further information: Matt Milich, CEO, mmilich@bzam.com, 778-655-6335; Lisa Stewart, Investor Relations, lstewart@bzam.com; 604-341-8177

**Exhibit "PP" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of January 8, 2024

Among:

Cortland Credit Lending Corporation,
in its capacity as administrative agent (the “**Agent**”)
for the Lenders (as defined herein)
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

And:

The Green Organic Dutchman Ltd. (the “**Borrower**”)
Suite 402 – 5520 Explorer Drive
Mississauga, ON L4W 5L1

And:

Those lenders from time to time party hereto in accordance with Section 30 (collectively, the “**Lenders**”, and each a “**Lender**”).

WHEREAS the Agent and the Borrower entered into a credit agreement dated March 31, 2020, as amended by a first amendment dated May 27, 2020, a second amendment dated October 1, 2020 and a third amendment dated July 30, 2021 (as amended, the “**Original Credit Agreement**”).

AND WHEREAS the Agent and the Borrower amended and restated the Original Credit Agreement in its entirety by way of an amended and restated credit agreement dated September 29, 2021, as amended by a first amendment dated November 30, 2021, a second amendment dated March 9, 2022, a third amendment dated April 29, 2022, a fourth amendment dated November 3, 2022, a fifth amendment dated June 30, 2023, and a sixth amendment dated August 30, 2023 (as amended, the “**First ARCA**”).

AND WHEREAS the Borrower and the Lenders wish to amend and restate the First ARCA in its entirety by way of this second amended and restated credit agreement (this “**Agreement**”).

AND WHEREAS terms used and not otherwise defined have the meanings given to such terms in Schedule “C” attached hereto.

IN CONSIDERATION of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. **Funding Commitment.**

- (a) Subject to the satisfaction of the terms and conditions set out in this Agreement, the Agent, on behalf of the Lenders, hereby agrees to continue to provide the Borrower with the Revolving Facility, by way of Loan Advances, provided that the aggregate amount of Loan Advances outstanding at any time shall not exceed the Revolving Facility Limit.

(b) The Borrower acknowledges and agrees that the proceeds of the Revolving Facility will be used to finance the working capital requirements of the Obligor, including the payment of ordinary course payables of the Obligor, including fees and expenses relating to the transactions contemplated by this Agreement.

2. **Agent Compensation.** In consideration of, among other things, amending the Revolving Facility as provided for under this Agreement, the Agent shall be entitled to the following fees or reimbursement of the following costs (which fees and costs shall be in addition to any other amounts payable to the Agent and/or Lenders hereunder, including interest):

(a) **[Reserved].**

(b) Any documented out-of-pocket expenses incurred in connection with (i) the Agent's due diligence, and (ii) the monitoring of the Revolving Facility while the Revolving Facility is made available to the Borrower, shall be payable upon demand.

(c) A utilization fee, calculated daily and payable on the last Business Day of each month, by subtracting the aggregate amount of the Loan Advances outstanding on each day, from the Maximum Revolving Facility Limit) and multiplying the difference by the Utilization Fee Rate.

3. **Loan Advances.**

(a) Subject to satisfaction of the terms and conditions set out in this Agreement, the Agent shall, from time to time, upon request of the Borrower made in accordance with the terms and conditions of this Agreement, make one or more Loan Advances available to the Borrower provided that the aggregate principal amount of such Loan Advances does not exceed, at any given time, the Revolving Facility Limit at such time. If at any time the aggregate principal amount of all Loan Advances outstanding (collectively, the "**Total Exposure**") exceeds the Revolving Facility Limit at such time, then the Borrower will promptly repay such Loan Advances in cash by an amount required to reduce the Total Exposure to an amount less than or equal to the Revolving Facility Limit.

(b) Each Loan Advance will bear interest at the Interest Rate, which interest will be due and payable in cash on the last Business Day of each month.

(c) The Revolving Facility shall be a revolving facility. For greater certainty, the Borrower shall be entitled to obtain Loan Advances under the Revolving Facility from time to time and repay all or any portion of the Loan Advances under the Revolving Facility from time to time and thereafter re-borrow Loan Advances from time to time; provided that: (i) the Borrower, acknowledges, covenants and agrees that the Total Exposure shall not at any time exceed the Revolving Facility Limit.; (ii) any repayment made in respect of the Base Facility Amount prior to the Maturity Date (each such repayment, a "**Base Facility Prepayment**") shall permanently reduce the Base Facility Amount (but, for greater certainty, not the Maximum Revolving Facility Limit) by an amount equal to such Base Facility Prepayment; and (iii) on and after March 24, 2024, the Borrower shall make Base Facility Prepayments, on a monthly basis, in amounts to be determined by the Agent acting reasonably.

(d) The Collection Account will be swept daily as provided for in Section 8(w).

- (e) Interest owing on the Loan Advances shall be calculated daily and not in advance on the basis of the then current calendar year of three-hundred and sixty-five (365) or three-hundred and sixty-six (366) days for the actual number of days elapsed, and in the case of a leap year, the annual interest rate corresponding to the interest calculated on a three-hundred and sixty-five (365) day year is equal to the interest rate thus calculated multiplied by three-hundred and sixty-six (366) and divided by three-hundred and sixty-five (365). Any amount of principal, interest, commission, discount or of any other nature remaining unpaid at maturity shall bear interest at the Interest Rate. Interest on all overdue interest calculated as aforesaid and compounded monthly at the aforesaid rate from the due date thereof without necessity of notice or demand, the whole before as well as after maturity, demand, default or judgement. The Borrower acknowledges and agrees that for the purposes of the *Interest Act* (Canada), the information provided to it hereunder with respect to the calculation of interest hereunder or under any other Transaction Document shall constitute an express statement of the yearly rate or percentage of interest to which such interest rate (including the Interest Rate) or percentage is equivalent. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any other Transaction Document, that the interest payable under this Agreement (including the Interest Rate) or any other Transaction Document and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Applicable Law.
- (f) Where the rate of interest payable under any Loan Advance is found by a competent court of law, governmental agency or other tribunal to exceed the maximum rate of interest permitted by the laws of any applicable jurisdiction or the rules or regulations of any appropriate regulatory authority, then during the time that the rate of interest would exceed the permissible limit, that portion of each interest payment attributable to the portion of the interest rate that exceeds the permissible limit shall be deemed to be a voluntary prepayment of principal.
- (g) The Agent's books and records relating to the Loan Advances and any related interest shall be *prima facie* evidence of same, absent manifest error.

4. **Conditions Precedent to the Effectiveness of this Agreement.** The effectiveness of this Agreement will be subject to receipt by the Agent of an executed copy of this Agreement together with the following, each in a form satisfactory to the Agent, and/or satisfaction of the following, unless waived by the Agent on terms satisfactory to the Agent:

- (a) an executed copy of a perfection certificate by the FBC Obligors;
- (b) an executed copy of a confirmation of guarantee and security agreement from each Obligor (other than the FBC Obligors);
- (c) an executed copy of an attornment agreement to the Guarantee to be delivered by each FBC Obligor;
- (d) an executed copy of each of the Security Agreements by each FBC Obligor;
- (e) an executed copy of an amendment agreement to the Security Agreement previously delivered by Holdings;

- (f) an executed copy of a completion certificate in respect of the FBC SEA by Holdings together with:
 - (i) a copy of the release by the FBC Vendor (and all subsidiaries of the FBC Vendor except for the FBC Obligors) of any and all amounts owing by the FBC Obligors (other than the FBC Unsecured Loan); and
 - (ii) copies of each employee release required under or pursuant to the FBC SEA;
- (g) until view access has been granted pursuant to Section 11(c), deliver, or caused to be delivered, to the Agent a bank statement with respect to the FBC Obligor bank accounts daily and the Borrower will, or will cause the FBC Obligors to, manually sweep such accounts weekly to the Agent;
- (h) documents evidencing the equity conversion of the loan made by Stone Pine to Holdings pursuant to the secured demand promissory note dated September 26, 2022 in the principal amount of \$2,200,000, including:
 - (i) executed copies of any and all documents relating to the equity conversion;
 - (ii) executed copies of any and all documents releasing Holdings from the security granted in favour of Stone Pine, including that certain general security agreement dated September 26, 2022;
 - (iii) executed copies of any and all documents confirming payment in full of the Stone Pine indebtedness incurred pursuant to such note; and
 - (iv) copies of the discharges for any registrations or filings that may be outstanding in favour of Stone Pine against Holdings in connection with Section 4(h)(ii) immediately above.
- (i) receipt by the Agent of all information necessary for the Agent to comply with its legal and internal requirements in respect of applicable money-laundering legislation, proceeds of crime legislation and “know your customer” requirements;
- (j) completion of and satisfaction with all necessary financial, insurance and legal due diligence (including the Agent’s satisfaction with the nature and scope of any Liens affecting the FBC Obligors);
- (k) a corporate organizational chart for the Obligors;
- (l) a certificate of a senior officer of the Borrower, Holdings and each FBC Obligor to which are appended: (i) copies of the articles of incorporation, certificate of formation and by-laws or constitution (if applicable), operating agreement or shareholder agreement governing the affairs of such Obligor (if applicable), (ii) an incumbency certificate setting out the names and offices of all directors and officers of such Obligor, together with specimen signatures of same, and (iii) certified copies of the resolutions of the shareholders or directors of such Obligor authorizing the execution, delivery and performance of the Transaction Documents to which each is a party and the transactions contemplated thereby, and the granting of security;
- (m) certificates of status or good standing or equivalent, as applicable, of each Obligor in respect of its jurisdiction of formation;

- (n) opinions regarding corporate status of the Borrower, Holdings and each FBC Obligor, the due authorization, execution and delivery of the Transaction Documents to which such Obligor is a party, all registrations in respect of such security and the enforceability of such Transaction Documents (all such opinions to be in form and substance satisfactory to the Agent);
- (o) all representations and warranties provided for in the Transaction Documents being true, accurate and complete, in all material respects;
- (p) no Material Adverse Change has occurred since the date of the last financial statements provided by the Obligors to the Agent;
- (q) evidence that all security given to the Agent is registered and perfected in all such jurisdictions satisfactory to the Agent in order to provide the Agent with a first-ranking security interest (subject only to Permitted Encumbrances) in the Collateral;
- (r) the Agent shall have received payment in full of all fees and expenses required under this Agreement;
- (s) the Agent shall have received, in form and substance satisfactory to the Agent, delivery of any estoppel letters, releases, discharges, subordinations and postponements (in registerable form where appropriate) with respect to any Liens affecting the Collateral;
- (t) the Agent shall have received copies of all Material Agreements and Material Permits; and
- (u) such other conditions and/or documents or instruments as the Agent may reasonably require.

5. **Conditions Precedent to Loan Advances.** The obligation of the Lenders to make any Loan Advance (subsequent to the initial Loan Advance) will be subject to receipt by the Agent of the following, each in a form satisfactory to the Agent, and/or satisfaction of the following, in each case, without duplication, unless waived by the Agent on terms satisfactory to the Agent:

- (a) an executed Advance Request Certificate and a Borrowing Base Certificate shall have been received not less than 1 Business Day before the date of the proposed Loan Advance;
- (b) all representations and warranties provided for in the Transaction Documents being true, accurate and complete, in all material respects, as of the date of such Loan Advance, except to the extent specified to be made as of a specific date; and
- (c) no Default or Event of Default shall have occurred as of the date of such Loan Advance.

6. **Representations and Warranties.** Each Obligor represents and warrants to the Agent as follows:

- (a) **Status.** It has been duly organized and is a valid and subsisting legal entity in good standing under the laws of its jurisdiction of formation and has full capacity and power to carry on its business as the same is presently conducted and, to own and lease property.
- (b) **Power and Authority.** It has the power and is duly authorized to enter into, execute, deliver and perform its obligations under this Agreement and each other Transaction Document

to which it is a party, and it has the power and is duly authorized to borrow as herein contemplated and to provide the security interests herein contemplated.

- (c) Ownership of Assets. It owns, leases or has rights in all assets required in order to carry on its businesses as presently conducted. All such assets are owned by it free and clear of all Liens other than Permitted Encumbrances.
- (d) Compliance with Laws. It is in compliance in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws).
- (e) Litigation, Judgments and Executions. There are no actions, suits or proceedings pending, or to the knowledge of it threatened, against it in any court or before or by any federal, provincial, municipal or other Governmental Authority, except: (A) the litigation disclosed in Schedule "D" attached hereto; and (B) other litigation in which all amounts claimed against the Obligors do not in the aggregate exceed Fifty Thousand Dollars (\$50,000). There are no judgments or executions against it. Without limiting the generality of the foregoing:
 - (i) the matter involving Panni Management and Technology Corporation has been resolved and the settlement was not material, and did not cause a Material Adverse Change or result in the occurrence of a Default or Event of Default; and
 - (ii) any amount owing or which may become owing by any Obligor pursuant to or in connection with the Tambakos Litigation Matter (as defined in Schedule "D" attached hereto) is fully indemnified by a Person (other than an Obligor) pursuant to the FBC SEA.
- (f) Environmental Laws. Except to the extent disclosed in Schedule "E" attached hereto:
 - (i) each Obligor and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials;
 - (ii) each Obligor holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials and all other Requirements of Environmental Law;
 - (iii) there has been no material emission, spill, release, or discharge into or upon the air, soils (or any improvements located thereon), surface water or groundwater or the sewer, septic system or waste treatment, storage or disposal system servicing any premises, of any Hazardous Materials at or from any of the properties owned or leased by any of the Obligors;
 - (iv) no material written complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person has been received by any Obligor with respect to any of the properties owned or leased by any of the Obligors in respect of air emissions, spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any of the properties owned or

leased by any of the Obligors, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation, or disposal of Hazardous Materials or other Requirements of Environmental Law affecting any of the properties owned or leased by any of the Obligors;

- (v) there are no material legal or administrative proceedings, investigations or claims now pending, or to the Borrower's knowledge, threatened in writing, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the properties owned or leased by any of the Obligors, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion between any Obligor and any Governmental Authority relating thereto; and there is no factual basis for any such proceedings, investigations or claims; and
- (vi) the Obligors have no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials, including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal.
- (g) Bankruptcy Events. No Bankruptcy Event has been initiated by it or occurred in respect of it, and no Bankruptcy Event has been threatened against it.
- (h) Anti-Terrorism and Corruption Laws. It has conducted its business in compliance with Anti-Terrorism and Corruption Laws and has instituted and maintained policies and procedures reasonably designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws.
- (i) Subsidiaries. As of the date hereof, the only Subsidiaries it has are listed in Schedule "F" attached hereto.
- (j) Corporate Information. Schedule "F" attached hereto contains a true and complete list as of the date hereof of the following information in respect of each Obligor:
 - (i) all prior names and predecessor corporations;
 - (ii) jurisdiction of incorporation;
 - (iii) registered office, chief executive office, principal place of business, and all locations at which it has places of business or owns assets;
 - (iv) the number and classes of its issued and outstanding shares, except in the case of Holdings; and
 - (v) a list of all shareholders including the number and class of shares held by each and a list of all of its subsidiaries.
- (k) Solvency. It is Solvent.
- (l) No Pending Corporate Changes. Except as disclosed on Schedule "G" attached hereto, or in the public filings of Holdings, as of the date hereof, no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible

obligations of any nature, for the purchase of any properties or assets of any Obligor out of the ordinary course of business or for the purchase, subscription, allotment or issuance of any debt or equity securities of any Obligor.

- (m) Material Agreements and Material Permits. Its Material Agreements and Material Permits are listed in Schedule “H” attached hereto (as such Schedule may be updated from time to time to reflect any Material Agreements or Material Permits entered into or obtained in compliance with the terms hereof) and true, correct and complete copies of each have been delivered to the Agent. Each such Material Agreement and Material Permit is in good standing, in full force and effect and there are no defaults thereunder, except to the extent any such Material Agreement has terminated as scheduled in the ordinary course in accordance with its terms.
- (n) No Conflicts under Material Agreements or Material Permits. The execution and delivery by each Obligor of those Transaction Documents to which it is a party, and the performance of its obligations thereunder, will not conflict with, result in a breach of or require any approval or consent under any Material Agreement or Material Permit to which it is a party.
- (o) Real Properties. Its real property interests as of the date hereof, both owned and leased, and subject to a warehouse contract or held with a bailee, are listed in Schedule “I” attached hereto.
- (p) No Guarantees. It has not granted any Guarantees, other than Permitted Guarantees.
- (q) Statutory Liens. It has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax and employment insurance), goods and services tax and all other amounts, which if not paid when due could result in the creation of a statutory lien against any of its property.
- (r) No Default or Event of Default. No Default or Event of Default has occurred and is continuing.
- (s) Financial Statements and No Material Change. The financial statements of the each Obligor that have been made available to the Agent have been prepared in accordance with GAAP, and fairly present the financial position and results of operations of such Obligor for the dates or periods reported on thereby subject, in relation to any unaudited financial statements, any year-end adjustments. From the date of the last audited financial statements made available to the Agent, there has been no event which would reasonably be expected to result in a Material Adverse Change.
- (t) Related Party Transactions. Except as (A) disclosed in the financial statements or other public disclosure of the Obligors or (B) as permitted by this Agreement, no Obligor: (i) is a creditor under a loan or otherwise committed to make any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any related party thereof (other than another Obligor); or (ii) been a party to any contract with any related party thereof, other than independent contractor or indemnification agreements entered into with officers or directors. Any transactions between an Obligor and a related party (other than another Obligor) has been completed on reasonable commercial terms that, considered as a whole, are not in any material respect less advantageous to such Obligor, than if the

transaction was with a Person dealing at arm's length with such Obligor, as the case may be.

- (u) U.S. Cannabis. It has no direct, indirect or ancillary interest in any "marijuana-related activity" in the United States as defined in Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana Activities of the Canadian Securities Administrators.
- (v) Internal Controls. It has established and maintains a system of internal controls over financial reporting that is designed to provide reasonable assurance regarding the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of it; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of it are made only in accordance with authorizations of management its directors; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of its property or assets that could have a material adverse effect on its financial statements.
- (w) Full Disclosure. All information (including, without limitation, financial information and financial statements) furnished by or in respect of the Obligors to the Agent for the purposes of or in connection with this Agreement and each of the other Transaction Documents was true and correct in all material respects as at the date such information is stated to have been given, and is not incomplete by omitting to state any material fact necessary to make the statements contained in such information not misleading in any material respect in light of the circumstances under which the statements contained in such information were made.
- (x) Warrants. In respect of the Warrants and the Warrant Shares:
 - (i) Warrants. That the Agent, or its Affiliates, are the holders of the Warrants and that the Warrants are fully earned.
 - (ii) Warrant Shares. That Holdings (A) is duly authorized and has the corporate and lawful power and authority to create and issue the Warrant Shares upon the exercise of the Warrants and to perform its obligations thereunder and that the certificate(s) representing the Warrants, will, when issued, represent a valid, legal and binding obligation of Holdings enforceable in accordance with its terms; and (B) has agreed to, at all times, reserve and keep available out of its authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants, it will cause the Warrant Shares, including duly authorized certificates in respect thereof, subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued and delivered as directed and such Warrant Shares shall be issued as fully paid and non-assessable common shares of Holdings and the holders thereof shall not be liable to Holdings or to its creditors in respect thereof.
 - (iii) Actions to Issue Warrant Shares. That Holdings has agreed to take such actions as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the

applicable requirements of any stock exchange upon which the common shares of Holdings may be listed.

- (iv) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to preserve and maintain its corporate existence and its status as a reporting issuer not in default in the provinces and territories of Canada.
- (v) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares for trading on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Warrants or the Agent) and to have the Warrant Shares issued pursuant to the exercise of the Warrants listed and posted for trading on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Warrants or the Agent) as expeditiously as possible and in any event prior to the issuance of such common shares.
- (vi) Issuance of Warrant Shares. That Holdings has agreed that upon exercise of the Warrants, the Warrant Shares will be issued as fully paid and non-assessable common shares in the capital of Holdings.
- (y) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to remain a reporting issuer not in default in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
- (z) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the Agent).
- (aa) Excluded Subsidiaries. Each of the Excluded Subsidiaries does not hold any assets.
- (bb) 102172093 Saskatchewan Ltd. Without the prior written consent of the Agent, at its sole discretion, the Borrower shall not permit 102172093 Saskatchewan Ltd. to, at any time, own or acquire any material assets that exceed \$50,000 in value individually or in the aggregate.

7. Reporting Covenants.

- (a) The Borrower will provide to the Agent the following financial information:
 - (i) quarterly consolidated financial statements, within sixty (60) days of each fiscal quarter of the Borrower;
 - (ii) copies of management updates, budgets and other related reports on the operational results of the Obligors which have been provided to the board of directors of the Borrower at such directors' regular board meetings and all such other financial information relating to the foregoing as the Agent reasonably requires to assess the liquidity of the Obligors and the Obligors' performance against such budgets;

- (iii) a quarterly business review on such terms, and such basis, as is required by the Agent, such to determine the status of business as it relates to the Obligors, and in particular compliance with the terms of this Agreement;
- (iv) annual audited consolidated financial statements within one hundred twenty (120) days of the end of each fiscal year of the Borrower;
- (v) on a monthly basis, within thirty (30) days of the end of each calendar month:
 - 1. unconsolidated financial statements of each Obligor;
 - 2. unconsolidated general and ledger trial balance for each Obligor;
 - 3. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;
 - 4. an accounts payable summary for each creditor of the Obligors, aged by invoice date;
 - 5. bank reconciliations, including for greater certainty, bank statements and a complete listing of outstanding cheques;
 - 6. confirmation of payment of all taxes owing by any Obligor; and
- (vi) on a weekly basis, on Friday of each week (as of Thursday of such week);
 - 1. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;
 - 2. an accounts payable summary for each creditor of the Obligors, aged by invoice date; and
- (vii) any additional financial and reporting information as the Agent may reasonably request from time to time, in its sole discretion.

8. **Covenants.** Each Obligor covenants and agrees with the Agent that it:

- (a) will pay all interest, principal, fees and other amounts due under the terms of this Agreement and any other Transaction Document to which it is a party;
- (b) will satisfy, in all material respects, all the terms and conditions of this Agreement and any other Transaction Document to which it is a party;
- (c) will immediately advise the Agent of any Default or Event of Default;
- (d) will file all tax returns which are or will be required to be filed by it, pay or make provision for payment of all taxes (including interest and penalties) and Potential Priority Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- (e) it will comply in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws) and use the proceeds of all Loan Advances hereunder for legal and proper purposes; and without limiting the generality of the foregoing the Borrower shall and shall cause each other Obligor to:

- (i) engage in Cannabis-Related Activities only to the extent that such Cannabis-Related Activities are (A) in an Approved Jurisdiction, and (B) in compliance with all Applicable Laws in such Approved Jurisdiction (including, without limitation on a federal, state, provincial, territorial and municipal basis);
 - (ii) ensure that all activities of the Obligors relating to the cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions; and
 - (iii) ensure that all activities of the Obligors relating to the sale of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions or between entities licensed by Governmental Authorities in Approved Jurisdictions.
- (f) will: (i) immediately, with respect to Material Agreements and/or Material Permit; and (ii) promptly, and in any event within three (3) Business Days, notify the Agent of any material action requests or material violation notices received by it from any Person (including, without limitation, from any Governmental Authority) concerning it (including, without limitation, any notices or requests in connection with the protection or preservation of the environment) and hold the Agent and the Lenders harmless from and against any losses, costs or expenses which the Agent or any Lender may suffer in connection therewith;
- (g) will promptly advise the Agent of any Material Adverse Change;
- (h) will keep its assets (including, without limitation, the Collateral) fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- (i) will, at reasonable times and upon reasonable notice (provided that upon the occurrence of an Event of Default that is continuing, the Agent is permitted to do the following at any time and without notice) permit the Agent or its representatives, from time to time, (i) to visit and inspect any Obligor's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, and (ii) to discuss the Obligors' affairs with the auditors of the Obligors (in the presence of the Obligors' representatives as it may designate); the Obligors hereby authorize and direct any such third party to provide to the Agent or its representatives all such information, records or documentation reasonably requested by the Agent;
- (j) except for Permitted Encumbrances, will not, without the prior written consent of the Agent, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- (k) will not, without the prior written consent of the Agent, sell, transfer, convey, lease or otherwise dispose of any of its:
- (i) accounts receivables; or
 - (ii) other than accounts receivables, properties or assets (excluding obsolete or otherwise superfluous assets) other than (i) in the ordinary course of business and on commercially reasonable terms, or (ii) to another Obligor, (iii) to the extent the

proceeds of such sale are promptly reinvested in assets useful to the business of the Obligors, or (iv) if such disposition would not materially impact the operation, business or financial condition of any Obligor.

- (l) will not, without the prior written consent of the Agent, provide any Guarantees (other than Permitted Guarantees);
- (m) will not, without first obtaining the prior written consent of the Agent, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person and it will cause any such resulting Person to become an Obligor hereunder and to grant such security and enter into such Transaction Documents and other agreements as the Agent may require, provided that (i) upon ten (10) days' prior written notice to the Agent any Obligor may merge, amalgamate or wind-up with or into another Obligor, and (ii) concurrently with such merger, amalgamation or winding-up the Borrower shall provide, or cause to be provided to the Agent all additional or replacement Security Agreements as the Agent may reasonably require in connection therewith;
- (n) will not pay any dividends, other corporate distributions, or any interest or principal on subordinated debt other than (i) to another Obligor, (ii) in respect to Permitted Indebtedness, or (iii) with the prior written consent of the Agent *provided that* notwithstanding the foregoing: (i) no payments may be made in respect of the FBC Unsecured Loan if a Default or Event of Default has occurred hereunder and is continuing or would occur upon the making of any such payment; (ii) no payments may be made other than as set out in the FBC Unsecured Promissory Note.
- (o) will not acquire or move any material Collateral or change its chief executive office or principal place of business to any jurisdiction outside of the jurisdiction of each such respective Obligor listed in Schedule "F" attached hereto without first executing and delivering all such security and other documentation and completing all registrations, recordings and filings to grant in favour of the Agent a security interest in such Collateral and to render effective the security interest granted thereby, all in form and substance satisfactory to the Agent;
- (p) will not incur additional indebtedness other than Permitted Indebtedness;
- (q) will not enter into any swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other derivative transactions for investment or speculative purposes (for greater certainty, the entering into of any such swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other transactions for protection against fluctuation in currency or interest rates or commodity prices is permitted);
- (r) will not, without the prior written consent of the Agent, make, cause or permit any amendment to any Material Agreement if the effect of such amendment would be reasonably likely to result in a Default or Event of Default;
- (s) will provide written notice to the Agent of each of the following promptly after the occurrence thereof:
 - (i) all proposed amendments to Material Agreements and Material Permits;

- (ii) all correspondence and notices received from any Governmental Authority or stock exchange with respect to any Material Agreement, Material Permit or any regulatory or other investigations into the Obligors' business practices which could have a material and negative effect on any of the Obligors or their business, or any of the Obligors' ability to repay the obligations owing under this Agreement or would be likely to result in a Default;
- (iii) any changes in the identity of Responsible Persons, which materially effect the Obligors together with satisfactory evidence of security clearances for such Responsible Persons under the Cannabis Act or the Cannabis Regulations; and any rejection notice for new or renewal security clearance applications for each Responsible Person;
- (t) will conduct its business in compliance with Anti-Terrorism and Corruption Laws and institute and maintain policies and procedures designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws;
- (u) will (i) where an Account Debtor makes a payment in the form of a cheque, deposit such cheque into the Collections Account, (ii) where an Account Debtor makes a payment by electronic funds transfer, direct such Account Debtor to make such transfer to the Collections Account;
- (v) will not (i) amend, vary or terminate the Collections Account or the Blocked Account Agreement, and (ii) amend, modify or otherwise change any banking instructions provided to the financial institution maintaining the Collections Account, which would result in the application of any funds from any Account Debtor to an account other than the Collections Account;
- (w) the Borrower shall sweep the Collections Account at the end of each day and use such funds to repay all or any portion of the Loan Advances under the Revolving Facility outstanding at such time;
- (x) will grant the Agent and the Lenders the first right of refusal to provide any debtor in possession financing during any applicable Bankruptcy Event;
- (y) not amend, supplement (in a way that is detrimental to the Lender), terminate, abandon, allow to expire or fail to renew any Material Permits, or permit any other Person to use, become party to or otherwise have an interest in, any Material Permits, or take any action in furtherance of, or fail to take any action, which failure could be reasonably expected to result in, any of the foregoing;
- (z) not enter into any transaction with any Affiliate, other than the another Obligor, except on terms no less favourable than could be obtained in an arm's-length transaction;
- (aa) change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business as presently conducted by it;
- (bb) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants and to issue and deliver the Warrant Shares subscribed for and

purchased in accordance with the terms and conditions of the Warrants to be issued as fully paid and non-assessable common shares of Holdings;

- (cc) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
- (dd) to cause a news release of Holdings announcing this Agreement and such other matters as may be required pursuant to applicable securities laws to be disseminated and filed pursuant to such applicable securities laws, provided that Borrower agrees to provide a draft of such news release to the Agent and to allow the Agent to provide reasonable comments prior to its dissemination / filing;
- (ee) to cause Holdings to provide a draft of any other news release related to this Agreement and/or ancillary matters to the Agent and to allow the Agent to provide reasonable comments prior to the dissemination / filing of any such other new release;
- (ff) in respect of the Warrants, will:
 - (i) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants and to issue and deliver the Warrant Shares subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued as fully paid and non-assessable common shares of Holdings; and
 - (ii) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
- (gg) will maintain positive EBITDA on a rolling 3-month average;
- (hh) with respect to the BZAM Edmonton Property:
 - (i) it shall not or shall not permit, as applicable, the charge on the Existing BZAM Edmonton Property Charge to be increased from such amount existing as of November 3, 2022;
 - (ii) it shall not or shall not permit, as applicable, any charges to be placed on the BZAM Edmonton Property (other than Permitted Encumbrances); and
 - (iii) to the extent the Existing BZAM Edmonton Property Charge is discharged at any time, it shall provide or cause to be provided (as applicable) a first charge on the BZAM Edmonton Property in favour of the Agent.
- (ii) will provide, or cause to be provided, in respect of any Excluded Subsidiary to the extent it holds any assets, all Guarantees and Security Agreements required to be provided under this Agreement. For greater certainty, to the extent any such Subsidiary no longer qualifies as an Excluded Subsidiary, such Subsidiary shall cease to be an Excluded Subsidiary and shall be an Obligor for the purposes of this Agreement;

- (jj) will remit to the Agent no less than \$4,000,000 from the net proceeds of the sale of the BZAM Edmonton Property to be applied as follows by the Agent: (i) \$3,000,000 to repay the [REDACTED]; and (ii) no less than \$1,000,000 to be applied as a Base Facility Prepayment (which for greater certainty shall reduce the Base Facility Amount by an amount equal to such Base Facility Prepayment); and
- (kk) will provide evidence, in form and substance satisfactory to the Agent, of the amalgamation of Médican Biologique Inc. and 9430-6347 Quebec Inc. within two (2) Business Days following the release of the Medican SPA (as defined in Schedule "G") from escrow.

9. **Use of Insurance Proceeds.** The parties agree that the proceeds of any insurance policies received by the Agent in connection with insurable events relating to the Collateral shall be applied to repay the outstanding fees, interest and principal in respect of the Loan Advances.

10. **Term and Termination.**

- (a) The term of the Revolving Facility expires on March 24, 2024 (the "**Maturity Date**").
- (b) The Agent shall have the right to terminate the Revolving Facility:
 - (i) upon immediate notice, if an Event of Default has occurred and is continuing;
 - (ii) upon one hundred and eighty (180) days notice, if a material adverse change in market conditions is negatively affecting the liquidity of any Lender; and
 - (iii) upon immediate notice, if the Revolving Facility shall become, in whole or in part, illegal or in contravention of any Applicable Law.
- (c) The Revolving Facility may be terminated upon the mutual agreement of the Agent and the Borrower, at which time, all accrued interest, principal and unpaid fees owing shall be paid in cash by the Borrower to the Agent on such date; provided that if any such termination is at the request of the Borrower, the term "unpaid fees" in the preceding sentence shall include, without limitation, the Termination Fee.
- (d) If there is a Bankruptcy Event of the Borrower, then this Agreement shall be forthwith ended and terminated.
- (e) If the Revolving Facility is terminated for any reason, with respect to any outstanding Loan Advances, the Agent shall retain all of its rights and remedies, under the Transaction Documents.
- (f) If the Revolving Facility is terminated for any reason, then at the election of the Agent by way of immediate notice to the Borrower, all accrued and/or unpaid interest, all outstanding Loan Advances, and all unpaid fees will be due and payable under this Agreement, and the Borrower will pay such amounts to the Agent forthwith.
- (g) the Borrower shall have the right to terminate this Agreement without the Agent's consent upon not less than ninety (90) days written notice, subject to the payment in full all accrued and/or unpaid interest, all outstanding Loan Advances, and all unpaid fees, such amounts shall be payable in cash by the Borrower to the Agent forthwith upon such termination.

11. **Post-Closing Undertaking.** The Borrower, on behalf of each Obligor, hereby agrees that it shall take (or cause to be taken, as applicable) the following actions within the applicable time periods set out below, and further agrees that any failure of the Borrower to take such actions or satisfy any of the following post-closing conditions within such time period shall constitute (subject to any written extensions granted by the Agent) an Event of Default:

- (a) cause to be delivered to the Agent, within thirty (30) days of the date of this Agreement, Collateral Access Agreements;
- (b) grant to the Agent, within two (2) Business Days view access on all FBC Obligor bank accounts and the Borrower will, or will cause the FBC Obligors to, manually sweep such accounts weekly to the Agent;
- (c) move, or cause to be moved, within thirty (30) days of the date of this Agreement, all FBC Obligor bank accounts from Alterna Savings and Credit Union Limited to Bank of Montreal (or such other financial institution acceptable to the Agent in its sole discretion);
- (d) cause to be delivered to the Agent, within ten (10) days of the date that Section 11(b) immediately above has been satisfied (and in any event within forty (40) days of the date of this Agreement), Blocked Account Agreements;
- (e) deliver to the Agent immediately upon completion (and in any event within three (3) Business Days of the date of this Agreement) evidence of the name change of any of the FBC Obligors;
- (f) deliver to the Agent or its counsel, within three (3) Business Days of the date of this Agreement, original share certificates for any and all equity interests in the capital of FBC, together with duly executed stock transfer powers of attorney in blank with respect to such equity interests;
- (g) deliver to the Agent:
 - (i) within ten (10) days of the date of this Agreement, copies of each of the consents required under or pursuant to the FBC SEA;
 - (ii) within sixty (60) days of the date of this Agreement, copies of each of the governmental authorizations required under or pursuant to the FBC SEA; and
- (h) cause the Agent to be added as (i) an additional insured to each commercial general liability insurance policy maintained by the FBC Obligors; and (ii) first mortgagee and first loss payee to each property and business insurance policy maintained by the FBC Obligors, and deliver to the Agent, within five (5) Business Days certificates of insurance for all such insurance policies, with such additional insured and mortgagee/loss payee endorsements, together with copies of the applicable policies.

12. **Remedies Upon Default.** Upon the occurrence of any Event of Default, the Lender may at its sole option:

- (a) declare, by notice in writing to the Borrower, any or all of the Loan Advances and fees and other obligations owing to the Agent and or the Lenders to be immediately due and payable;
- (b) realize upon all or any part of the Collateral, pursuant to the Security Agreements; and

(c) take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Transaction Documents) at such times and in such manner as the Agent in its sole discretion may consider expedient

13. **Accredited Investor Representation.** The Agent represents and warrants to the Borrower and Holdings that it is a an “accredited investor” within the meaning of section 73.3 of the *Securities Act* (Ontario) by virtue of being a person described in the Accredited Investor Certificate (attached as Schedule “K”), and the Agent is delivering with this Agreement a completed and signed Accredited Investor Certificate.

14. **Extended Meanings.** Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term “including” shall mean “including, without limitation”, and the term “includes” shall mean “includes, without limitation”. Any reference herein to the exercise of discretion by the Agent or any Lender (including phrases such as “in the discretion of”, “in the opinion of”, “to the satisfaction of” and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

15. **Headings.** The section headings are not to be considered part of this Agreement, are inserted for convenience of reference only, are not intended to be full or accurate descriptions of the content thereof and shall not affect the construction or interpretation of this Agreement.

16. **Currency.** All dollar amounts referred to in this Agreement and all payments to be made hereunder are in Canadian dollars unless agreed to otherwise in writing by the Agent.

17. **Entire Agreement.** This Agreement, including the Schedules hereto, and the Exhibits to such Schedules, and any other agreement required hereunder to be delivered in connection herewith, constitute the entire agreement between the parties as to the subject matter of this Agreement and may not be amended or modified in any respect except by written instrument signed by the parties hereto.

18. **Severability.** In the event that any one or more provisions contained in this Agreement, or any other agreement required hereunder to be delivered in connection herewith, shall be invalid, illegal or unenforceable in any way, the remaining provisions hereof or thereof shall not be affected or impaired thereby unless as a consequence thereof of the rights and benefits granted to the Agent are, in the discretion of the Agent, materially and adversely affected.

19. **Execution.** This Agreement may be executed in one or more counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

20. **Electronic Execution of Certain Documents.** The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept

electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

21. **Business Day.** If under the provisions of this Agreement any amount is to be paid or any act or thing is to be done or step is to be taken on a day other than a Business Day, then such amount shall be paid or such act or thing or step shall be done or taken on the next succeeding Business Day.

22. **Further Assurance.** The Borrower shall, from time to time execute, draw, endorse and deliver all such instruments and documents and do all such acts and things as the Agent may deem necessary or desirable for the purposes of carrying into effect any or all of the provisions of this Agreement or any documents delivered hereunder or of securing the fulfillment of all the obligations of the Borrower to the Agent hereunder.

23. **Costs, Expenses and Fees.** The Borrower agrees to pay all fees owing to the Agent hereunder and all of the Agent's costs incurred from time to time (including reasonable legal fees and disbursements and reasonable accountant fees and disbursements) in the preparation, negotiation and execution of this Agreement and the other Transaction Documents and all third party costs associated with bringing or attempting to bring this transaction to a close and any costs incurred in the operation or enforcement of this Agreement or any other Transaction Documents. The Agent will provide a summary of such legal fees and disbursements. All costs of insuring the Collateral will be the responsibility of the Borrower. All such costs and expenses shall be payable upon demand. The Agent shall have the right, but not the obligation, to deduct all such costs and expenses and any fees owing to the Agent, from time to time, from the proceeds of any Loan Advance.

24. **GOVERNING LAW.** THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.

25. **SUBMISSION TO JURISDICTION.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE AGENT OR ANY RELATED PARTY OF THE AGENT IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE PROVINCE OF ONTARIO SITTING IN THE CITY OF TORONTO, THE FEDERAL COURTS OF CANADA SITTING IN THE CITY OF TORONTO, AND ANY APPELLATE COURT FROM ANY THEREOF, (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ONTARIO PROVINCIAL COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES

THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER TRANSACTION DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

26. **WAIVER OF VENUE.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN SECTION 25. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

27. **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 28. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

28. **Notice.** Any notice to be given by any party hereto to any other party hereto shall be in writing and may be given by personal delivery, or except during any period when postal service is interrupted, by prepaid registered mail, or by electronic mail or by other means of instantaneous transmission that produces a permanent copy to the address noted below ("**other communication**") addressed as follows:

(a) to the Borrower:

The Green Organic Dutchman Ltd.
Suite 402 – 5520 Explorer Drive
Mississauga, ON L4W 5L1

Attention: Matt Milich
Telephone: (778) 655-6335
Email: mmilich@bzam.com

(b) to the Agent or a Lender:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: bsherk@cortlandcredit.ca

If given by registered mail shall be deemed to have been received by the party to whom it was addressed on the date falling four (4) Business Days following the date upon which it has been

deposited in the post office with postage and cost of registration prepaid, and if personally delivered to an adult during normal business hours, when so delivered, and if given by other communication, the third (3rd) business hour after transmission and confirmation of receipt. Provided that any of the above-named parties may change the address designated from time to time, by notice in writing to the other party hereto.

29. **Binding Effect.** This Agreement shall be binding upon and shall enure to the benefit of (i) the Agent and the Lenders and their respective successors and assigns, and (ii) the Borrower and its successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

30. **Lenders.**

(a) The Borrower acknowledges and agrees that the Lenders shall be determined by the Agent from time to time, provided that (i) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (without the consent of the Borrower) that is managed, affiliated with or Controlled by the Agent, (ii) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (with the consent of the Borrower) that is not an entity managed, affiliated with or Controlled by the Agent, and (iii) following the occurrence of an Event of Default a Lender may be any entity designated by the Agent in its sole and unfettered discretion.

(b) The Borrower acknowledges and agrees that the Agent is acting as administrative and collateral agent for the Lenders. The Borrower acknowledges and agrees that the Agent shall be entitled to disclose, on a confidential basis, all information received by it regarding the Borrower, any Obligor, the Collateral, this Agreement and any other Transaction Document to: (i) each Lender, each prospective Lender, any Person purchasing notes, units or otherwise providing funding, directly or indirectly, to any Lender (or any prospective Lender), each prospective assignee or participant, and the officers, directors, employees, accountants, lawyers and other professional advisors of the Agent, any Lender, any prospective Lender and any prospective assignee or participant (each a "**Receiving Party**") provided that each Receiving Party agrees to maintain the confidentiality of any such information in respect of which the Agent has any duty of confidentiality to the Borrower or any Obligor; (ii) to any rating agencies rating the indebtedness of a Lender, provided such rating agencies are bound by customary confidentiality agreements; (iii) to any agent of the Agent or any Lender to the extent necessary to enforce any rights which the Agent or such Lender may have to collect any amounts in respect of the Transaction Documents or the Collateral, provided such agent has agreed in writing to be bound by the provision of this Agreement in respect of such information; (iv) to the extent required for any registration or filing required to perfect any of the Agent's Liens contemplated any Security Agreement or other Transaction Document; and (v) as may be required by Applicable Law. The Agent and the Lenders confirm that, regardless of the number and identity of the Lenders, the Obligors will only be required to act in accordance with the instructions of the Agent, and no Lender will have an independent cause of action or remedy against the Obligors directly, it being understood that each Lender has appointed, or will appoint, the Agent as its sole and exclusive administrative and collateral agent in connection with the transactions contemplated by this Agreement.

31. **General Indemnity.** Each Obligor hereby indemnifies and holds harmless the Indemnified Parties from and against any and all claims, damages, losses, costs and expenses, that may be

incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby, or any use made or proposed to be made with the proceeds of the Loan Advances, whether or not such investigation, litigation or proceeding is brought by an Obligor, any shareholder or creditor thereof, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such losses and expenses are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's intentional or gross negligence or wilful misconduct or for breach in bad faith of such Indemnified Party's obligations hereunder or under any other Transaction Document, or where such litigation or proceeding is solely between Indemnified Parties.

32. **Claims under the Indemnity.** The Indemnified Party claiming indemnification under Section 31 shall give the Borrower prompt notice in writing of particulars of any claim asserted by third parties against it which is covered by such indemnities.

33. **Amendment and Restatement.** This Agreement is an amendment and restatement of the First ARCA, and is in full force and effect, as of and from the date hereof. This Agreement will not discharge or constitute a novation of any debt, obligation, covenant or agreement contained in the Original Credit Agreement, the First ARCA or in any other Transaction Document, agreements, certificates and other documents executed and delivered by or on behalf of any Obligor in respect thereof or in connection therewith, but the same shall remain in full force and effect as amended and restated by this Agreement and is hereby ratified and confirmed in the form of this Agreement. For greater certainty, the parties hereto agree that any obligations outstanding under or in connection with the Original Credit Agreement, the First ARCA or the Transaction Documents as of the date hereof, constitute obligations outstanding under this Agreement or the Transaction Documents (as applicable). Each reference to the "**Credit Agreement**" or other similar reference in any of the Transaction Documents and all other agreements, certificates and other documents executed and delivered by any of the Obligors or Cortland in respect thereof or in connection therewith shall mean and be a reference to this Agreement.

[Remainder of this page is intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: CFO

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

AGENT:

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.


Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per:  _____
Name: Sean Register
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

OTHER OBLIGORS:

BZAM LTD.

Per: 
Name: Matt Milich
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

MEDICAN ORGANIC INC.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: CFO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

BZAM HOLDINGS INC.

Per: 
Name: Matt Milich
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

FOLIUM LIFE SCIENCE INC.

Per: 
Name: Matt Milich
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

BZAM MANAGEMENT INC.

Per: 
Name: Matt Milich
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.


BZAM CANNABIS CORP.

Per: 
Name: Matt Milich
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

FINAL BELL CANADA INC.

Per: 
Name: Greg Boone
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

FINAL BELL CORP.

Per: 
Name: Greg Boone
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

FINAL BELL CANADA INC.

Per: _____
Name:
Title:
Per: _____
DocuSigned by:
Jennifer Maccarone
Name: Jennifer Maccarone
Title: coo

I/We have the authority to bind the Obligor.

FINAL BELL CORP.

Per: _____
Name:
Title:
Per: _____
DocuSigned by:
Jennifer Maccarone
Name: Jennifer Maccarone
Title: coo

I/We have the authority to bind the Obligor.

SCHEDULE "A"
FORM OF ADVANCE REQUEST CERTIFICATE

ADVANCE REQUEST CERTIFICATE

Pursuant to the provisions of the second amended and restated credit agreement dated January 8, 2024 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") (terms defined therein being used herein as so defined), between, *inter alia*, The Green Organic Dutchman Ltd. (the "**Borrower**") and Cortland Credit Lending Corporation, as administrative agent (the "**Agent**"), the undersigned, being an officer or director of the Borrower hereby represents, warrants and certifies in such capacity, and not in her or his personal capacity, as follows:

1. **Representations and Warranties**. The representations and warranties of the Borrower and the other Obligors set forth in the Credit Agreement, or which are contained in any certificate, document or financial or other written statement furnished pursuant to or in connection with the Credit Agreement, including the other Transaction Documents, are accurate and complete in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except to the extent specified in the Credit Agreement or Transaction Documents to be made as of a specific date.
2. **No Material Adverse Change**. Since the date of the latest financial statements of the Borrower provided to the Agent in connection with the Transaction Documents, no Material Adverse Change has occurred.
3. **No Default**. No Default or Event of Default has occurred and is continuing as of the date hereof.
4. **Conditions Precedent**. The conditions precedent to this Loan Advance in accordance with the Credit Agreement have been satisfied.
5. **Loan Advance**. The Borrower hereby requests, authorizes, and instructs the Agent to drawdown and advance under the Revolving Facility the amount of CDN \$● to the Borrower on _____, 20____. This will be the Agent's authority:
 - (a) [●]; and
 - (b) [●].

[Signature Page Follows]

DATED _____, 20____.

THE GREEN ORGANIC DUTCHMAN LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE "B"

WARRANTS

	Warrant 1	Warrant 2	Warrant 3	Warrant 4
Expiry Date	2024-06-03	2025-11-02	2026-11-29	2027-11-07
Strike	5.00	3.00	1.4	0.95
Cortland Credit Strategies LP	28,000	28,000	182,000	456,400
Cortland Credit Institutional LP	5,333	5,333	18,000	10,267
Agent	16,667	16,667	100,000	233,333
Total Current	50,000	50,000	300,000	700,000
Actual Issuance	500,000	500,000	3,000,000	700,000

SCHEDULE "C"

DEFINED TERMS

As used in this Agreement and unless otherwise stated herein, the terms set out below shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"\$" and "Dollar" each mean Canadian dollars.

"**Account Debtor**" means the account debtor in respect of any account receivable of an Obligor arising from a bona fide, fully-completed transaction in the ordinary course of business consisting of either the sale of goods or the provision of services by the Obligor.

"**Accounts Receivable**" means all debts, accounts (including all "**accounts**" as defined in the PPSA), claims, demands, monies and choses in action which are now or which may at any time hereafter be due, owing to or accruing due to or owned by a Person, together with all books, records, documents, papers and electronically recorded data and any other documents or information of any kind which in any way evidences or relates to any or all of the said debts, accounts, claims, demands, monies and choses in action.

"**Accounts Receivable Eligibility Criteria**" means, in respect of any Obligor, an Account Receivable of such Obligor (in this definition, individually called an "**account**") which satisfies all of the following eligibility criteria:

- (a) the account is subject to a first-ranking security interest held by the Agent pursuant to the Security Agreements and is not subject to any other Liens, except Permitted Encumbrances, and the Account Debtor thereof has been directed to pay the proceeds of such account to the Collections Account;
- (b) if the Account Debtor is a Governmental Authority, all requirements of Applicable Law have been satisfied in order that the assignment of such account in favour of the Agent shall be valid and enforceable;
- (c) the Account Debtor is located in an Approved Jurisdiction;
- (d) the Account Debtor is not any Obligor or any Related Person of any Obligor;
- (e) the account is not in dispute or subject to any defence, counterclaim or claim by the Account Debtor for credit, set-off, allowance or adjustment;
- (f) the Obligor does not have an obligation to hold any portion of the account in trust or as agent for any other Person (except pursuant to a statutory lien securing obligations which are not overdue);
- (g) an invoice relating to the account has been issued by the Obligor and received by the Account Debtor;
- (h) the account is not outstanding for more than [REDACTED] days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment), unless the Account Debtor is a Governmental Authority, in which case the account shall not be outstanding for more than [REDACTED] days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment);

- (i) the Account Debtor is not insolvent or subject to any Bankruptcy Event; and
- (j) the account is not subject to undue credit risk in the opinion of the Agent.

“Advance Rate” means: means: (i) with respect to Eligible Inventory, [REDACTED] percent ([REDACTED] %); and (ii) with respect to Eligible Accounts Receivable, [REDACTED] percent ([REDACTED] %).

“Advance Request Certificate” means a written notice, in the form attached as Schedule “A” attached hereto, pursuant to which the Borrower may request a Loan Advance in an amount not less than \$250,000.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Anti-Terrorism and Corruption Laws” means any Applicable Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, corruption or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such laws, rules and regulations, all as amended, supplemented or replaced from time to time.

“Applicable Law” means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

“Applicable Margin” means at any time: (i) at any time there is a Positive EBDA Variance, 6.55% per annum; or (ii) at any time there is a Negative EBDA Variance, 8.05% per annum.

“Approved Jurisdiction” means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state, provincial, territorial and municipal basis) to undertake any Cannabis-Related Activities provided that in each case (i) such country has been approved in writing by the Agent in its discretion and (ii) if required by the Agent, the ability to undertake Cannabis-Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower’s counsel in such jurisdiction, in form and substance satisfactory to the Agent. The Agent may in its discretion from time to time (i) upon receipt of a written request by the Borrower, designate any jurisdiction an Approved Jurisdiction provided that the above criteria are satisfied; and (ii) revoke the designation of any jurisdiction as an Approved Jurisdiction by written notice to the Borrower if such criteria are not satisfied.

“Associate” has the meaning ascribed thereto in the *Canada Business Corporations Act*.

“Bankruptcy Event” means an Involuntary Bankruptcy Event or a Voluntary Bankruptcy Event.

“Base Facility Amount” means Twenty-Four Million Dollars (\$24,000,000), as such amount may be reduced in accordance with this Agreement;

“Blocked Account Agreement” means an agreement, in form and substance satisfactory to the Agent, in respect of a Collections Account in which, among other things, the financial institution maintaining such account acknowledges and agrees with the Agent and relevant Obligor that the Agent will control all disbursements from such accounts.

“Borrowing Base Certificate” means a written report, in form and substance satisfactory to the Agent, pursuant to which the Borrower has, among other things, calculated the Revolving Facility Margin Limit.

“Business Day” means any day other than: (a) a Saturday or Sunday; or (b) a day on which banking institutions in Toronto, Ontario, are authorized or obligated by law or executive order to be closed.

“BZAM Edmonton Property” means the real property legally described as Plan 8720213, Block 5, Lot 4, Excepting thereout all mines and minerals and municipally known as 8770 24th Street NW, Edmonton, Alberta, T6P 1X8.

“BZAM Loan” means the loans made by Stone Pine to Holdings pursuant to secured demand promissory notes on:

- (a) March 3, 2023, in the principal amount of \$2,500,000;
- (b) April 30, 2023, in the principal amount of \$1,325,000;
- (c) October 27, 2023, in the principal amount of \$1,190,000;
- (d) November 8, 2023, in the principal amount of \$600,000;
- (e) November 30, 2023, in the principal amount of \$2,000,000;
- (f) December 4, 2023, in the principal amount of \$900,000; and
- (g) such other amounts that the Agent may agree to, in writing, in its sole discretion.

“Cannabis” means:

- (a) any plant or seed, whether live or dead, from any species or subspecies of genus Cannabis, including Cannabis sativa, Cannabis indica and Cannabis ruderalis, Marijuana and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;
- (b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;
- (c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;
- (d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition;
- (e) any other meaning ascribed to the term “cannabis” under Applicable Law in any Approved Jurisdiction, including the *Cannabis Act and the Controlled Drugs and Substances Act* (Canada); and
- (f) any other meaning ascribed to the term “cannabis” under the *Controlled Substances Act* (United States).

“Cannabis Act” means An Act respecting cannabis and to amend the *Controlled Drugs and Substances Act*, the *Criminal Code* and other Acts, S.C. 2018, c. 16, as amended from time to time.

“Cannabis Regulations” means Cannabis Regulations under the Cannabis Act, as amended from time to time and all other regulations made from time to time under the Cannabis Act or any other statute in an Approved Jurisdiction with respect to Cannabis-Related Activities.

“Cannabis-Related Activities” means any activities, including advertising or promotional activities, relating to or in connection with the importation, exportation, cultivation, production, purchase, distribution or sale of Cannabis or Cannabis-related products.

“Capital Lease” means, with respect to a Person, a lease or other arrangement in respect of personal property that is required to be classified and accounted for as an obligation on a balance sheet of the Person in accordance with IFRS.

“Change of Control” means (i) if (x) Matt Milich ceases to be the chief executive officer of the Borrower, (y) Sean Bovingdon ceases to be the chief financial officer of the Borrower, or (z) Jordan Winnett ceases to be the chief commercial officer of the Borrower, and the Agent shall not have been satisfied, in its reasonable discretion, with the arrangements made with respect to the replacement of both such individuals; (ii) fifty percent (50%) or more of the ownership or Control of the voting interests of Holdings are acquired, directly or indirectly, by any Person, whether acting individually or in concert with any other Person or Persons; (iii) the sale of all or substantially all of the assets of any Obligor (other than to another Obligor); (iv) if any wholly owned, direct or indirect, subsidiary of the Borrower ceases to be wholly owned, directly or indirectly, by the Borrower; or (v) Borrower ceases to be wholly-owned, directly or indirectly, by Holdings. Notwithstanding the foregoing, BZAM International Ltd. (and its Affiliates) may own more than fifty percent (50%) of Holdings pursuant to: (i) an equity conversion relating to the BZAM Loan; or (ii) with the written consent of the Agent, in its sole discretion; provided that, in each case, Holdings shall provide, or cause to be provided to the Agent any and all documentation required in order for the Agent to comply with Applicable Law.

“Collateral” means all present and after acquired undertaking and personal property of the Obligors, including all proceeds thereof, subject to such customary exclusions as set out in the Security Agreements.

“Collateral Access Agreement” means a landlord waiver, bailee letter, or acknowledgement agreement of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in any Collateral in form and substance reasonably satisfactory to Agent.

“Collections Account” means the account established and maintained by a Schedule “I” Canadian Chartered Bank in the name of the Borrower into which all payments by Account Debtors are deposited and which account shall at all times be subject to the Blocked Account Agreement.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and **“Controlling”** and **“Controlled”** have meanings correlative thereto.

“Default” means any event, act, omission or condition which with the giving of notice or passage of time, or both, would result in an Event of Default.

“EBDA” means, at any time, EBITDA less (without duplication) interest, financing costs and taxes.

“EBITDA”, for a period, means net income of the Borrower for such period, on a consolidated basis, plus, without duplication for such period, each on a consolidated basis, interest expense,

taxes, depreciation, amortization, extraordinary or non-recurring losses and impairments, unrealized losses in the fair value of biological assets and non-cash stock based compensation, less unrealized gains in the fair value of biological assets and extraordinary or non-recurring gains.

“Eligible Accounts Receivable” means in respect of any Obligor, Accounts Receivable owned by such Obligor which complies with the Accounts Receivable Eligibility Criteria.

“Eligible Inventory” means in respect of any Obligor, Inventory owned by such Obligor which complies with the Inventory Eligibility Criteria.

“Event of Default” means:

- (a) if any Obligor at any time shall fail to pay or perform with regard to the obligation to repay the principal or interest on each Loan Advance on the date required by this Agreement for such payment;
- (b) if any Obligor at any time shall fail to pay or perform with regard to the obligation to pay any fees or other amounts payable to the Agent (which, for greater certainty, does not include amounts payable under item (i), above) within three (3) Business Days of the date required by this Agreement or any other Transaction Document for such payment;
- (c) if any Obligor ceases or threatens to cease carrying on its business or if a petition shall be filed, an order shall be made or an effective resolution shall be passed for the winding-up or liquidation of an Obligor;
- (d) if a Bankruptcy Event of any Obligor occurs;
- (e) if a Change of Control (that has not been consented to in writing by the Agent) occurs;
- (f) if any encumbrancer, lien holder or Person acting on its behalf shall take possession of the Collateral or any part thereof;
- (g) if any Obligor permits any sum which is outstanding in an aggregate principal amount exceeding \$100,000 and which has been admitted as due by such Obligor or is not disputed to be due by it and which forms or is capable of being made a charge on any Collateral in priority to the security interests granted to the Agent to remain unpaid after proceedings have been taken to enforce such charge;
- (h) if any representation or warranty made by or on behalf of any Obligor or any of its officers, employees or agents to the Agent shall be false or inaccurate, in any material respect (determined in the discretion of the Agent, acting reasonably);
- (i) if any Obligor fails to perform or comply with any of its covenants or obligations contained in any Transaction Document; provided that (other than any covenants provided for in Sections 8(j), 8(k), 8(l), 8(m), 8(n), 8(o), 8(p), 8(q), 8(r), 8(t), 8(u), 8(v), 8(w), and 8(y) or any other Event of Default provided for in any other clause of this definition), if such non-compliance is capable of being remedied within ten (10) days, such Obligor diligently attempts to remedy such non-compliance and informs the Agent of its efforts in this regard, and remedies such default within such ten (10) days, then such non-compliance shall be deemed not to constitute an Event of Default;

- (j) if any Obligor defaults in the observance or performance of any provision relating to the indebtedness or liability of such Obligor to any Person other than the Agent, in an aggregate principal amount exceeding \$100,000, subject to any cure or grace periods provided for in the documentation providing for such indebtedness or liability;
- (k) if any Material Agreement or Material Permit shall terminate, be withdrawn, suspended, revoked, cancelled or amended in contravention of this Agreement;
- (l) if a Material Adverse Change shall have occurred;
- (m) if there is a suspension of trading of the common shares of Holdings on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the Agent and such suspension is in excess of five (5) trading days on such exchange);
- (n) if the Cannabis Act is repealed and not replaced with similar legislation;
- (o) if the FBC Unsecured Promissory Note is amended in any respect;
- (p) if there is a default, event of default or other breach of the FBC Unsecured Promissory Note (without giving effect to any cure period); or
- (q) if any payment is made in respect of the FBC Unsecured Loan that is not explicitly permitted hereunder.

“Excluded Subsidiaries” means, collectively (i) The Green Organic Beverage Corp., a Delaware corporation; (ii) 102172093 Saskatchewan Ltd., a Saskatchewan corporation; and (iii) 14274261 Canada Inc., a federal corporation.

“Existing BZAM Edmonton Property Charge” means the charge on the BZAM Edmonton Property in favour of Manjinder Singh Gill, as agent, in a principal amount of \$5,000,000 with registration number 212152636.

“FBC” means Final Bell Corp. (formerly Starseed Medicinal Inc.), a federal corporation, extra-provincially registered in Ontario, Saskatchewan, British Columbia, Alberta and Quebec.

“FBC Obligors” means, collectively FBCI and FBC.

“FBC SEA” means the share exchange agreement, dated December 5, 2023 between Holdings, as purchaser, the FBC Vendor and FBCI.

“FBC Unsecured Loan” means the loan made by the FBC Vendor to FBCI pursuant to the FBC Unsecured Promissory Note in the principal amount of \$8,000,000.

“FBC Unsecured Promissory Note” means the unsecured promissory note between Final Bell Holdings Inc. and FBCI dated January 5, 2024, in the principal amount of \$8,000,000.

“FBC Vendor” Final Bell Holdings International Ltd.

“FBCI” means Final Bell Canada Inc., an Ontario corporation.

“Governmental Authority” means the government of Canada, the United States of America or any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body (including any self-regulatory body), court,

central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, and for greater certainty includes Health Canada.

“Guarantee” means any agreement by which any Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of, or provide any financial assistance to any other Person or otherwise assures any creditor of such Person against loss, and shall include any contingent liability under any letter of credit or similar document or instrument.

“Hazardous Materials” means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law.

“Health Canada Licenses” means, in respect of any Obligor, all Material Permits of such Obligor which are both related to the Cannabis-Related Activities of such Obligor and issued by Health Canada, including Material Permits to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation License Nos. LIC-CJMMLU7IUN-2022, LIC-JTUPWJZJ50-2022, LIC-2OLWTAUL3J-2022, LIC-9GRI1YRQEV-2021, LIC-J5USTB6Z3V-2022, LIC-MVXNLN8UCN-2020, LIC-E5FM5PUXBF-2020-5, LIC-ZOTV09QHPG-2022.

“Holdings” means BZAM Ltd. (formerly The Green Organic Dutchman Holdings Ltd.). For greater certainty, each reference in any other (i) Transaction Document; or (ii) document, instrument or agreement executed and/or delivered in connection with this Agreement, to the words “Holdings”, “The Green Organic Dutchman Holdings Ltd.”, or words of like import, shall mean and be a reference to BZAM Ltd.

“Indemnified Parties” refers collectively to the Agent, the Lenders, each of their affiliates as well as each of its directors, officers, employees, representatives and agents and **“Indemnified Party”** refers to any one thereof.

“Interest Rate” means the greater of (i) 12% per annum and, (ii) the TD Prime Rate, plus the Applicable Margin.

“Inventory” means finished goods (including all “goods” as defined in the PPSA) acquired or held for sale, re-sale or lease or furnished or to be furnished under contracts of rental or service, raw materials, work in progress, finished goods, returned goods, parts or equipment acquired from third parties for re-sale, and includes all Inventory in transit.

“Inventory Eligibility Criteria” means the criteria set by the Agent from time to time which identifies and sets any requirements or restrictions for the purpose of determining whether any Inventory owned by an Obligor is Eligible Inventory and includes the following eligibility criteria, which may be amended by the Agent from time to time: (i) such Inventory is not obsolete; (ii) such Inventory was not acquired by any Obligor more than 8 months from any testing date; (iii) such Inventory does not have any [REDACTED] applied against it; (iv) the supplier of such Inventory does not retain any title in such Inventory; (v) such Inventory is not subject to any recall or safety restrictions in any relevant jurisdiction of sale or operations of any Obligor; (vi)

such Inventory is not subject to any Potential Priority Claim or Priority Lien; (vii) such Inventory has been paid for in cash by such Obligor; (viii) such Inventory is relevant to the Obligors' business at all relevant times; and (ix) such Inventory is either: (A) located at premises owned by an Obligor; or (B) located on premises owned by any other Persons which are the subject of a duly executed Collateral Access Agreement in favour of the Agent.

"Involuntary Bankruptcy Event" means, without the consent or acquiescence of the applicable Person, the entering of an application for an order for relief or approving a petition or court order for relief or reorganization or any other petition or order seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, monitoring or other similar relief under any present or future bankruptcy, insolvency or similar process under Applicable Law, or the filing of any such petition or order against such Person or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or of all or any substantial part of the undertaking or property of such Person, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within forty-five (45) days from entry thereof.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, in each case to secure payment of a debt or performance of an obligation, including any conditional sale or any sale with recourse.

"Loan Advance" means any loan extended to the Borrower pursuant to the terms of this Agreement.

"Marijuana" has the meaning ascribed to such term (i) under the Applicable Law in any Approved Jurisdiction or (ii) under the *Controlled Substances Act* (United States).

"Material Adverse Change" means any event, circumstance or change that could be expected to result, individually or in the aggregate, in a material adverse effect, in any respect, on (a) the legality, validity or enforceability of any of the Transaction Documents or any of the security interests provided for thereunder, (b) the right or ability of an Obligor to perform any of its obligations under any of the Transaction Documents, in each case to which it is a party, or to consummate the transactions contemplated under any of the Transaction Documents, (c) the financial condition, assets, business or prospects of the Obligors, taken as a whole, (d) any Material Permit, or (e) an Obligor's ability to retain, utilize, exploit or comply with its obligations under any Material Permit.

"Material Agreement" means any contract or agreement of an Obligor (i) which involves potential revenue or expenditure in excess of \$500,000 in any fiscal year, or (ii) the loss, termination or non-renewal of which would reasonably be expected to result in a Material Adverse Change, including without limitation any agreement between an Obligor and any other Person for the supply of Cannabis.

"Material Permit" means the Health Canada Licenses and any other authorization, approval, consent, exemption, license, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval, development permit or building permit), the failure of which to be obtained or held would prohibit or reasonably be expected to materially and adversely affect the ability of any Obligor to conduct its business as presently conducted and planned to be conducted.

“Maximum Revolving Facility Limit” means Thirty Four Million Dollars (\$34,000,000).

“Negative EBDA Variance” means at any time, when there exists no Positive EBDA Variance.

“Obligors” means, collectively the Borrower, Holdings and all of Holdings’ direct and indirect subsidiaries which are organized under the federal laws of Canada (or any province thereof) or any state of the United States of America (other than Excluded Subsidiaries), and “Obligor” means any of them; for greater certainty, as of the date of this Agreement, the Obligors include the Borrower, Holdings, Medican Organic Inc., BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., FBCI and FBC.

“Permitted Encumbrances” means, collectively:

- (a) Liens granted in favour of the Agent pursuant to the Security Agreements;
- (b) Liens or deposit under workers’ compensation, social security or similar legislation or in connection with bids, tenders, leases or contracts or to secured related public or statutory obligations, surety and appeal bonds where required by law;
- (c) any builders’, mechanics’, materialman’s, carriers’, repairmen’s, warehousemen’s, landlords’ and other like Liens and privileges, in each case, which relate to obligations not yet due or delinquent or being contested in good faith;
- (d) any Liens for taxes, assessments, unpaid wages, unpaid superannuation or governmental charges or levies for the then current year and not at the time due and delinquent or are being contested in good faith;
- (e) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim or permit held or acquired by an Obligor, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;
- (f) any Lien created or assumed by any Obligor in favour of a public utility when required by the utility in connection with the operations of such Obligor that do not in the aggregate detract from the value of any of the Collateral or impair their use in the operation of the business of such Obligor;
- (g) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;
- (h) any applicable municipal and other Governmental Authority restrictions affecting the use of land or the nature of any structures which may be erected thereon, any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by any Obligor, or title defects, encroachments or irregularities, that do not detract from the value of the property or impair its use in the operation of the business of any Obligor;

- (i) any Lien that secures Permitted Indebtedness referred to under clause (e) of the definition of “Permitted Indebtedness” provided that: (i) such Lien is limited to the mobile equipment which was acquired with the proceeds of such Permitted Indebtedness and (ii) the amount of such Permitted Indebtedness secured by any such Lien at no time exceeds 100% of the original acquisition price of such mobile asset at the time it was acquired, plus interest and fees, if any;
- (j) any Lien in connection with attachments, judgments and other similar Liens arising in connection with court proceedings; provided however that: (i) the Liens are in existence for less than twenty (20) Business Days after their creation, or (ii) the execution or other enforcement of the Lien is effectively stayed or the claims so secured is being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles;
- (k) customary rights of set-off or combination of accounts with respect to deposits or accounts incurred in the ordinary course of business;
- (l) any Lien in connection with the BZAM Loan;
- (m) Liens listed in Schedule “J”; and
- (n) any Lien that secures indebtedness provided that such Lien is limited to monies paid or payable under the insurance policies together with the assigned right to cancel the insurance policies.

“Permitted Guarantees” means any Guarantee by an Obligor of any Permitted Indebtedness.

“Permitted Indebtedness” means any:

- (a) indebtedness under this Agreement;
- (b) indebtedness comprised of amounts owed to trade creditors and accruals in the ordinary course of business, which are either not overdue or, if disputed and in that case whether or not overdue, are being contested in good faith by such Obligor by appropriate proceedings diligently conducted, and provided always that: (i) the failure to pay such indebtedness could not be expected to result in a Default or Event of Default and (ii) the aggregate amount of such indebtedness does not exceed \$15,000,000;
- (c) any inter-company indebtedness between any Obligors;
- (d) any other indebtedness which the Agent agrees in writing is Permitted Indebtedness for the purposes of this Agreement;
- (e) any indebtedness under Capital Leases and Purchase Money Obligations, which indebtedness does not exceed \$10,000,000 in the aggregate for the Obligors at any time;
- (f) indebtedness owed to any Person providing or financing workers’ compensation, health, disability or other employee benefits or property, casualty or liability insurance, in each case incurred in the ordinary course of business;
- (g) the BZAM Loan;

- (h) indebtedness owing to Manjinder Singh Gill in a principal amount not to exceed \$5,000,000, secured by the Existing BZAM Edmonton Property Charge; and
- (i) the FBC Unsecured Loan.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Positive EBDA Variance**” means at any time, EBDA greater than Zero Dollars (\$0) in each month of the immediately preceding consecutive three (3) month period.

“**Potential Priority Claims**” means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any Applicable Law or otherwise, which ranks or is capable of ranking in priority to the Agent’s security or otherwise in priority to any claim by the Agent for repayment of any amounts owing under this Agreement; provided that, for the purposes of calculating the Revolving Facility Margin Limit, the portion of Potential Priority Claims relating to excise tax shall exclude any deposits made in connection with any such excise tax owing.

“**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, and to the extent relevant, equivalent statutes of the other Provinces of Canada, including the Civil Code of Quebec.

“**Priority Lien**” means any Lien that is not a Subordinated Lien.

“**Purchase Money Obligation**” means, with respect to a Person, indebtedness of the Person issued, incurred or assumed to finance all or part of the cost of acquiring any tangible asset.

“**Related Person**” in relation to any Person means a Subsidiary, Affiliate, Associate or shareholder, director, officer or employee of such Person.

“**Requirements of Environmental Law**” means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives, policies or guidelines have the force of law; (iv) permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (v) requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation of Hazardous Materials and (B) exposure to Hazardous Materials.

“**Responsible Person**” means: (i) an officer or director of any Obligor; or (ii) any other Person required to hold a security clearance pursuant to the Cannabis Act or the Cannabis Regulations.

“**Revolving Facility**” means a revolving credit facility in an amount not to exceed the Revolving Facility Limit.

“**Revolving Facility Limit**” means the Base Facility Amount at such time, plus the Revolving Facility Margin Limit at such time, provided that such aggregate amount shall not at any time exceed the Maximum Revolving Facility Limit.

“Revolving Facility Margin Limit” means, at any time: (i) the book value of Eligible Inventory at such time (which, for greater certainty, excludes any Inventory subject to any Potential Priority Claims or Priority Liens) multiplied by the Advance Rate applicable to Eligible Inventory; plus (ii) the face amount of Eligible Accounts Receivable at such time multiplied by the Advance Rate applicable to Eligible Accounts Receivable; plus (iii) [REDACTED]; minus (iv) the face amount of Potential Priority Claims relating to Eligible Accounts Receivable forming (or capable of forming) Priority Liens; provided that the amount calculated in (i), above, shall not exceed Three Million Dollars (\$3,000,000).

“Security Agreements” means, collectively, (i) general security and pledge agreements (or hypothecs) delivered by each of the Obligor to the Agent; (ii) the debentures and mortgages given by the Obligor to the Agent, as applicable, in respect of the real property owned by them; (iii) security agreements in respect of intellectual property delivered by each of the Obligor to the Agent, as applicable; (iv) a subordination agreement or intercreditor as may be required by the Agent from time to time; (v) all guarantees given by any Obligor to the Agent; (vi) Blocked Account Agreements (including with respect to the Collections Accounts); (vii) assignments of insurance delivered by the Obligor in favour of the Agent, as applicable, in each case, as such agreements may be amended, amended and restated or replaced in its entirety from time to time; and (viii) Collateral Access Agreements.

“Solvent” means, with respect to any Person as of the date of determination, (i) the aggregate property of such Person is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due; (ii) the aggregate property of such Person is, at a fair valuation, sufficient to enable payment of all its obligations, due and accruing due; (iii) such Person is able to meet its obligations as they generally become due; and (iv) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due; and for purposes of this definition, the amount of any contingent obligation at such time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Stone Pine” means Stone Pine Capital Ltd.

“Subordinated Lien” means any Lien for which the holder thereof has agreed, pursuant to a subordination agreement or intercreditor agreement in form satisfactory to the Agent, that such Lien shall at all times be subordinated and postponed in favour of the Liens granted by any Obligor in favour of the Agent.

“Subsidiary” means a Person (other than a natural person) which is Controlled, directly or indirectly, by another Person (other than a natural person); and for greater certainty includes a Subsidiary of a Subsidiary.

“TD Prime Rate” means the floating annual rate of interest established from time to time by the Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to the Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its “prime rate”.

“Termination Fee” means, at any time, an amount equal to two percent (2%) of the Maximum Revolving Facility Limit.

“Total Exposure” has the meaning given to such term in Section 3(a) of this Agreement.

“Transaction Documents” means, collectively, this Agreement (including for greater certainty any amendments thereto), the Guarantees given by the Obligors (other than the Borrower) in respect of the obligations under this Agreement, the Security Agreements, the Warrants, and all other documents contemplated by this Agreement and/or delivered in connection with this Agreement (including, for greater certainty, any Advance Request Certificate and Borrowing Base Certificate).

“Utilization Fee Rate” means two and four tenths of a percent (2.40%) per annum, divided by the then current calendar year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be.

“Voluntary Bankruptcy Event” means (a) an admission in writing by a Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors, (b) the filing of any assignment, petition or consent thereto or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any present or future bankruptcy, insolvency or similar Applicable Law, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or for any substantial part of such Person’s property, or (c) corporate or other action taken by such Person to authorize any of the actions set forth above.

“Warrants” means the warrants created and issued in favour of the Agent, including those created and issued as a condition under, or pursuant to, the Original Credit Agreement and the First ARCA, as further described in Schedule “B” attached hereto.

“Warrant Shares” means the warrants to purchase freely tradeable common shares in Holdings pursuant to the Warrants, as further described in Schedule “B” attached hereto.

SCHEDULE “D”

LITIGATION

1. *1613240 Ontario Ltd. and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd.* (the prior name of Holdings), Ontario Superior Court of Justice File No. CV-18-605781. Action commenced by the former Chief Financial Officer of Holdings claiming \$3 million in damages, stemming from the termination of her consulting agreement. As of November 29, 2023, Ms. Stephenson, through counsel has put forward a settlement offer of \$325,000 plus costs.
2. BZAM Cannabis Corp. commenced a claim, by arbitration, against GO Drywall Ltd. for breach of a construction contract for failure to provide services. BZAM Cannabis Corp.’s claim is for \$248,936.25. Go Drywall Ltd. commenced a cross claim for wrongful termination of the contract seeking \$746,805.89. A final arbitration was awarded in favor of BZAM Cannabis Corp.’s for the full amount of the claim, plus legal costs. BZAM Cannabis Corp.’s is in the process of attempting to enforce judgment.
3. BZAM Management Inc. has filed an appeal from the assessments by the BC Ministry of Finance’s tax appeals division to recover approximately \$1.05 Million in BC property transfer taxes paid by it in connection with its acquisition of three properties in British Columbia. BZAM Management Inc. takes the position that the taxes were not payable as it is not in fact a “foreign corporation”, which is the basis upon which such taxes are exigible. Waiting on response from BC Ministry of Finance Tax Appeals Division.
4. British Columbia Workers’ Compensation Appeal Tribunal (“**WCAT**”). Employee BZAM Management Inc. has claimed workers’ compensation benefits for a workplace injury. Claim denied on review. Worker appealed to WCAT. After the appeal hearing on January 16, 2023, all claims against BZAM Cannabis Corp. were dismissed.
5. On February 1, 2021, a former BZAM Cannabis Corp. employee filed a human rights complaint with the Alberta Human Rights Commission with respect to their termination for refusal to be vaccinated for Covid-19 pursuant to BZAM’s Vaccination Policy. Waiting for hearing date.
6. *Jason Glenn c.o.b.a Frostmec Services v BZAM Management Inc.* – British Columbia Small Claims Court. Former employee filed a Notice of Claim alleging non-payment of invoices and seeking \$28,082.00. BZAM denies all allegations of fact in the Notice of Claim. The parties were unable to settle at the Settlement Conference. A trial date has yet to be set by the Court.
7. *Freyja Jorgensen v. Final Bell Canada*, HRTO File No. 2023-53071, commenced May 31, 2023. Freyja Jorgensen, a former employee of Final Bell Corp., commenced a proceeding at the Human Rights Tribunal of Canada in the amount of CAD \$123,201. Final Bell Corp. has filed a response and estimates that its exposure is between CAD \$0 and CAD \$50,000.
8. *Thanasi Tambakos, Silvia Vassileva, Christian Tambakos, by his Litigation Guardian, Silvia Vassileva, and Gabriella Tambakos by her Litigation Guardian Silvia Vassileva v. Spectrum Cannabis Canada Ltd. (F.K.A. Mettrum Ltd.), Final Bell Corp. (F.K.A. Starseed Medicinal Inc., and Mettrum (Bennett North) Ltd.), Agripharm Corp., and Canopy Growth Corporation*, CV-23-00695168-0000, issued February 23, 2023. This action claims that

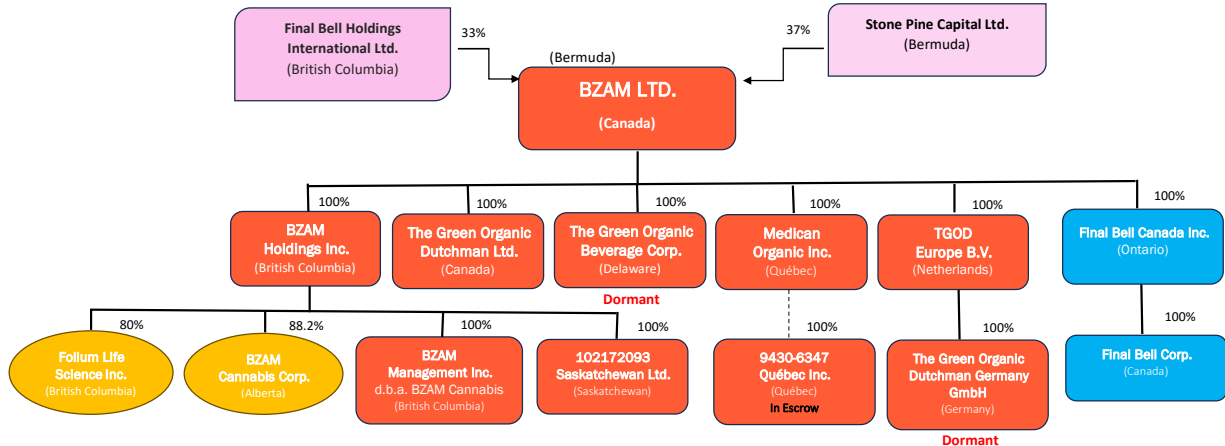
the defendants were negligent in the cultivation, production, testing, processing, manufacture, distribution, marketing and sale of the medical marijuana products affected by a recall of products produced, marketed and sold by the defendant, Mettrum Ltd. The claim is for approximately CAD \$475,000 (the "**Tambakos Litigation Matter**").

SCHEDULE "E"
ENVIRONMENTAL DISCLOSURE

Nil.

SCHEDULE "F"
CORPORATE INFORMATION

Intercorporate Relationships



The Green Organic Dutchman Ltd.

Name of Obligor:	The Green Organic Dutchman Ltd.
Prior Obligor Names:	N/A
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	Canada
Registered Office:	Suite 402 – 5520 Explorer Drive, Mississauga, ON L4W 5L1
Principal Place of Business/ Chief Executive Office:	1915 Jerseyville Road West, Jerseyville, ON L0R 1R0
Issued & Outstanding Shares:	200 common shares
List of Shareholders:	The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.) – 200 common shares

BZAM Ltd.

Name of Obligor:	BZAM Ltd.
Prior Obligor Names:	The Green Organic Dutchman Holdings Ltd.
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	Canada
Registered Office:	1570-200 Burrard Street, Vancouver, BC V6C 3L6
Principal Place of Business/ Chief Executive Office:	1570-200 Burrard Street, Vancouver, BC V6C 3L6
Issued & Outstanding Shares:	158,121,789 common shares
List of Shareholders:	N/A

Medican Organic Inc.

Name of Obligor:	Medican Organic Inc./Médican Biologique inc.
Prior Obligor Names:	N/A
Predecessor Corporations:	9371-8633 Québec Inc./9371-8633 Québec Inc.
Jurisdiction of Incorporation:	Québec
Registered Office:	311-455 Boul. Fénélon, Dorval, Québec H9S 5T8
Principal Place of Business/ Chief Executive Office:	1175 Boul. Gérard-Cadieux, Salaberry-de-Valleyfield, Québec, J6T 6M1
Issued & Outstanding Shares:	100 common shares
List of Shareholders:	The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.) – 100 common shares

BZAM Holdings Inc.

Name of Obligor:	BZAM Holdings Inc.
Prior Obligor Names:	N/A
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	British Columbia
Registered Office:	2900-550 Burrard Street, Vancouver, BC V6C 0A3
Principal Place of Business/ Chief Executive Office:	2900-550 Burrard Street, Vancouver, BC V6C 0A3
Issued & Outstanding Shares:	100 common shares
List of Shareholders:	The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.) – 100 common shares

BZAM Management Inc.

Name of Obligor:	BZAM Management Inc.
Prior Obligor Names:	N/A
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	British Columbia
Registered Office:	2900-550 Burrard Street, Vancouver, BC V6C 0A3
Principal Place of Business/ Chief Executive Office:	200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6
Issued & Outstanding Shares:	100 common shares
List of Shareholders:	BZAM Holdings Inc. – 100 common shares

BZAM Cannabis Corp.

Name of Obligor: BZAM Cannabis Corp.
 Prior Obligor Names: N/A
 Predecessor Corporations: BZAM Cannabis Corp. and Sweetgrass Inc.
 Jurisdiction of Incorporation: Alberta
 Registered Office: 3400, 350 – 7TH Avenue SW, Calgary, Alberta T2P 3N9
 Principal Place of Business/
 Chief Executive Office: 8770 24 Street NW, Edmonton, Alberta T6P 1X8
 Issued & Outstanding Shares: 884,700 Class “A” Shares
 List of Shareholders:

BZAM Holdings Inc.	780,000 Class “A” Shares
Jodi MacDonald	10,000 Class “A” Shares
Derwin Herrera	10,000 Class “A” Shares
1979073 Alberta Ltd.	10,000 Class “A” Shares
Chaucer Investments Ltd.	25,000 Class “A” Shares
2086781 Alberta Ltd.	10,000 Class “A” Shares
1237132 Alberta Ltd.	1,000 Class “A” Shares
William Rutledge	10,000 Class “A” Shares
Gail M. Burke	2,500 Class “A” Shares
Homefolio Inc.	45,000 Class “A” Shares
Ryan Murray	20,000 Class “A” Shares
All Star Ventures Ltd.	3,200 Class “A” Shares
Grant Schneider	2,150 Class “A” Shares
Patrick Leonard	500 Class “A” Shares

Folium Life Science Inc.

Name of Obligor: Folium Life Science Inc.
 Prior Obligor Names: N/A
 Predecessor Corporations: Folium Life Science Inc. and 1137773 B.C. Ltd.
 Jurisdiction of Incorporation: British Columbia
 Registered Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3
 Principal Place of Business/
 Chief Executive Office: 107/109 – 1761 Sean Heights, Saanichton, BC V8M 0A5
 Issued & Outstanding Shares: 3,600 Class “A” Shares
 List of Shareholders:

BZAM Holdings Inc.	2,880 Class "A" Shares
Fonda Betts	91.2 Class "A" Shares
Sheldon Kales	54 Class "A" Shares
1244780 B.C. Ltd.	574.8 Class "A" Shares

Final Bell Canada Inc.

Name of Obligor: Final Bell Canada Inc.
 Prior Obligor Names: N/A
 Predecessor Corporations: N/A
 Jurisdiction of Incorporation: Ontario
 Registered Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7
 Principal Place of Business/
 Chief Executive Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7
 Issued & Outstanding Shares: 1,000 (see breakdown among classes in chart below)
 List of Shareholders:

BZAM Ltd.	295 class A (voting) common shares
	295 class B (non-voting) common shares
	30 class C (non-voting) common shares
	100 class D (non-voting) common shares
	100 class E (non-voting) common shares
	30 class F (non-voting) common shares
	100 class G (non-voting) common shares
	20 class H (non-voting) common shares
	30 class I (non-voting) common shares

Final Bell Corp.

Name of Obligor: Final Bell Corp.
 Prior Obligor Names: Starseed Medicinal Inc. and Mettrum (Bennett North) Ltd.
 Predecessor Corporations: N/A
 Jurisdiction of Incorporation: Canada
 Registered Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7
 Principal Place of Business/
 Chief Executive Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7

Issued & Outstanding Shares: 100 common shares
List of Shareholders: Final Bell Canada Inc. – 100 common shares

SCHEDULE “G”

PENDING CORPORATE CHANGES

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) under the indenture dated October 23, 2020 and trading on the CSE under the symbol “BZAM.WA”.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) under the indenture dated December 10, 2020 and trading on the CSE under the symbol “BZAM.WB”.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) under the indenture dated June 12, 2020 and trading on the CSE under the symbol “BZAM.WR”.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) to Maynbridge Capital Inc. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) to Cortland Credit Lending Corporation. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) to Canaccord Genuity Corp. in connection with its financings of The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings).

Escrowed share units, contingent share units, RSUs, and incentive stock options and ESPP issued under BZAM Ltd.’s incentive compensation plans

Common shares to be issued pursuant to a non-brokered private placement announced on May 19 for the issuance of up to 22,222,223 units, consisting of one common share and one warrant to purchase one common share.

The purchase of 9430-6347 Quebec Inc. by Médican Biologique Inc., by way of Share Purchase Agreement between, among others, Médican Biologique Inc. and the Vendors (as defined therein) (the “**Medican SPA**”) dated November 11, 2022. The Medican SPA is currently held in escrow until such time as all purchase conditions are met including receipt of a municipal permit.

Amendment to the articles of incorporation for each of the FBC Obligors to remove any reference to the term “Final Bell” within the name of such entity.

SCHEDULE "H"

MATERIAL AGREEMENTS AND MATERIAL PERMITS

Material Agreements

1. Standing Offer Contract 1631 between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Alberta Gaming, Liquor and Cannabis Commission dated May 20, 2019
2. Master Cannabis Supply Agreement between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Ontario Cannabis Retail Corporation dated February 6, 2019
3. Data Subscription Agreement between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Ontario Cannabis Retail Corporation dated February 25, 2019
4. Licensed Producer Supply Agreement for Non-Medical Cannabis between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act dated November 7, 2019
5. NLC Cannabis and Cannabis Related Product Supply Agreement between The Green Organic Dutchman Ltd. and Newfoundland and Labrador Liquor Corporation dated November 19, 2019
6. Lettre D'Intention between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Societe Quebecoise du Cannabis dated March 26, 2020
7. Supplier Agreement – Cannabis Products between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Loblaws Inc. dated March 3, 2020
8. Unanimous Shareholder Agreement (between BZAM LTD., Northwest Confections Canada Inc. and Wyld Glx Corp.
9. Intellectual Property Licence Agreement dated April 15, 2021 between BZAM LTD. and Wyld Glx Corp.
10. Intellectual Property Licence Agreement dated April 15, 2021 between Northwest Confections Canada Inc. and Wyld Glx Corp.
11. Amended and Restated Manufacturing and Distribution Agreement dated August 24, 2021 between BZAM Management Inc. and Wyld Glx Corp.
12. Amending Agreement dated October 18, 2021 between Northwest Confections Canada Inc. and BZAM LTD.
13. Joint Venture between Northwest Confections Canada Inc. (subsidiary of Northwest Commonwealth LLC) and BZAM LTD.
14. Amended and Restated Joint Venture Agreement dated August 24, 2021 between Northwest Confections Canada Inc. and BZAM Management Inc.
15. Contract Grow Agreement dated April 27, 2021 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Pure Sunfarms Corp., as seller

16. Purchase Agreement dated May 25, 2022 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Medisun Inc., as seller
17. Supply and Purchase Agreement dated April 28, 2023 between BZAM LTD. (d/b/a BZAM Cannabis), as seller, and 4C LABS LTD., as buyer.
18. Supply and Purchase Agreement dated January 4, 2022, between The Green Organic Dutchman LTD., as seller, and Oxygen Handel GmbH., as buyer
19. The Medican SPA
20. The Trademark License and Manufacturing Agreement dated November 2, 2021 and Amending Agreement to the Trademark License and Manufacturing Agreement dated May 5, 2022 between Final Bell Canada Inc. and Aphaea, LLC. (Sherbinskis)
21. The Trademark License and Manufacturing Agreement dated June 17, 2021 between Final Bell Canada Inc. and Little Farma Inc.
22. The Brand License and Manufacturing Agreement dated February 9, 2023 between Final Bell Corp. and Cookies Creative Consulting, LLC.
23. The License and Services Agreement dated November 16, 2023 between Dreamfields Canada Operations Inc. and Final Bell Corp. (Jeeter)
24. The Offtake Supply Agreement dated February 9, 2023 between Final Bell Corp. and Noya Cannabis Inc.
25. The Preroll Input Supply Agreement dated December 22, 2022 between Final Bell Corp. and Noya Cannabis Inc.
26. The License and Services Agreement dated July 14, 2022 between Final Bell Corp. and PAX Labs (Canada) Inc.
27. The Fourth Amended and Restated Manufacturing Services Agreement dated August 25, 2023 between Final Bell Corp. and The Peace Naturals Project Inc.
28. The Amended and Restated Manufacturing Services Agreement dated April 29, 2022 between Final Bell Corp. and Greentec Holdings Ltd.
29. The Contract Manufacturing Agreement dated August 28, 2023 between Final Bell Corp. and Tweed Inc.
30. The Manufacturing Services Agreement dated December 12, 2022 between Final Bell Corp. and Organigram Inc.
31. The Manufacturing Services Agreement dated June 26, 2023 between Atlas Global Brands and Final Bell Corp.
32. The First Amended Manufacturing Services Agreement dated October 24, 2023 between Final Bell Corp. and Bzam Management Inc.
33. The Distribution agreement dated September 26, 2023 between Final Bell Corp. and Maqabim Distributors Ltd.
34. The Distribution Agreement dated July 4 2023 between Final Bell Corp. and Valiant Distribution Canada Inc.

35. The Distribution Agreement dated January 1, 2023 between Final Bell Corp. and 10926671 Canada Ltd. (Open Fields Distribution) (Manitoba)
36. The Distribution Agreement dated January 17, 2023 between Final Bell Corp. and Open Fields Distribution (Saskatchewan)
37. The Cannabis Product Supply Agreement dated April 4, 2022 between Final Bell Corp. and 9374-2187 Qc Inc. dba Medicibis.
38. The Sales, Distribution and Marketing Agreement dated November 11, 2022 between Final Bell Corp. and Rose Lifescience Inc.
39. The Genetic Purchase and Laboratory Services Agreement dated May 5, 2022 between Final Bell Corp. and 101265496 Saskatchewan Ltd. (Mother Labs).
40. The Offtake Supply Agreement dated March 1, 2023 between Final Bell Corp. and Lyonleaf Cannabis Inc.
41. The Processing Services Agreement dated September 17, 2021 between Final Bell Corp. and Cannapiece Corp.
42. The Final Bell Data Sharing Agreement dated July 1, 2022 between Final Bell Corp. and Cannabolic Marketing Corp. (CMC)
43. The Cabanalytics Data License Agreement dated May 1, 2022 between Final Bell Corp. and High Tide Inc.
44. The Data License Agreement dated October 1, 2022 between Final Bell Corp. and TS Programs Ltd.
45. The Amending Agreement to Data License Agreement dated January 1, 2023 between Final Bell Corp. and Hifyre Inc.
46. The Data License Agreement dated May 1, 2023 between Final Bell Corp. and Nova Cannabis Analytics Limited Partnership.
47. The Business Data License Agreement dated May 5, 2023 between Final Bell Corp. and Sparq Retail Cannabis Dispensary & Delivery.
48. Licensed Producer Supply Agreement for Non-Medical Cannabis between Final Bell Corp. and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act, SBC 2018, c 28 (BCLDB) dated March 31, 2021.
49. The Master Cannabis Supply Agreement dated June 22, 2021 and Amending Agreement to Master Cannabis Supply Agreement re Insurance Requirements dated March 7, 2023 between Ontario Cannabis Retail Corporation, as purchaser, and Final Bell Corp., as supplier.
50. Cannabis Purchase and Sale Agreement dated September 27, 2022 between Final Bell Corp. and the Yukon Liquor Corporation.
51. The Term Sheet dated October 7, 2023 between Final Bell Corp. and Wagner Dimas.
52. The Leases with respect to the leased real property in Schedule "I".

53. The share purchase agreement dated March 15, 2021 among Starseed Holdings Inc., WeedMD Inc. and Final Bell Canada Inc.

Material Permits

1. Health Canada Licence No LIC-CJMMLU7IJN-2022 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. Expiring July 20, 2027
2. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
3. BZAM Management Inc. Licence LIC-JTUPWJZJ50-2022 under the Cannabis Act (Canada)
4. BZAM Management Inc. Licence LIC-G27V6VI0UJ-2022 under the Cannabis Act (Canada)
5. BZAM Management Inc. Licence LIC-HU7CU4DYAO-2020-5 under the Cannabis Act (Canada)
6. BZAM Cannabis Corp. Licence LIC-J5USTB6Z3V-2022 under the Cannabis Act (Canada)
7. Folium Life Science Inc. Licence LIC-9GRI1YRQEV-2021 under the Cannabis Act (Canada)
8. BZAM Management Inc. Research License LIC-TNCAPN24J9-2022 under the Cannabis Act (Canada)
9. The Green Organic Dutchman Ltd. EUGMP – DE_BW_01_GMP_2023_0085 For Ancaster, Jerseyville.
10. Health Canada Licence No. LIC-ZOTV09QHPG-2022 issued to Final Bell Corp., expiring October 27, 2027
11. Health Canada Licence No. LIC-E5FM5PUXBF-2020-5 (Research) issued to Final Bell Corp., expiring February 7, 2025
12. Final Bell Corp. Canada Revenue Agency Cannabis License No. 780639324 RD0001 issued under the Excise Act (Canada) on November 22, 2023
13. AGLC Cannabis Representative Registration issued to Final Bell Corp. on February 13, 2023

SCHEDULE "I"

REAL PROPERTY

1. Owned:
 - a. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0 owned by The Green Organic Dutchman Ltd.
 - b. 8770 24th Street NW, Edmonton, Alberta, T6P 1X8 owned by BZAM Cannabis Corp.
2. Leased:
 - a. 402, 5520 Explorer Drive Mississauga, ON L4W 5L1 leased by The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.)
 - b. 311-455 BOUL., Fenelon, Dorval, Quebec H9S 578 leased by Medican Organic Inc.
 - c. 19100 Airport Way, Units 518/519, Pitt Meadows, BC V3Y 0E2 leased by BZAM Management Inc.
 - d. Unit 107/109, 1759 Sean Heights, Saanichton BC, V8M 1X6 leased by BZAM Cannabis Corp.
 - e. 5000 Chemin Murphy, Vaudeuil-Dorion QC, J7V 8P2 leased by 9430-6347 Quebec Inc.¹
 - f. 1100 Bennett Road North, Units 1-3, Bowmanville, ON L1C 0Y7 subleased by Final Bell Canada Inc.
 - g. 1100 Bennett Road North, Unit 4, Bowmanville, ON L1C 0Y7 leased by Final Bell Corp.
 - h. 1100 Bennett Road North, Unit 5, Bowmanville, ON L1C 0Y7 leased by Final Bell Canada Inc.
3. Warehoused:
 - a. 250 Baseline Road, Bowmanville, ON L1C 1A4, subject to a warehouse agreement by Final Bell Canada Inc.

¹ Although the Medican SPA remains in escrow pending receipt of a municipal permit and is not yet in effect, Medican Organic Inc. is paying the rent for this leased property on behalf of 9430-6347 Quebec Inc.

SCHEDULE “J”

PERMITTED ENCUMBRANCES

1. Lien with registration number 20170906 1631 1862 3892 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to assignment of term deposits and credit balances.
2. Lien with registration number 20180410 1610 1532 1077 in favour of Bank of Montreal as against The Green Organic Dutchman Holdings Ltd. with respect to a short-term investment certificate n/o 0002-9631-033 in the principal amount of \$100,000.
3. Lien with registration number 20191025 1616 1626 1771 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to a term deposits #8 and #9 for letters of credit in the amount of \$35,000 and \$455,500, plus interest accrued on such term deposits.
4. Existing BZAM Edmonton Property Charge.

SCHEDULE "K"

ACCREDITED INVESTOR CERTIFICATE

TO: BZAM Ltd. (the "Corporation")

You (the undersigned accredited investor) represent and warrant to the Corporation that you are an "**accredited investor**" as defined in section 73.3 of the *Securities Act* (Ontario), on the basis that you fit within the category of accredited investor which you have indicated below.

You represent and warrant that you are: {please initial the applicable item, complete the relevant information and sign this certificate}

- _____ (a) a Schedule I, II or III bank, or a Canadian financial institution
- _____ (b) the Business Development Bank of Canada
- _____ (c) a subsidiary of any person referred to in paragraph (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary
- _____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d)
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador)
- _____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada
- _____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec
- _____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government
- _____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada
- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000

{Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of "financial assets" later in this certificate. Financial assets are generally liquid or relatively easy to liquidate.

You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of “related liabilities”. Financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you.

_____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000

{Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1).}

_____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year

_____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000

{Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the subscription.}

_____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements

_____ (n) an investment fund that distributes or has distributed its securities only to:

(i) a person that is or was an accredited investor at the time of the distribution;

(ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 (Minimum amount investment), or 2.19 (Additional investment in investment funds) of NI 45-106; or

(iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 (Investment fund reinvestment) of NI 45-106

_____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt

_____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction,

acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be

- _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction
- _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded
- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function
- _____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors

{Note: If you have initialed this paragraph (t), name each owner of an interest, and indicate the category of accredited investor into which that person fits (by reference to the paragraph numbers in this ●). If a person named below is a director required by law to own a voting security, and that person is not an accredited investor, indicate "director" under Category.}

Name	Category
_____	_____
_____	_____
_____	_____
_____	_____

- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser
- _____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor
- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse

{Note: If you have initialed this paragraph (w), name the person who established the trust and each trustee, and indicate the category of accredited investor into which that person fits (by reference to the paragraph numbers in this ●.). If a person named below is not an accredited investor, indicate "N/A" under Category.}

	Name	Category
Person who established trust:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____

Signatures	
Name of accredited investor:	CORTLAND CREDIT LENDING CORPORATION
Signature of authorized signatory/agent on behalf of accredited investor:	
Name and official capacity or title of authorized signatory/agent:	
Date:	

As used in this certificate, the following terms have the following meanings.

“Canadian financial institution” means:

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; and
- (b) in Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be; and
- (c) outside of Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada.

“eligibility adviser” means:

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and
- (b) in Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a

member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:

- (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons; and
- (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months.

“executive officer” means, for an issuer, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer.

“financial assets” means:

- (a) cash;
- (b) securities; or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation.

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada.

“founder” means, in respect of an issuer, a person who:

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer; and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer.

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction.

“investment fund” has the same meaning as in National Instrument 81-106 — Investment Fund Continuous Disclosure and means a mutual fund or a non-redeemable investment fund.

“jurisdiction of Canada” means a province or territory of Canada.

“non-redeemable investment fund” means an issuer:

- (a) whose primary purpose is to invest money provided by its securityholders;
- (b) that does not invest:

- (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund; or
 - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund; and
- (c) that is not a mutual fund.

“person” includes:

- (a) an individual;
- (b) a corporation;
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative.

“related liabilities” means:

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or
- (b) liabilities that are secured by financial assets.

“spouse” means an individual who:

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual;
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta).

“subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

**Exhibit "QQ" to the
Affidavit of Matthew Milich sworn
March 25, 2024**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BZAM LTD
Borrowing Base Calculation
February 23, 2024

	TGOD CAD	BZAM CAD	Final Bell CAD	Total CAD
ACCOUNTS RECEIVABLE				
Gross Accounts Receivable	3,223,651	3,856,170	6,426,373	13,506,195
Less: Amounts received already included in AR	-	-	-	-
Less: Amounts collected not yet flushed into Acc.845	-	-	-	-
Add: Delivered but unbilled AR	-	-	-	-
Net Accounts Receivable	3,223,651	3,856,170	6,426,373	13,506,195
Less:				-
[REDACTED]	1,300,449	1,003,808	1,780,818	4,085,075
[REDACTED]	(17,934)	2,332	95,263	79,661
[REDACTED]	-	-	-	-
[REDACTED]	19,561	946	-	20,508
[REDACTED]	-	-	-	-
[REDACTED]	-	4,844	-	4,844
[REDACTED]	-	-	-	-
[REDACTED]	-	-	-	-
Total Ineligible	1,302,076	1,011,930	1,876,081	4,190,087
	40%	26%	29%	31%
Total Eligible Accounts Receivable	1,921,575	2,844,240	4,550,292	9,316,107
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Accounts Receivable Available	1,633,338	2,417,604	3,867,748	7,918,691
INVENTORIES				
Total Finished Goods Inventory	5,493,888	-	-	5,493,888
Total Ineligible Finished Goods Inventory	321,472	-	-	321,472
Total Eligible Finished Goods Inventory	5,172,416	-	-	5,172,416
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Finished Goods Inventory Available	1,293,104	-	-	1,293,104
Less:				
[REDACTED]	468,000	326,000	110,000	904,000
[REDACTED]	-	-	-	-
[REDACTED]	-	-	-	-
Total Priority Payables	468,000	326,000	110,000	904,000
Net Available Collateral (before items below)	2,458,443	2,091,604	3,757,748	8,307,795
Less: Balance from previous draw	\$ (8,448,788)			\$ (8,448,788)
Net Available Collateral	(5,990,345)	2,091,604	3,757,748	(140,992)
Net Available Collateral			[a] (140,992)	
[REDACTED]			3,000,000	
Max Available to Draw			(i) 2,859,008	
Total Draw			<i>Lower of (i),(ii)</i> 2,859,008	
(ii) Total Facility	34,000,000			
Less Term Portion	(24,000,000)			
Add Amount paid down on the Term Portion	3,388,573			
Balance from Previous Draw	(8,448,788)			
Max Available in Facility	4,939,786			

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 BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.*

Court File No.: CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AFFIDAVIT OF MATTHEW MILICH
(Sworn March 25, 2024)

BENNETT JONES LLP
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Lawyers for the Applicants

TAB 2

**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
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM
CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN
LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH
ROAD HOLDING CORP., AND FINAL BELL CORP.**

Applicants

**AFFIDAVIT OF MATTHEW MILICH
(Sworn March 1, 2024)**

I, Matthew Milich, of the City of Long Beach, in the State of California, **MAKE OATH**

AND SAY:

1. This affidavit is made in support of a motion by BZAM Ltd. ("**BZAM**"), BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., 102172093 Saskatchewan Ltd., The Green Organic Dutchman Ltd. ("**TGOD**"), Medican Organic Inc., High Road Holding Corp., and Final Bell Corp. doing business as BZAM Labs (each individually, an "**Applicant**", and collectively, the "**Applicants**").

2. I am the Chief Executive Officer of BZAM, which wholly-owns or has a controlling interest in each of the other Applicants and which, directly or indirectly, wholly-owns four other non-Applicant subsidiaries¹ (each subsidiary of BZAM individually a "**Subsidiary**" and together

¹ The non-Applicant subsidiaries are: (1) 9430-6347 Québec Inc.; (2) The Green Organic Beverage Corp., a dormant company based in Delaware; (3) TGOD Europe B.V., a company based in the Netherlands, and (4) The Green Organic Dutchman Germany GmbH, a dormant company based in Germany (collectively, the "**Non-Applicant Stay Parties**").

the "**Subsidiaries**", and collectively with BZAM, the "**Company**"). As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and I believe them to be true.

3. All capitalized terms not otherwise defined herein have the meaning ascribed to them in:
 - (a) the Initial Order of the Honourable Justice Osborne dated February 28, 2024 (the "**Initial Order**") in the Applicants' proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), a copy of which is attached hereto as **Exhibit "A"**;
 - (b) my previous affidavit sworn February 28, 2024, in support of the Initial Order (the "**First Milich Affidavit**"), a copy of which is attached hereto (without exhibits) as **Exhibit "B"**; or
 - (c) the SISP (as defined below), a copy of which is appended to the proposed SISP Approval Order (as defined below) at Schedule "A", as applicable.

4. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

I. RELIEF REQUESTED

5. I swear this affidavit in support of motion brought by the Applicants pursuant to the CCAA, for: (i) an amended and restated Initial Order (the "**ARIO**"); and (ii) an order (the "**SISP Approval Order**") approving a sale and investment solicitation process for the purpose of soliciting interest in, and opportunities for the sale of, or investment in, the assets and business operations of the Applicants and the Non-Applicant Stay Parties.

6. The proposed ARIO, among other things, would:
- (a) extend the Stay of Proceedings to and including May 25, 2024 (the "**Stay Extension**");
 - (b) increase the maximum principal amount that the Applicants can borrow under the DIP Loan to \$41,000,000; and
 - (c) increase the quantum of each of the Administration Charge (to a maximum amount of \$1,000,000), the DIP Lender's Charge (to a principal amount of \$41,000,000, plus interest, fees and expenses), and the Directors' Charge (to a maximum amount of \$12,900,000).
7. The proposed SISP Approval Order, among other things, would:
- (a) authorize and approve BZAM's execution of a share subscription agreement (the "**Stalking Horse Purchase Agreement**") among BZAM and 1000816625 Ontario Inc.² (the "**Stalking Horse Purchaser**") dated March 1, 2024, *nunc pro tunc*, including the Bid Protections (as defined below);
 - (b) grant a Court-ordered charge (the "**Bid Protections Charge**") over the Property in favour of the Stalking Horse Purchaser as security for payment of the Bid Protections, with the priority set out in the ARIO;
 - (c) approve a sale and investment solicitation process (the "**SISP**") in which the Stalking Horse Purchase Agreement will serve as the "**Stalking Horse Bid**", and

² The Stalking Horse Purchaser is a company related to Bassam Alghanim, who is BZAM's largest shareholder, current Chairman, and the individual that ultimately controls Stone Pine Capital Ltd. ("**Stone Pine**"), a secured creditor of BZAM.

authorizing the Applicants and the Monitor to implement the SISP pursuant to its terms; and

- (d) authorize and direct the Applicants and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the SISP.

II. INTRODUCTION AND BACKGROUND

8. BZAM is a reporting issuer listed on the Canadian Securities Exchange under the symbol “BZAM”, “BZAM.WR”, “BZAM.WA”, and “BZAM.WB” and its shares trade in the United States on the OTCQX under the symbol “BZAMF”. It is the ultimate parent company to several companies in the cannabis industry in Canada. Through the Subsidiaries, its business and operations focus on production and sale of various cannabis products. The Company owns cannabis cultivation and processing facilities in Ontario and Alberta, leases production facilities in British Columbia and Québec, leases a retail store in Saskatchewan, and has its corporate offices in Ontario and British Columbia.

9. The Applicants obtained protection under the CCAA pursuant to the Initial Order on February 28, 2024. The facts underlying the Applicants' financial circumstances and need for CCAA protection are set out in the First Milich Affidavit and are not repeated herein.

10. The Initial Order, among other things:

- (a) declared that the Applicants are parties to which the CCAA applies;
- (b) appointed FTI as the Monitor;

- (c) granted an initial stay of proceedings in favour of the Applicants, the Non-Applicant Stay Parties, and their respective Directors and Officers, until and including March 8, 2024 (the "**Stay Period**");
- (d) extended the benefit of the Stay of Proceedings and other aspects of the Initial Order to the Non-Applicant Stay Parties and their respective Directors and Officers;
- (e) approved TGOD's ability to borrow up to a principal amount of \$2,400,000 under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Loan**") from the Company's existing senior secured creditor, Cortland Credit Lending Corporation ("**Cortland**" and in its capacity as lender, the "**DIP Lender**") to finance the Company's critically required working capital requirements and other general corporate purposes, post-filing expenses and costs during the initial Stay Period with the other Applicants acting as guarantors under the DIP Loan;
- (f) granted the Administration Charge, the DIP Lenders' Charge and the Directors' Charge (collectively, the "**Charges**");
- (g) relieved the Applicants from incurring any further expenses in relation to the Securities Filings and provided that none of the Directors and Officers, employees and other representatives of the Applicants, or the Monitor (and its directors, officers, employees and representatives) shall have any personal liability for any failure by the Applicants to make Securities Filings; and
- (h) relieved BZAM of any obligation to call and hold its Annual General Meeting until further Order of this Court.

III. THE ARIO

A. Increases to the Charges

1. The Administration Charge

11. The Initial Order granted an Administration Charge in favour of the Monitor, as well as counsel to the Monitor and the Applicants, over the Property up to a maximum of \$500,000, which took into account the limited retainers the professionals had and their outstanding fees. The ARIO contemplates increasing the quantum of the Directors' Charge to a maximum of \$1,000,000.

12. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.

13. I believe that the increased quantum of the Administration Charge is fair and reasonable in the circumstances. I understand that the Monitor and the DIP Lender are also supportive of the Administration Charge and its increased quantum.

2. The DIP Lenders' Charge

14. Under the terms of the Initial Order, the maximum principal amount of the DIP Loan to be advanced prior to the Comeback Hearing was limited to \$2,400,000, which was the amount determined to be reasonably necessary to continue ordinary course operations during the initial Stay Period. As such, the DIP Lenders' Charge sought and granted in the Initial Order was limited to a maximum principal amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses.

The Initial Order reflects the DIP Lender's agreement to subordinate the DIP Lender's Charge to all pre-filing amounts owing under the Edmonton Property Charge.

15. The Applicants are now seeking to increase the maximum quantum of the DIP Lenders' Charge to the principal amount of \$41,000,000 (plus accrued and unpaid interest, fees and costs), which is the full amount available to the Applicants under the Court-approved DIP Loan.

16. Additional draws under the DIP Loan are conditional on the increase to the DIP Lenders' Charge being granted. Should the ARIO not be granted and the DIP Lenders' Charge not be increased, the Applicants, the Non-Applicant Stay Parties and their stakeholders stand to suffer material prejudice including, but not limited to, the cessation of their business.

3. The Directors' Charge

17. As is customary in CCAA proceedings, the Initial Order granted a Directors' Charge in favour of the Directors and Officers up to a maximum of \$5,300,000, which reflected an estimate of potential liabilities the Directors and Officers could incur up to the date of the Comeback Hearing. The ARIO contemplates increasing the quantum of the Directors' Charge to a maximum of \$12,900,000.

18. I believe that the increased quantum of the Directors' Charge is fair and reasonable in the circumstances. It is calculated based on an estimate of the maximum potential liability the Directors and Officers could have during the CCAA Proceedings. I understand that the Monitor and the DIP Lender are supportive of the Directors' Charge and its increased quantum. I further understand that the Monitor will include a breakdown of the proposed \$12,900,000 Directors' Charge in its First Monitor's Report.

B. Priority of the Charges

1. Cortland's Pre-Filing Debt Charge

19. Pursuant to section 3.5(f) of the DIP Loan, the parties agreed that the Directors' Charge would rank subordinate to the DIP and Cortland's pre-filing security. This was not expressly set out under the priority ranking of the Charges under the Initial Order. Accordingly, the ARIO is seeking to correct the priority ranking on the Property and the Edmonton Property to include a charge in favour of Cortland for all existing security for all amounts due under the Amended and Restated Credit Agreement dated January 8, 2024 ("**Cortland's Pre-Filing Debt Charge**"). Cortland's Pre-Filing Debt Charge will rank subordinate to the DIP Lender's Charge, but ahead of the Directors' Charge with respect to the Property and the Edmonton Property.

2. Encumbrances

20. The Initial Order provides that the beneficiaries of the Charges, including the DIP Lender, are entitled to seek priority for their respective Charge over any Encumbrance (as defined in the Initial Order) in favour of any person that was not previously served with notice of the hearing in respect of the Initial Order.

21. I am advised that the DIP Lender requires that the ARIO provide that the DIP Lenders' Charge rank in priority to all Encumbrances (other than the Administration Charge and the Edmonton Property Charge), including Encumbrances in favour of any person that was not previously provided with notice of the hearing in respect of the Initial Order. Accordingly, pursuant to the ARIO, the Applicants' are seeking to have the Charges rank in priority to all Encumbrances.

22. I am advised by Sean Zweig of Bennett Jones LLP, counsel for the Applicants, that the parties holding such Encumbrances will be given notice of the motion in respect of the ARIO and the SISP Approval Order.

C. Stay Extension

23. Pursuant to the Initial Order, the Court granted the initial Stay Period until and including March 8, 2024. Pursuant to the ARIO, the Applicants are seeking an extension of the Stay Period until and including May 25, 2024.

24. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to, among other things, stabilize their business, finalize the SISP and the Stalking Horse Purchase Agreement, and with the assistance of the Monitor, deploy a communications plan notifying key stakeholders of the CCAA Proceedings. Specifically, the communications plan has included:

- (a) disseminating a press release through The Newswire informing investors and other interested parties that the Applicants had obtained protection pursuant to the CCAA;
- (b) hosting virtual town hall meetings with the Applicants' employees;
- (c) contacting key customers and suppliers; and
- (d) notifying Health Canada of these proceedings.

25. It is necessary and in the best interests of the Applicants, the Non-Applicant Stay Parties and their stakeholders that the Stay Period be extended until May 25, 2024, as it will allow the

Applicants and the Monitor to complete the SISP (if approved by this Court), which will ultimately preserve and maximize the value of the Applicants' and the Non-Applicant Stay Parties' business for the benefit of their many stakeholders.

26. As is demonstrated in the Cash Flow Forecast appended to the Monitor's Pre-Filing Report, subject to the granting of the ARIO, the Applicants are forecast to have sufficient liquidity to fund their obligations and the costs of the CCAA Proceedings through to the end of the extended Stay Period.

IV. THE SISP APPROVAL ORDER

27. The Applicants seek the proposed SISP Approval Order to pursue a going concern transaction for the benefit of its and the Non-Applicant Stay Parties' stakeholders. The proposed SISP Approval Order has two key aspects: (a) authorize and approve BZAM's execution of the Stalking Horse Purchase Agreement; and (b) approve the SISP in which the Stalking Horse Purchase Agreement will serve as the Stalking Horse Bid.

A. Stalking Horse Purchase Agreement

28. The Stalking Horse Purchase Agreement between BZAM and the Stalking Horse Purchaser (*i.e.*, 1000816625 Ontario Inc.) will serve as the basis for the Stalking Horse Bid in the SISP. A copy of the Stalking Horse Purchase Agreement is attached hereto as **Exhibit "C"**.

29. I believe that utilizing a stalking horse is of significant benefit to the Applicants because, among other things, it assures the Applicants' many stakeholders – including its hundreds of employees, customers, suppliers, Health Canada and CRA – that there will be a going-concern outcome for the Applicants' business.

30. The Stalking Horse Purchase Agreement is contemplated to be structured as a reverse vesting transaction whereby the Stalking Horse Purchaser will restructure the Company through, among other things, an order to be granted by the Court (the "**RVO**") approving the purchase of the Company by the Stalking Horse Purchaser and the vesting out of certain liabilities of the Applicants in the event that the Stalking Horse Bid is the "**Successful Bid**" in the SISP. The transaction was structured as a reverse vesting transaction, among other reasons, because the Applicants' cannabis licenses cannot be transferred in a typical asset vesting structure.

31. The Stalking Horse Purchase Agreement is the product of significant efforts and negotiations among the Stalking Horse Purchaser, the Company, the Monitor and the Company's secured creditors, Stone Pine and Cortland. The Stalking Horse Purchase Agreement will pay out, in full, the amount of Cortland's secured debts under the Credit Agreement. The significant terms of the Stalking Horse Purchase Agreement include, among other things:

Term	Details³
1.1 "Assumed Liabilities"	<p>"Assumed Liabilities" means:</p> <p>(a) All trade payables and liabilities incurred in the normal course of operations from the date of the Initial Order that remain outstanding as at the Closing Date (as such trade payables and liabilities are set out in the Statement of Trade Payables).</p> <p>All mortgages registered on title to the real property owned by any of the Company Group Members.</p> <p>All amounts owing under the existing charge on Plan 8720213, Block 5, Lot 4, excepting thereout all mines and minerals and municipally known as 8770 24th Street NW, Edmonton, Alberta, T6P 1X8, in favour of Manjinder Singh Gill, as agent, in a principal amount of \$5,000,000 with registration number 212152636.</p> <p>Other Assumed Liabilities to be agreed by the Parties.</p>

³ All capitalized terms in this table not otherwise defined have the meaning ascribed to them in the Stalking Horse Purchase Agreement.

	<p>(b) Liabilities under any Retained Contracts, Permits and Licenses or Permitted Encumbrances (in each case, to the extent forming part of the Retained Assets) arising out of events or circumstances that occur after the Closing; and</p> <p>(c) any Tax Liabilities and Transaction Taxes referred to in Section 3.1(c) and Section 3.2(c).</p>
<p>1.1 "Cash Consideration"</p>	<p>"Cash Consideration" means an amount sufficient to pay in full in cash all (i) amounts owing in respect of the DIP Facility; (ii) amounts owing by the CCAA Applicants to Cortland Credit Lending Corporation pursuant to the Second Amended and Restated Credit Agreement dated January 8, 2024; and (iii) amounts in respect of Closing Payments to the extent paid in accordance with Sections 2.3 and 6.2(b).</p>
<p>2.1 Deposit</p>	<p>The Purchaser shall pay to the Monitor, by wire transfer of immediately available funds, an amount of \$2,250,000 (the "Cash Deposit"), within two (2) days of the granting of the SISP Order by the Court, which Cash Deposit shall be held in escrow by the Monitor in a non-interest bearing account on behalf of the Company. If the Closing does not occur for any reason and the Agreement is terminated, the Cash Deposit will be forthwith refunded in full to the Purchaser (without interest, offset or deduction) except:</p> <p>(a) if this Agreement is terminated by the Company pursuant to Section 8.1(a)(v); or</p> <p>(b) if this Agreement is terminated by the Company pursuant to Section 8.1(a)(iv), except if (i) at the time of such termination the condition in Section 7.1(k) has not been satisfied and (ii) the Purchaser has requested an extension of the Outside Date and has not received consent to such extension, in which case the Cash Deposit will be forthwith refunded in full to the Purchaser (without interest, offset or deduction).</p> <p>If this Agreement is terminated by the Company in the circumstances set forth in Sections 2.1(a) or 2.1(b), the Cash Deposit shall become the property of, and shall be transferred to, the Company as liquidated damages (and not as a penalty) to compensate the Company for the expenses incurred and opportunities foregone as a result of the failure to close the Transactions.</p>
<p>2.2 Subscription Price</p>	<p>The subscription price for the Subscribed Shares shall be an amount equal to the aggregate of the following (the "Subscription Price"):</p> <p>(i) <u>Assumption of Stone Pine Debt</u>: On the Closing Date and in accordance with the Closing Sequence, the Purchaser shall enter into the Stone Pine Debt Assumption Agreement pursuant to which the Purchaser will assume from the Company and agree to pay in full when due the Stone Pine Debt plus accrued and unpaid interest thereon</p>

	<p>as of the Closing Date and the Company shall thereupon be released from all obligations and liabilities under the Stone Pine Debt (collectively, the "Debt Consideration"); and</p> <p>(ii) <u>Cash Consideration</u>: On the Closing Date and in accordance with the Closing Sequence, the Purchaser shall pay the Cash Consideration as follows: (A) by the release of the Cash Deposit by the Monitor to the Company, and (B) by wire transfer to an account designated by the Monitor, on behalf of the Company, of immediately available funds in the amount of the balance of the Cash Consideration.</p> <p><u>Assumption of Assumed Liabilities</u>: On the Closing Date and in accordance with the Closing Sequence, the Company Group Members shall retain the Assumed Liabilities. For greater certainty, all Assumed Liabilities, including, but not limited to, the Statement of Trade Payables amounts, will be assumed and retained by the Company and paid on the later of (a) Closing, and (b) when such Assumed Liabilities become due and owing in accordance with their current payment terms and conditions, absent any acceleration that may be asserted to be caused by or associated with the Company Group Members' insolvency or the CCAA Proceedings.</p>
<p>7.1 The Purchaser's Conditions</p>	<p>The Purchaser's closing conditions include, among others:</p> <p>(a) <u>Successful Bid</u>. The Staking Horse Purchase Agreement shall have been declared the "Successful Bid" in accordance with the SISP Procedures.</p> <p>(b) <u>Court Approval</u>. The Initial Order, the SISP Order and the Approval and Reverse Vesting Order shall have been issued by the Court, and shall not have been vacated, set aside or stayed.</p> <p>...</p> <p>(e) <u>No Material Adverse Effect</u>. During the Interim Period, there shall have been no Material Adverse Effect.</p> <p>...</p> <p>(h) <u>The Terminated Employees</u>. The Company Group Members shall have terminated the employment of the Terminated Employees, as requested by the Purchaser in its sole discretion, and all Liabilities owing to any such terminated employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, severance, vacation pay, benefits, bonuses or other compensation or entitlements, all of which Liabilities shall be Excluded Liabilities or shall be Discharged by the Approval and Reverse Vesting Order.</p>

	<p>(i) <u>Residual Co.</u> Pursuant to the Approval and Reverse Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to Residual Co or Discharged; and (ii) the Company Group Members, their businesses and properties shall have been released and forever Discharged of all claims and Encumbrances (other than Assumed Liabilities, if any); such that, from and after Closing the businesses and properties of the Company Group Members shall exclude the Excluded Assets and the Excluded Contracts, and shall not be subject to any Excluded Liabilities.</p> <p>...</p> <p>(k) <u>Cannabis Licenses.</u> (i) the Cannabis Licenses shall be valid and in good standing at the Closing Time with no adverse conditions or restrictions, except for routine conditions or restrictions that do not result in a finding of non-compliance or suspension; and (ii) all required Authorizations from Health Canada in connection with the Closing of the Transactions shall have been obtained.</p>
7.2 The Company's Conditions	<p>The Company's closing conditions include, among others:</p> <p>(a) <u>Successful Bid.</u> The Stalking Horse Purchase Agreement shall have been declared the "Successful Bid" in accordance with the SISP Procedures.</p> <p>(b) <u>Court Approval.</u> The Initial Order, the SISP Order and the Approval and Reverse Vesting Order shall have been issued by the Court, and shall not have been vacated, set aside or stayed.</p> <p>...</p> <p>(g) <u>Closing Cash Amount.</u> On the Closing Date, prior to Closing, the Company shall have cash in an amount sufficient to satisfy the following payments in full on Closing (the "Closing Cash Amount") and such payments shall have been made on or before the Closing:</p> <ul style="list-style-type: none">(i) the reasonable and documented outstanding fees and expenses up to and including Closing of each of the Company Advisors, the Monitor and the Monitor Advisors;(ii) the reasonable and documented outstanding legal and financial advisor fees and expenses up to and including Closing of the DIP Lender; and(iii) the Wind-Up Reserve (\$250,000) payable to the Monitor.

32. If the Stalking Horse Bid is not the Successful Bid in the SISP, then the Stalking Horse Purchaser will be entitled to payment of the Bid Protections up to the maximum amount of \$850,000. The "**Bid Protections**" are comprised of: (i) a break fee of \$750,000; and (ii) and expense reimbursement of \$100,000. The proposed SISP Approval Order provides that the Bid Protections only become effective upon execution of the Stalking Horse Purchase Agreement.

33. The exact purchase price in the Stalking Horse Purchase Agreement is not capable of being calculated at this time because it contemplates the payment or assumption of a currently unknown amount of borrowings under the DIP Loan. However, on the assumption that the DIP Loan will be fully drawn, the maximum amount of the Bid Protections in aggregate is approximately 2% of the purchase price. I am advised by Jeffrey Rosenberg of FTI that the quantum of the Bid Protections is in line with market terms, is consistent with market practice and is reasonable given the circumstances.

34. The Bid Protections are proposed to be secured by the Bid Protections Charge over the Property in favour of the Stalking Horse Purchaser. The Bid Protections Charge, if granted, would have priority over all other security interests, charges and liens, but would rank subordinate to all other Charges pursuant to the ARIO.

B. The SISP

1. Overview

35. The proposed SISP provides for the Applicants, the Non-Applicant Stay Parties and the Monitor to solicit interest in, and opportunities for, a sale of, or investment in, all or part the Company's assets and business operations, commencing the same day as the granting of the SISP

Approval Order. The SISP is divided into two phases and was designed to be a flexible process that will obtain the best offer for the Business to maximize value for the Applicants' many stakeholders.

36. The SISP contemplates one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of one or more of the Company as a going concern or a sale of all, substantially all or one or more components of the assets of the Company (*i.e.*, the Property) and the Company's business operations (the "**Business**") (each an "**Opportunity**"). Ultimately, the SISP will permit the Applicants, the Non-Applicant Stay Parties and their stakeholders to determine the avenues of restructuring available for the Business. A copy of the SISP is appended at Schedule "A" to the SISP Approval Order.

37. The SISP sets out, among other things, the manner in which non-binding letters of intent ("**LOIs**") and binding Qualified Bids for a broad array of executable transaction alternatives (each a "**Transaction**") that are superior to the sale transaction contemplated by the Stalking Horse Bid will be solicited from interested parties and how a Successful Bid will be selected.

38. The SISP contains seven milestones within two phases which are described in the following table:

Milestone ⁴	Date
Phase 1	
Commence solicitation of interest from parties, including delivering teaser letter and NDA, and upon execution of NDA, confidential information memorandum and access to an electronic data room.	As soon as possible following issuance of the SISP Approval Order (if granted).

⁴ All capitalized terms in this table not otherwise defined have the meaning ascribed to them in the SISP.

Milestone⁴	Date
Deadline to submit an LOI.	April 8, 2024 at 5:00 p.m. (EST) (the " LOI Deadline ")
Deadline for the Applicants and the Monitor to determine if any LOIs constitute a Qualified LOI.	By no later than April 11, 2024.
Phase 2	
Deadline for Qualified Bidders to submit a Qualified Bid.	April 29, 2024 at 2:00 p.m. (EST) (the " Qualified Bid Deadline ")
The Applicants and the Monitor to commence an Auction, if any.	By no later than May 3, 2024.
Approval Order hearing.	By no later than May 21, 2024, subject to Court availability.
Closing of the Successful Bid.	As soon as possible following an Approval Order (if granted) and, in any event, by no later than June 21, 2024 (the " Outside Date ").

39. The milestones referred to in the above table are described in detail below.

40. I understand that the SISP (including the milestones contained in the SISP) is supported by the Monitor and the DIP Lender. Specifically, the Monitor has advised and agrees that interested parties will have sufficient time to formulate and submit Binding Offers (as defined below) and that the SISP will ensure the Business is sold as a going concern.

2. SISP Phase 1

(a) Notification Process

41. The Monitor, with the assistance of the Applicants, will prepare a process summary (the "**Teaser Letter**"), describing the Opportunity and the SISP, and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP.

42. The Applicants, with the assistance of the Monitor, will prepare a non-disclosure agreement (the "**NDA**") in form and substance satisfactory to the Applicants and the Monitor. The Monitor will disseminate the Teaser Letter and the NDA to potentially interested parties identified by the Applicants and the Monitor or any other interested party who contacts the Applicants or the Monitor. The Teaser Letter and the NDA will also be sent by the Monitor to any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Monitor or the Company as a potential bidder as soon as reasonably practicable. Any parties that execute an NDA will be prohibited from communicating with any other party who executed an NDA during the term of the SISP, without the consent of the Monitor in consultation with the Applicants.

(b) Letters of Intent

43. Any interested party who wishes to submit an LOI in the SISP must submit an LOI that complies with the following criteria (which the Company and the Monitor, with the consent of the DIP Lender, may waive strict compliance with):

- (a) it sets forth the identity of the interested party, including its contact information, full disclosure of its direct and indirect principals and equity holders, and

information as to the interested party's financial wherewithal to complete a transaction pursuant to the SISP;

- (b) it sets forth the principal terms of the proposed Transaction, including: (i) the nature of the proposed Transaction; (ii) the purchase price or other consideration offered in connection with the Transaction, including material assumed liabilities; (iii) a description of any conditions or approvals required and any additional due diligence required for the interested party to make a final binding bid; (iv) all conditions to closing that the interested party may wish to impose on the closing of the Transaction; (v) proposed treatment of the Company's employees; (vi) any other terms or conditions that the interested party believes are material to the Transaction; and (vii) any other information as may be reasonably requested by the Company and the Monitor; and
- (c) it is received by the Company and the Monitor by the LOI Deadline.

44. Following the LOI Deadline, the Company and the Monitor (and, subject to section 21 of the SISP, the DIP Lender and the Stalking Horse Bidder) will assess the LOIs. If no Qualified LOIs are received by the LOI Deadline then the Company and the Monitor (with the consent of the DIP Lender and the Stalking Horse Bidder) may elect to terminate the SISP and send notice of same to the service list established in the CCAA Proceedings and any interested party who submitted an LOI. The Applicants will then proceed to seek Court approval to implement the transaction contemplated by the Stalking Horse Purchase Agreement. If the Company determines (following consultation with the Monitor, the DIP Lender and the Stalking Horse Bidder, subject to section 21 of the SISP) that the Transaction outlined in one or more LOIs represents a viable

potential alternative Transaction that could provide greater value to the Company and their stakeholders than the Stalking Horse Bid, including having regard to: (i) the consideration offered; (ii) the interested party's financial capability to complete a Transaction; (iii) the interested party's ability to make a binding offer by the Qualified Bid Deadline; and (iv) such other factors that the Company and the Monitor consider relevant, then such LOI will be deemed a "**Qualified LOI**" and the interested party submitting such Qualified LOI will be deemed a "**Qualified Bidder**".

3. SISP Phase 2

(a) Qualified Bidder(s) and Qualified Bid(s)

45. If one or more LOIs are determined to be a Qualified LOI, then the Applicants and the Monitor will proceed to Phase 2. Only Qualified Bidders will be permitted to participate in Phase 2.

46. The Applicants and the Monitor will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), and the Bid Process Letter will be: (i) sent to all Qualified Bidders, and (ii) posted on the Monitor's Website. Phase 2 of the SISP will include, among other things, the opportunity for Qualified Bidders to: (x) conduct additional diligence, including participation in management presentations; and (y) to prepare and submit a binding Qualified Bid on or before the Qualified Bid Deadline.

47. In order to constitute a Qualified Bid, that bid must, among other things, provide aggregate cash consideration on closing in an amount greater than the Stalking Horse Purchase Agreement, plus the Bid Protections.

48. The completion of any Qualified Bid (including, for certainty, the Stalking Horse Purchase Agreement if it is the Successful Bid) will be subject to the approval of the Court. For purposes of the SISP, the Stalking Horse Bidder is deemed a Qualified Bidder and the Stalking Horse Bid is deemed a Qualified Bid.

49. At any time during the SISP, the Company, with the written consent of the Monitor and the DIP Lender, reserve the right not to accept any Qualified Bid or to otherwise terminate the SISP. The Company, with the written consent of the Monitor, also reserves the right to deal with one or more Qualified Bidders to the exclusion of others, to accept a Qualified Bid for different parts of the Company's Property or Business or to accept multiple Qualified Bids and enter into definitive agreements in respect of all such bids, provided that the aggregate of those Qualified Bids satisfies the cash consideration and closing date requirements under section 11 of the SISP.

(b) Selection of Successful Bid and Approval Order

50. Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Company or their Property or Business will submit a Qualified Bid by no later 2:00 p.m. EST on April 29, 2024 (the "**Qualified Bid Deadline**").

51. If one or more Qualified Bids (other than the Stalking Horse Bid) are received by the Company and the Monitor on or before the Qualified Bid Deadline, the Company and the Monitor, may:

- (a) negotiate with one or more of the Qualified Bidders who submitted a Qualified Bid, including requesting that such Qualified Bidder improve or otherwise modify the terms of its Qualified Bid;

- (b) consider the factors required to constitute a Qualified Bid under section 11 of the SISP and then designate any Qualified Bid (including the Stalking Horse Bid) to be the highest and best bid in the SISP and therefore the Successful Bid;
- (c) having regards to the same consideration factors above, designate any Qualified Bid as a "**Back-Up Bid**" (provided that the Stalking Horse Purchase Agreement will not serve as the Back-Up Bid unless agreed to in writing by the Stalking Horse Bidder); or
- (d) proceed with an auction process to determine the Successful Bid and any Back-Up Bid (the "**Auction**"), which Auction will be administered in accordance with Schedule "A" appended to the SISP.

52. If no Qualified Bid (other than the Stalking Horse Bid) is received by the Company and the Monitor by the Qualified Bid Deadline, then the Stalking Horse Bid will be deemed the Successful Bid and will be executed in accordance with and subject to the terms of the Stalking Horse Purchase Agreement, including obtaining Court approval thereof.

53. Following selection of the Successful Bid, the Company, with the assistance of its advisors and the Monitor, will seek to finalize any remaining necessary definitive agreement(s) with respect to the Successful Bid in accordance with the milestones. Once the necessary definitive agreement(s) with respect to a Successful Bid are finalized, as determined by the Company and the Monitor, the Applicants will apply to the Court for an order (or orders) approving the Successful Bid and/or the mechanics to authorize the Company to complete the transactions contemplated. The Applicants would seek authorization from the Court for the Company to: (a) enter into any and all necessary agreements and related documentation with respect to the

Successful Bid; (b) undertake such other actions as may be necessary to give effect to such Successful Bid; and (c) implement the Transaction contemplated in the Successful Bid (each, an "**Approval Order**"). If the Successful Bid is not executed in accordance with its terms, the Company will be authorized, but not required, to elect that the Back-Up Bid (if any) is the Successful Bid.

4. Creditor Access to Information

54. The SISP provides creditors of the Company with a mechanism to receive updates and information on the SISP. The Company and the Monitor are permitted, in their discretion, to provide updates and information in respect of the SISP to any creditor (including any advisor thereto) (each a "**Creditor**") on a confidential basis upon: (a) an irrevocable confirmation in writing from such Creditor it will not submit any bid in the SISP; and (b) such Creditor executing a confidentiality agreement or undertaking with the Company in a form satisfactory to the Company and the Monitor.

55. With respect to the DIP Lender's and the Stalking Horse Bidder's rights to receive information on the SISP:

- (a) the DIP Lender is only entitled to certain consultation rights specified in the SISP and confidential updates and information from the Company and the Monitor in respect of the SISP, including copies of any LOIs or bids submitted in Phase 2, upon the DIP Lender confirming in writing to the Company and the Monitor that it will not submit any bid in the SISP; and

- (b) the Stalking Horse Bidder shall only be entitled to the consultation rights specified herein in its favour and confidential updates and information from the Company and the Monitor in respect of the SISP, including copies of any LOIs or Qualified Bid, upon the Stalking Horse Bidder irrevocably confirming in writing to the Applicants and the Monitor that it will not submit any bid in the SISP except for the Stalking Horse Bid, except for any revised Stalking Horse Bid that may be submitted in the Auction.

56. The DIP Lender and any other secured lender of the Company shall have the right (subject to compliance with the terms of the SISP) to credit bid their secured debt against the assets secured thereby up to the full face value of that secured lender's claims, including principal, interest and any other obligations owing to such secured lender. However, any secured lender which submits such a credit bid will be required to, among other things: (i) pay in full in cash any obligations of the Company in priority to its secured debt; and (ii) pay appropriate consideration for any assets of the Company which are contemplated to be acquired and that are not subject to that secured lender's security.

V. POTENTIAL OBJECTION

57. As disclosed in the First Milich Affidavit:

- (a) on February 23, 2024, counsel for Final Bell Holdings International Ltd. ("FBHI") wrote to the board of directors of BZAM alleging, among other things, that "BZAM is not insolvent". A copy of the letter from counsel for FBHI is attached hereto as **Exhibit "D"**; and

(b) on February 26, 2024, counsel for BZAM responded to the letter from FBHI noting, among other things, that it contained numerous factual inaccuracies and mischaracterizations, and offering to have a call to discuss at FBHI's convenience.

A copy of the letter from counsel for BZAM is attached hereto as **Exhibit "E"**.

58. I am advised by Sean Zweig of Bennett Jones LLP, counsel for the Applicants, that as at the time of swearing this Affidavit, there has been no response to the February 26, 2024 letter, and no other attempt by FBHI's counsel to engage in any dialogue with the Applicants' counsel.

59. Instead, FBHI issued a press release on February 29, 2024, a copy of which is attached hereto as **Exhibit "F"**. The press release announced, among other things, FBHI's intention to challenge the CCAA application and that it "intends to use all legal recourse available to it to oppose the CCAA Proceedings and hold BZAM and its management accountable for their actions." It is noteworthy that the press release does not repeat the prior untenable assertion that BZAM is not insolvent.

60. Based on the press release, FBHI appears to have a misunderstanding that BZAM is attempting to do a "quick-flip" transaction. However, as described in detail above, that is not the case. To the contrary, the Applicants and the Monitor have designed a stalking horse sale process that will canvass the market to ensure that value is maximized for the benefit of all of the Applicants' stakeholders, including FBHI.

**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 BZAM LTD., BZAM HOLDINGS INC.,
BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN
LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND
FINAL BELL CORP.**

Court File No.: CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AFFIDAVIT OF MATTHEW MILICH
(Sworn March 1, 2024)

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Lawyers for the Applicants

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
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM
CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN
LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH
ROAD HOLDING CORP., AND FINAL BELL CORP.**

Applicants

**AFFIDAVIT OF MATTHEW MILICH
(Sworn February 28, 2024)**

I, Matthew Milich, of the City of Long Beach, in the State of California, **MAKE OATH
AND SAY:**

1. This affidavit is made in support of an Application by BZAM Ltd. ("**BZAM**"), BZAM Holdings Inc. ("**BZAM Holdings**"), BZAM Management Inc. ("**BZAM Management**"), BZAM Cannabis Corp. ("**BZAM Cannabis**"), Folium Life Science Inc. ("**Folium Life Science**"), 102172093 Saskatchewan Ltd. ("**102 Saskatchewan**"), The Green Organic Dutchman Ltd. ("**TGOD**"), Medican Organic Inc. ("**Medican Organic**"), High Road Holding Corp. ("**High Road Holding**"), and Final Bell Corp. doing business as BZAM Labs ("**BZAM Labs**") (each individually, an "**Applicant**", and collectively, the "**Applicants**").

2. I am the Chief Executive Officer of BZAM, which wholly-owns or has a controlling interest in each of the other Applicants and which, directly or indirectly, wholly-owns four other

non-Applicant subsidiaries¹ (each subsidiary of BZAM individually a "**Subsidiary**" and together the "**Subsidiaries**", and collectively with BZAM, the "**Company**"). As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and I believe them to be true.

3. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

I. RELIEF REQUESTED

4. I swear this affidavit in support of an urgent Application brought by the Applicants for an Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), among other things:

- (a) declaring that the Applicants are parties to which the CCAA applies;
- (b) appointing FTI Consulting Canada Inc. ("**FTI**" or the "**Proposed Monitor**") as an officer of the Court to monitor the assets, business, and affairs of the Applicants (once appointed in such capacity, the "**Monitor**");
- (c) approving TGOD's ability to borrow up to a principal amount of \$2,400,000 under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Loan**") to finance the Company's critically required working capital requirements and other general corporate purposes, post-filing expenses and costs over the next ten (10) days with TGOD, BZAM, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium

¹ The non-Applicant subsidiaries are: (1) 9430-6347 Québec Inc.; (2) The Green Organic Beverage Corp., a dormant company based in Delaware; (3) TGOD Europe B.V., a company based in the Netherlands, and (4) The Green Organic Dutchman Germany GmbH, a dormant company based in Germany (collectively, the "**Non-Applicant Stay Parties**").

Life Science, 102 Saskatchewan, Medican Organic, High Road Holding and BZAM Labs acting as guarantors under the DIP Loan;

- (d) staying, for an initial period of not more than ten (10) days, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Directors and Officers (as defined below), or affecting the Applicants' business or the Property (as defined below), except with the written consent of the Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");
- (e) extending the benefit of the Stay of Proceedings and other aspects of the Initial Order to the Non-Applicant Stay Parties and their respective Directors and Officers;
- (f) seeking relief from certain securities reporting obligations under federal, provincial or other laws until further Order of this Court; and
- (g) granting the Administration Charge, the DIP Lender's Charge, and the Directors' Charge (as each are defined below and, collectively, the "**Charges**") in the following priorities:
 - (i) with respect to the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**") other than the Edmonton Property (as defined below):

First – the Administration Charge up to a maximum amount of \$500,000;

Second – the DIP Lender’s Charge up to a maximum amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses; and

Third – the Directors’ Charge up to a maximum amount of \$5,300,000;

(ii) with respect to the Edmonton Property:

First – the Administration Charge up to a maximum amount of \$500,000;

Second – the Edmonton Property Charge in favour of the lenders under the Mortgage Loan (as defined below);

Third – the DIP Lender's Charge up to a maximum amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses; and

Fourth – the Directors' Charge up to a maximum amount of \$5,300,000.

5. If the proposed Initial Order is granted, the Applicants intend to return to Court within ten (10) days (the "**Comeback Hearing**") to seek approval of an Amended and Restated Initial Order (the "**ARIO**"), which, among other things, would:

- (a) extend the Stay of Proceedings;
- (b) increase the maximum principal amount that the Applicants can borrow under the DIP Loan;
- (c) increase the quantum of each of the Administration Charge (to a maximum amount of \$1,000,000), the DIP Lender's Charge (to a principal amount of \$41,000,000 plus

accrued and unpaid interest, fees and expenses), and the Directors' Charge (to a maximum amount of \$12,900,000); and

- (d) seek such other customary relief as may be required to advance the Applicants' restructuring.

6. In addition, the Applicants also intend to seek an Order at the Comeback Hearing (the "**SISP Approval Order**") which, among other things, would:

- (a) authorize and approve BZAM's execution of a share subscription agreement (the "**Stalking Horse Purchase Agreement**") among BZAM and a corporation (the "**Stalking Horse Purchaser**") related to Bassam Alghanim, who is BZAM's largest shareholder, current Chairman, and the individual that ultimately controls Stone Pine Capital Ltd. ("**Stone Pine**"), a secured creditor of BZAM, *nunc pro tunc*, including the Bid Protections (as defined below);
- (b) grant a Court-ordered charge (the "**Bid Protections Charge**") over the Property in favour of the Stalking Horse Purchaser as security for payment of the Bid Protections, with the priority set out therein;
- (c) approve a sale and investment solicitation process (the "**SISP**") in which the Stalking Horse Purchase Agreement will serve as the "**Stalking Horse Bid**", and authorizing the Applicants and the Monitor to implement the SISP pursuant to its terms; and

- (d) authorize and direct the Applicants and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the SISP.

II. OVERVIEW

7. BZAM is a reporting issuer listed on the Canadian Securities Exchange under the symbol “BZAM”, “BZAM.WR”, “BZAM.WA”, and “BZAM.WB” and its shares trade in the United States on the OTCQX under the symbol “BZAMF”. It is the ultimate parent company to several companies in the cannabis industry in Canada. Through the Subsidiaries, its business and operations focus on production and sale of various cannabis products. The Company owns cannabis cultivation and processing facilities in Ontario and Alberta, leases production facilities in Ontario, British Columbia and Québec, leases a retail store in Saskatchewan, and has its corporate offices in Ontario and British Columbia.

8. The Applicants are in a dire liquidity crisis and, absent the approval of the additional financing proposed to be made available under the DIP Loan, will not be able to meet their obligations as they become due. Accordingly, there is significant urgency to this CCAA application and the relief sought pursuant to the Initial Order.

9. As a result, the Applicants are seeking protection under the CCAA to, among other things, obtain additional financing in order to continue operations and to implement the SISP that would see the Company restructured and/or all or a portion of the Applicants’ business and assets sold as a going concern.

10. The Company's existing senior secured creditor, Cortland Credit Lending Corporation ("**Cortland**"), has agreed to provide additional financing through the DIP Loan (in its capacity as lender, the "**DIP Lender**") to, among other things, provide the Applicants with the immediate access to funding needed to continue to operate and preserve the value of their operations while the SISP is conducted subject to certain conditions, including Court approval. As noted above, the relief in respect of the SISP is intended to be sought at the Comeback Hearing; no relief related to the SISP is being sought at this time.

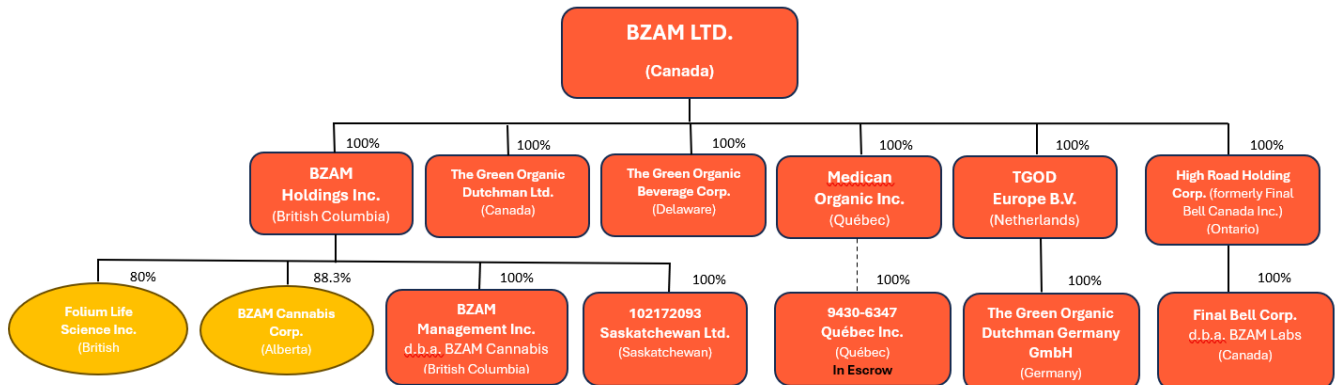
11. The CCAA filing and the proposed SISP are intended to benefit all of the Company's stakeholders in Canada and internationally, including the Company's many employees, customers, suppliers, secured creditors, other contracting parties, Health Canada, and the relevant provincial cannabis regulators.

III. CORPORATE STRUCTURE OF THE COMPANY

12. A copy of the Company's current corporate structure is attached hereto as **Exhibit "A"** and is reproduced below for ease of reference:

BZAM Ltd. Corporate Org Chart

As of February 20, 2024, Issued/Outstanding Shares of BZAM Ltd: 273,578,952 common [shares](#)



13. All of the Applicants are Canadian companies and are wholly-owned, directly or indirectly, by BZAM (other than Folium Life Science and BZAM Cannabis). The Non-Applicant Stay Parties are registered in Canada, the United States, the Netherlands and Germany.

14. For the purpose of this affidavit and for greater certainty, all references to the Applicants include each of their predecessor entities.

A. BZAM

15. BZAM was incorporated under the name "The Green Organic Dutchman Holdings Ltd." ("**TGOD Holdings**") under the *Canada Business Corporations Act*, RSC 1985, c C-44 (the "**CBCA**") by articles of incorporation dated November 11, 2016, and it later amended its articles on February 23, 2023 to change its name to "BZAM Ltd.". BZAM's registered head office is located in Pitt Meadows, British Columbia. BZAM wholly-owns five of the other Applicants: BZAM Holdings, BZAM Management, TGOD, Medican Organic and High Road Holding. A copy of BZAM's corporate profile report is attached hereto as **Exhibit "B"**.

16. BZAM's name change resulted from a transaction between TGOD Holdings and BZAM Holdings. On November 3, 2022, TGOD Holdings acquired all of the issued and outstanding common shares of BZAM Holdings from BZAM Holdings' sole shareholder in exchange for common shares of TGOD Holdings. This transaction resulted in BZAM Holdings' then-sole shareholder holding approximately 49.5% of the issued and outstanding shares in TGOD Holdings.

17. On January 8, 2024, BZAM acquired all of the issued and outstanding common shares of Final Bell Canada Inc. (now known as High Road Holding) from Final Bell Holdings International

Ltd. ("**FBHI**"). This transaction combined BZAM's cultivation, production, and sales infrastructure with the portfolio of brands that FBHI is bringing to market in Canada.

B. The Applicant Subsidiaries

1. BZAM Holdings

18. BZAM Holdings was incorporated under the *Business Corporations Act*, SBC 2002, c 57 (the "**BCBCA**") on January 17, 2019 to act as a holding company over BZAM Management, 102 Saskatchewan, BZAM Cannabis and Folium Life Science. BZAM Holdings' registered office is located in Vancouver, British Columbia. A copy of BZAM Holdings' corporate profile report is attached hereto as **Exhibit "C"**.

2. BZAM Management

19. BZAM Management was incorporated under the BCBCA on March 12, 2019 and currently does business as "BZAM Cannabis". BZAM Management is a licensed entity with Health Canada that operates out of a leased facility located at Units 517-519, 19100 Airport Way, Pitt Meadows, British Columbia (the "**Pitt Meadows Facility**"). A copy of BZAM Management's corporate profile report is attached hereto as **Exhibit "D"**.

3. BZAM Cannabis

20. BZAM Cannabis was incorporated under the name "1771277 Alberta Inc." under the *Business Corporations Act*, RSA 2000, c B-9 (the "**ABCA**") by articles of incorporation dated September 10, 2013 and later renamed "BZAM Cannabis Corp." following an amalgamation with Sweetgrass Inc. BZAM Cannabis is a licensed entity with Health Canada that operated out of a

facility that it owns located at 8770 24th Street, Sherwood Park, Alberta (the "**Edmonton Property**"). The Edmonton Property is currently listed for sale. There is some cultivation equipment on the grounds of the Edmonton Property, but BZAM Cannabis does not have any active operations or inventory at the Edmonton Property. A copy of BZAM Cannabis' corporate profile report is attached hereto as **Exhibit "E"**.

4. Folium Life Science

21. Folium Life Science was incorporated under the BCBCA on April 29, 2013. Folium Life Science is a licensed entity with Health Canada that operates out of a leased facility located at #107-109, 1761 Sean Heights, Saanichton, British Columbia (the "**Saanichton Facility**"). The Saanichton Facility currently holds various cultivation equipment and inventory. A copy of Folium Life Science's corporate profile report is attached hereto as **Exhibit "F"**.

5. 102 Saskatchewan

22. 102 Saskatchewan was incorporated on June 15, 2023 under *The Business Corporations Act, 2021*, SS 2021, c 6 and sells cannabis products direct to customers under a retail sales license through a leased store located at 40 Great Plains Road, Emerald Park, Saskatchewan (the "**Regina Store**"). A copy of 102 Saskatchewan's corporate profile report is attached hereto as **Exhibit "G"**.

6. TGOD

23. TGOD was incorporated under the CBCA on January 10, 2013. TGOD is a licensed entity with Health Canada that operates out of a facility that it owns located at 1915 Jerseyville Road West, Jerseyville, Ontario (the "**Hamilton Facility**"). A copy of TGOD's corporate profile report is attached hereto as **Exhibit "H"**.

7. **Medican Organic**

24. Medican Organic was incorporated under the *Business Corporations Act*, SQ 2009, c 52 (the "**QCBCA**") on September 19, 2017 and is currently a holding company that is intended to hold all of the issued and outstanding shares of 9430-6347 Québec Inc. ("**943 Québec**") once the transaction in respect of 943 Québec closes (as described in more detail below). A copy of Medican Organic's corporate profile report is attached hereto as **Exhibit "I"**.

8. **High Road Holding**

25. High Road Holding was incorporated under the name "Final Bell Canada Inc." under the *Business Corporations Act*, RSO 1990, c B.16 (the "**OBCA**") by articles of incorporation dated January 18, 2021. As described above, Final Bell Canada Inc. amended its articles on January 8, 2024 to change its name to "High Road Holding Corp." after its acquisition by BZAM. High Road Holding wholly-owns BZAM Labs, another Applicant. A copy of High Road Holding's corporate profile report is attached hereto as **Exhibit "J"**.

9. **BZAM Labs**

26. BZAM Labs was incorporated under the name "Mettrum (Bennett North) Ltd." under the CBCA by articles of incorporation dated March 3, 2016, later renamed "Starseed Medicinal Inc." on June 21, 2019, and then later renamed "Final Bell Corp." on June 15, 2021. BZAM Labs is a licensed entity with Health Canada that currently does business as "BZAM Labs" and operates out of a leased facility located at 1100 Bennett Road, Bowmanville, Ontario (the "**Bowmanville Facility**"). A copy of BZAM Labs' corporate profile report is attached hereto as **Exhibit "K"**.

C. The Non-Applicant Stay Parties

27. There are four direct and indirect Subsidiaries of BZAM that are not Applicants in these proceedings:

(a) 943 Québec;

(b) The Green Organic Beverage Corp. ("**TGOB**"), a dormant company based in Delaware;

(c) TGOB Europe B.V. ("**TGOB Europe**"), a company based in the Netherlands; and

(d) The Green Organic Dutchman Germany GmbH ("**TGOB Germany**"), a dormant company based in Germany.

28. 943 Québec was incorporated on December 7, 2020 under the QCBCA and is a licensed entity with Health Canada that operates out of a leased facility located at 5000 Chemin Murphy, Vaudreuil-Dorion, Québec (the "**Québec Facility**"). A copy of 943 Québec's corporate profile report is attached hereto as **Exhibit "L"**.

29. On November 11, 2022, Medican Organic entered into a Share Purchase Agreement, Lease Agreement and Letter of Intent to acquire 943 Québec. Those agreements are currently being held in escrow until certain condition precedents listed in the Letter of Intent are met, and the only condition precedent remaining is that the landlord for the Québec Facility obtain municipal approval over certain improvements that it made to the building. Copies of the Share Purchase Agreement, Lease Agreement and Letter of Intent are attached hereto as **Exhibits "M", "N", and "O"**, respectively.

30. Medican Organic currently holds all the issued and outstanding shares in 943 Québec in escrow until the municipal approval is issued. The Company anticipates that the acquisition of 943 Québec will close in the near future, potentially during the pendency of these CCAA Proceedings. The landlord improvements are now complete and the parties agreed that the commencement date under the lease would start in December 2023. As of the date of this affidavit, 943 Québec has paid two instalments of rent at \$12,647.25 per month (inclusive of QST) while the application for municipal approval of the improvements remains pending. The Applicants intend to serve the landlord of the Québec Facility with notice of the CCAA Proceedings for the Comeback Hearing.

31. TGOD Europe wholly-owns TGOD Germany. Neither company has any material assets or operations.

32. TGOB similarly has no assets or operations. A copy of TGOB's corporate profile report is attached hereto as **Exhibit "P"**.

33. Notwithstanding that these parties are not Applicants the Applicants believe that it is critical to the best interests of the Applicants and their stakeholders to extend the benefits of the Stay of Proceedings to the Non-Applicant Stay Parties. The Non-Applicant Stay Parties are highly integrated with the Applicants and will benefit from the CCAA Proceedings and will maximize value and certainty for the entire Company.

34. In particular, 943 Québec has an active business and holds a license with Health Canada for its operations at the Québec Facility and it requires the benefit of the Stay of Proceedings to prevent the landlord of the Québec Facility from exercising its option to terminate the Lease Agreement. In contrast, TGOD Europe, TGOD Germany and TGOB may have tax attributes of some value to the Stalking Horse Purchaser or any potential purchaser in the SISF. The assets and

liabilities of the Non-Applicant Stay Parties would be compromised if these entities did not benefit from the Stay of Proceedings.

IV. BUSINESS OF THE APPLICANTS

A. The Cannabis Industry in Canada

35. The cannabis industry has evolved, and continues to evolve, rapidly in Canada. Licenses to cultivate, process and/or sell cannabis, among other things, are regulated under the *Cannabis Act*, S.C. 2018, c. 16 (the "*Cannabis Act*") and through the *Cannabis Regulations*, SOR/2018-144 (the "*Cannabis Regulations*").

36. On October 17, 2018, recreational use of cannabis was legalized in Canada. On that date, the *Cannabis Act*, which regulates retail cannabis for recreational adult-use, medical cannabis and industrial hemp in Canada, came into effect. Additionally, cannabis was removed as a controlled substance from the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, and the *Access to Cannabis for Medical Purposes Regulations*, SOR/2016-230 was repealed.

37. On October 17, 2019, the *Cannabis Act* was amended to broaden the scope of legal cannabis products, to include edible cannabis, cannabis extracts and cannabis topicals.

38. The cannabis industry continues to be a highly regulated industry, with the *Cannabis Act* regulating the possession, cultivation, production, distribution, sale, research, testing, import, export and promotion of cannabis.

B. The Company's Business

39. The Company engages in the production, cultivation, processing and distribution of cannabis and cannabis-related products. Its goal is to build a sustainable Canadian cannabis company.

40. Five of BZAMs Subsidiaries are licensed with Health Canada and operate facilities across Canada which cultivate, process and market a range of cannabis products, including dried cannabis and cannabis extract products.

41. BZAM's registered and records office is located in British Columbia, but the majority of the Company's business is based out of Ontario. For example, the Company operates two facilities in Ontario, the Hamilton Facility and the Bowmanville Facility, and nearly 60% of the Company's employees are in Ontario. The Company's senior secured creditor, Cortland, is headquartered in Toronto, Ontario. Several of BZAM's senior management, including the President and the Chief Financial Officer, reside in Ontario and I split my time between the Company's offices in Ontario and British Columbia. In addition, four of BZAM's seven directors reside in Ontario (and two of the other three are non-residents of Canada).

C. Employees

42. The Company collectively employs 441 people in Canada through BZAM and its Subsidiaries (collectively, the "**Employees**") of which approximately 256 of the Employees are employed in Ontario.

43. In addition to the Employees, the Company employs approximately 80-90 individuals on a contract basis. These contract workers are not paid through the Company's payroll. The

Company also pays a quarterly director fee to six directors. None of the employees of the Company are unionized and there is no pension plan.

44. The aggregate payroll for the Company is approximately \$2,344,764 per month.

D. Owned and Leased Real Property

45. The Company owns two cannabis cultivation and processing facilities:

(a) the Hamilton Facility operated by TGOD and which remains in operation; and

(b) the Edmonton Property that was operated by BZAM Cannabis and is currently listed for sale.

46. The Company cultivates and/or processes cannabis at three different leased locations:

(a) the Saanichton Facility operated by Folium Life Sciences;

(b) the Pitt Meadows Facility operated by BZAM Management; and

(c) the Bowmanville Facility operated by BZAM Labs.

47. In addition to the leased facilities above, 102 Saskatchewan leases the space for the Regina Store where it sells retail products direct to customers. The Company also has a leased storage unit located at 150 Mohawk Street, Brantford, Ontario.

48. The Company also leases certain office space, including BZAM's registered office located at the Pitt Meadows Facility and the registered office for certain Subsidiaries located at Suite 402-5520 Explorer Drive, Mississauga, Ontario. These two locations together serve as the corporate offices for the Company.

49. The Company is currently subletting two additional properties that were previously used as office space:

- (a) Suite 1570, 200 Burrard Street, British Columbia; and
- (b) 311-455 Boulevard Fénelon, Dorval, Québec.

50. BZAM also makes ongoing payments totaling \$25,000 per month towards a lease it previously held at 780 8th Concession, R.R. 3 Puslinch, Ontario (the "**Puslinch Property**"). BZAM makes these payments pursuant to a Lease Settlement Agreement dated June 30, 2023 it entered into with the landlord for the Puslinch Property following BZAM's sale of 100% of all the issued and outstanding shares in Galaxie Brands Corporation, the previous tenant, to 1000370759 Ontario Inc. who assumed the lease at a reduced monthly rent. BZAM has an obligation to make these ongoing payments for the duration of the new tenant's lease at the Puslinch Property and guaranteed the new tenant's base rent payments of \$40,000 per month until June 30, 2024.

51. The Company's costs for all leased locations is approximately \$355,16.57 in aggregate per month.

E. Third Party Suppliers

52. The Company relies on several vendors and third-party service providers to operate its business. In particular, various cannabis product providers, lab services, and utility and technology providers are essential to the Company's operations. Any interruption of service from these third parties, either because they are unable to continue to provide their services to the Applicants or refuse to do so on account of unpaid pre-filing amounts owed to them by the Applicants, may prevent the Applicants from operating in the ordinary course and continuing to provide

uninterrupted services to its customers. The Company is not current with respect to many of these obligations and several Subsidiaries have significant accounts payable (as reflected in the aggregate table below on the Company's liabilities).

1. Brand License Agreements

53. The Company has three brand license agreements, in its capacity as the holder of a standard processing license pursuant to the *Cannabis Act*, in which the licensors have licensed certain intellectual property for the Company's use in certain commercialization, manufacturing and ancillary activities in Canada.

2. Contract and Manufacturing Agreements

54. The Company has approximately three to four active manufacturing services agreements, in its capacity as the holder of a standard processing license pursuant to the *Cannabis Act*, in which BZAM Labs provides the counterparties with certain manufacturing and ancillary services in connection with supply chain management, manufacturing, and shipment of certain products.

3. Supply Agreements

55. The Company has four supply agreements with sellers licensed under the *Cannabis Act* pursuant to which the Company purchases certain cannabis raw material from the sellers for use in its own production and manufacturing through purchase orders.

4. Service Provider and Distribution Agreements

56. The Company has approximately three to four active services and distribution agreements pursuant to which the Company produces and supplies certain products to the counterparty who provides supply management, sale, distribution, and marketing support services for those products.

5. International Supply Agreements

57. The Company has approximately four to five active supply or purchase agreements pursuant to which it makes certain products available to international purchasers for resale under the purchaser's own brand in its territory.

6. Other Agreements

58. BZAM Management has a joint venture agreement with another party pursuant to which BZAM Management provides the necessary production and distribution infrastructure for the business and the counterparty provides the necessary intellectual property, expertise and support to the business for launching the products, including services to BZAM Management for branding and marketing, product development, and sales. The revenues from this joint venture flow through BZAM Management's accounts from the provincial boards which are then remitted back to the joint venture's account.

59. BZAM Management, TGOD and BZAM Labs each have cannabis board supply agreements with various provincial and territorial governments pursuant to which these Subsidiaries provide certain products to the relevant provincial or territorial authorities for wholesale distribution and for sale in public and private retail markets.

F. Excise Duty and Sales Taxes

60. Cannabis producers in Canada are required to post security pursuant to the *Excise Act, 2001*, S.C. 2002, c. 22 (the "*Excise Act, 2001*"). The security provides the Canada Revenue Agency ("CRA") with financial assurance for any outstanding excise duty payable. The security can be posted in the form of a surety bond or a deposit with the CRA.

61. TGOD and BZAM Management have surety bonds in place for \$1,300,000 and \$3,000,000, respectively, with Intact Insurance who holds 50% of this amount as a cash deposit in the amount of \$2,150,000. BZAM Labs has a \$350,000 cash deposit with the CRA.

62. The security required to be posted with the CRA is calculated as the highest amount of cannabis duties payable for a calendar month in the previous twelve calendar months. These duties are calculated, in part, based on the expected number of grams or milligrams of packaged cannabis products to be sold. As of February 15, 2024, TGOD, BZAM Management and BZAM Labs collectively had approximately \$9,083,289.33 in excise tax arrears. On February 2, 2024, the CRA agreed to a temporary payment plan with BZAM Management pursuant to which it agreed to pay \$164,474 per month in excise taxes. On October 18, 2023, the CRA agreed to a payment plan with TGOD pursuant to which it agreed to pay \$330,000 per month in excise taxes.

63. The following Applicants are also in arrears with respect to payroll deductions, GST, and HST in the amount of approximately \$2,644,500.75 in aggregate. As of February 15, 2024:

(a) TGOD has approximately \$1,056.11 outstanding in respect of payroll deductions;

(b) BZAM Management has approximately \$1,363,291.60 outstanding in respect of GST;

(c) BZAM Cannabis has approximately \$923,851.04 outstanding in respect of GST;

(d) BZAM Labs has approximately \$356,302 outstanding in respect of HST.

64. Each of the Applicants is current on its GST/HST filings. On June 21, 2023, the CRA agreed to a temporary payment plan with BZAM Management pursuant to which it agreed to pay \$97,638 per month in GST, which accounts for \$1,276,781.36 of the GST currently owing.

G. Cannabis Licenses

1. Licenses with Health Canada

65. Certain of the Subsidiaries hold licenses with Health Canada which permit these entities to undertake:

(a) standard cultivation activities, including: (i) to possess cannabis; (ii) to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting; (iii) to alter its chemical or physical properties by any means; and (iv) to sell cannabis (together, "**Standard Cultivation Activities**");

(b) standard processing activities, including: (i) to possess cannabis; (ii) to produce cannabis at the licensed site, other than to obtain it by cultivating, propagating or harvesting; and (iii) to sell cannabis (together, "**Standard Processing Activities**");

(c) activities related to the sale of cannabis for medical purposes, including: (i) to possess cannabis; and (ii) to sell cannabis ("**Medical Purpose Activities**"); and

- (d) research activities, including possession and production of cannabis for use in accordance with any research protocols submitted to Health Canada ("**Research Purpose Activities**").

66. The following Subsidiaries hold licenses issued by Health Canada in accordance with the *Cannabis Act* and *Cannabis Regulations*:

- (a) BZAM Management holds a license that permits it to undertake Standard Processing Activities at the Pitt Meadows Facility. BZAM Management's license expires on March 27, 2025;
- (b) 943 Québec holds a license that permits it to undertake Standard Cultivation Activities and Standard Processing Activities at the Québec Facility. 943 Québec's license expires on April 8, 2027;
- (c) Folium Life Science holds a license that permits it to undertake Standard Cultivation Activities and Medical Purpose Activities at the Saanichton Facility. Folium Life Science's license expires on May 10, 2024;
- (d) TGOD holds a license that permits it to undertake Standard Cultivation Activities, Standard Processing Activities and Medical Purpose Activities at the Hamilton Facility. TGOD's license expires on July 20, 2027;
- (e) BZAM Cannabis holds a license that permits it to undertake Standard Cultivation Activities, Standard Processing Activities and Medical Purpose Activities at the Edmonton Property. BZAM Cannabis' license expires on December 5, 2027;

- (f) BZAM Labs holds a license which permits it to undertake Standard Cultivation Activities, Standard Processing Activities and Medical Purpose Activities at the Bowmanville Facility. BZAM Labs' license expires on October 27, 2027; and
- (g) BZAM Labs also holds a license which permits it to undertake Research Purpose Activities at the Bowmanville Facility. BZAM Labs' license expires on February 7, 2025.

67. Copies of the above licenses with Health Canada are attached hereto as **Exhibit “Q”**.

2. Licenses with the CRA

68. BZAM Management, BZAM Labs, Folium Life Science and TGOD each have cannabis licenses with the CRA that require them to apply cannabis excise stamps to their cannabis products in accordance with the *Excise Act, 2001*.

69. The CRA wrote to BZAM Management on January 29, 2024 to advise that BZAM Management’s cannabis license will expire at midnight on February 29, 2024. The CRA imposed the condition that BZAM Management maintain contact with a collections officer to ensure that a mutually agreeable payment arrangement was followed. BZAM Management has asked the assigned collections officer for an extension to April 15, 2024 to comply with the condition. A copy of the CRA’s letter dated January 29, 2024 is attached hereto as **Exhibit “R”**.

70. BZAM Labs’ cannabis license with the CRA is set to expire on May 16, 2024. A copy of BZAM Labs’ cannabis license renewal letter from the CRA is attached hereto as **Exhibit “S”**.

71. Folium Life Science's cannabis license with the CRA is set to expire on September 30, 2024. A copy of Folium Life Science's cannabis license renewal letter from the CRA is attached hereto as **Exhibit "T"**.

72. TGOD's cannabis license with the CRA is set to expire on October 16, 2024. A copy of TGOD's cannabis license renewal letter from the CRA is attached hereto as **Exhibit "U"**.

H. Intellectual Property

73. BZAM owns trademarks on certain core branded products including BZAM™, TGOD™, Highly Dutch Organic™, and TABLE TOP™. BZAM also produces products under license for various third party brands and suppliers as described above.

I. Cash Management and Credit Cards

74. The Company maintains 19 bank accounts with BMO and Alterna Bank. The Company also has a business credit card used by certain employees that is secured by cash with BMO. BZAM maintains unsecured intercompany loan accounts with many of its Subsidiaries, and those Subsidiaries maintain unsecured intercompany loans with other Subsidiaries, and money flows between BZAM and the Subsidiaries against these intercompany loan accounts.

V. FINANCIAL POSITION OF THE APPLICANTS

75. A copy of the Company's unaudited consolidated balance sheet as at January 31, 2024 is attached hereto as **Exhibit "V"**. Certain information contained in this unaudited balance sheet is summarized below.

76. The Applicants have struggled with cash flow, and since January 31, 2024 in particular, the cash position of the Applicants has deteriorated significantly. The cash on hand for the Applicants for the week of February 25, 2024 is expected to be approximately \$1,848,000.

A. Assets

77. As at January 31, 2024 the Company had total consolidated assets with a book value of approximately \$195,711,080, which consisted primarily of the following:

Asset Type	Book Value (Consolidated)
Current Assets (Total):	\$100,203,370
Cash and Cash Equivalents	\$4,253,289
Restricted Cash	\$86,633
Trade Receivables	\$14,065,092
Biological Assets	\$5,193,174
Inventories	\$58,828,406
Prepaid Expenses and Deposits	\$5,186,618
Other Current Assets	\$455,874
Due from Related Parties	\$1,658,284
Assets Held for Sale	\$10,476,000
Non-Current Assets (Total):	\$95,507,710
Property, Plant and Equipment	\$75,127,717
Intangible Assets	\$18,353,274
Goodwill	\$790,306
Other Assets	\$1,236,413

Asset Type	Book Value (Consolidated)
Total	\$195,711,080

78. The net realizable value of the assets is expected to be considerably less than the book value.

B. Liabilities

79. As at January 31, 2024 the Company had total consolidated liabilities with a book value owing of approximately \$112,873,839, which consisted primarily of the following:

Liability Type	Book Value (Consolidated)
Current Liabilities (Total):	(\$100,883,319)
Accounts Payable and Accrued Liabilities	(\$28,211,004)
Excise Duties Payable	(\$9,525,910)
Sales Taxes Payable	(\$2,188,326)
Due to Related Parties	(\$2,420,530)
Unearned Revenue	(\$2,497,443)
Current Portion of Lease Liabilities	(\$2,491,578)
Debt	(\$53,548,528)
Non-Current Liabilities (Total):	(\$11,990,520)
Lease Liabilities	(\$11,990,520)
Total	(\$112,873,839)

C. Secured Obligations

1. Credit Agreement with Cortland

80. On March 31, 2020, TGOD entered into a credit agreement with Cortland Credit Lending Corp. ("**Cortland**"), which was subsequently amended three times pursuant to which Cortland provided TGOD with a secured revolving credit facility totaling \$22,000,000 (as amended, the "**Original Credit Agreement**"). A copy of the Original Credit Agreement is attached hereto as **Exhibit "W"**.

81. TGOD also executed a debenture that, among other things, contained prohibitions against the creation of any mortgage, lien, security interest or encumbrance against its property, assets and undertakings in priority to Cortland's security interest (the "**Debenture**"). A copy of the Debenture is attached hereto as **Exhibit "X"**.

82. The Original Credit Agreement was amended and restated in its entirety on:

- (a) September 29, 2021, pursuant to an amended and restated credit agreement to extend the term, set the total facility limit, and provide immediate funding, which was then amended a further six times (as amended, the "**First ARCA**"). A copy of the First ARCA is attached hereto as **Exhibit "Y"**; and
- (b) January 8, 2024, pursuant to a further amended and restated credit agreement (the "**Second ARCA**" and, together with the Original Credit Agreement and the First ARCA, the "**Credit Agreement**") following BZAM's acquisition of Final Bell Corp. (*i.e.*, BZAM Labs). The Second ARCA was entered into to incorporate the assets of BZAM Labs into the security collateral of Cortland and, amongst other

things: (i) amend the EBITDA financial covenant to take effect on a rolling three month average basis; (ii) repay \$1,000,000 on the fixed portion of the facility from the proceeds of sale of the Edmonton Property, such repayment amount then becoming available under the revolving portion of the facility; and (iii) allow for an unsecured promissory note to be issued to FBHI (as described in further detail below). A copy of the Second ARCA is attached hereto as **Exhibit “Z”**.

83. Under the Credit Agreement, Cortland provided TGOD with an interest-bearing term and revolving credit facility totaling \$34,000,000. Each loan advance under the Credit Agreement (as amended by the Second ARCA) bears interest at an interest rate which is the greater of: (i) 12% per annum; and (ii) the TD Prime Rate, plus the Applicable Margin (as those terms are defined in the Credit Agreement), and is calculated daily and due and payable on the last business day of each month. The guarantors under the Credit Agreement are TGOD, BZAM, Medican Organic, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium Life Science, High Road Holding and BZAM Labs (together, in such capacity, the "**Cortland Obligors**"). The term of the revolving credit facility expires on March 24, 2024, after which the Company must make monthly prepayments towards the base facility amounts borrowed.

84. Contemporaneously with the Second ARCA, BZAM, Medican Organic, BZAM Holdings, BZAM Management, BZAM Cannabis and Folium Life Science entered into a guarantee and security confirmation agreement with Cortland that, among other things, confirmed that existing guarantees that were entered into at the time of the Original Credit Agreement remained in full force and effect. A copy of the guarantee and security confirmation agreement is attached hereto as **Exhibit “AA”**.

85. On January 8, 2024, High Road Holding and BZAM Labs, which were not parties to the Original Credit Agreement or the First ARCA, entered into general security agreements with Cortland to provide Cortland with a security interest over all their present and after-acquired property. These general security agreements were entered into in the context of BZAM's acquisition of Final Bell Canada Inc. and Final Bell Corp. (*i.e.*, High Road Holding and BZAM Labs) which necessitated granting Cortland security over the two acquired entities. Copies of those general security agreements are attached hereto as **Exhibit "BB"**.

86. As of the date of this affidavit, approximately \$31,919,208.84 of principal is owing under the Credit Agreement and an additional \$362,916.21 of interest has accrued month-to-date for a total amount owing of \$32,282,125.05.

2. Promissory Notes with Stone Pine

87. BZAM has entered into a series of promissory notes with Stone Pine Capital Ltd. ("**Stone Pine**"), a company ultimately controlled by the Company's largest shareholder and current Chairman, as follows:

Date	Principal Amount
March 3, 2023	\$2,500,000
August 30, 2023	\$1,325,000
October 27, 2023	\$1,190,000
November 8, 2023	\$600,000
November 30, 2023	\$2,000,000
December 4, 2023	\$900,000

Date	Principal Amount
Total	\$8,515,000

(together, the "**Stone Pine Promissory Notes**")

88. Copies of the Stone Pine Promissory Notes are attached hereto as **Exhibit "CC"**.

89. The Stone Pine Promissory Notes were all amended on January 4, 2024 to each be payable upon demand provided that Stone Pine shall not be permitted to make demand until the later of either: (i) the maturity date of the Cortland Credit Agreement; and (ii) March 31, 2025. The first two Stone Pine Promissory Notes each carry an interest rate of 10% per annum whereas the remaining Stone Pine Promissory Notes carry an interest rate of the Prime Rate (as defined in the Stone Pine Promissory Notes) plus 8% per annum, with interest being calculated monthly and payable on the last day of each month. If BZAM fails to pay on demand any amounts due and payable and such defaults remain uncured for five business days from written notice, then interest accrues at a higher rate of 18% per annum. The amendment to the Stone Pine Promissory Notes is attached hereto as **Exhibit "DD"**.

90. Contemporaneously with the execution of each of the Stone Pine Promissory Notes, BZAM and Stone Pine entered into a general security agreement (collectively, the "**Stone Pine GSAs**") under which Stone Pine was granted security over all present and after-acquired property, assets and undertakings of BZAM. Copies of the Stone Pine GSAs are attached hereto as **Exhibit "EE"**.

91. BZAM, Stone Pine and Cortland entered into subordination and postponement agreements to subordinate the amounts owing under the Stone Pine Promissory Notes to the amounts owing

under the Credit Agreement with Cortland (the "**Subordination Agreements**"). Copies of the Subordination Agreements are attached hereto as **Exhibit "FF"**.

92. BZAM and Cortland also entered into consent agreements pursuant to which Cortland consented to the Stone Pine Promissory Notes on condition of entering into the Subordination Agreements (the "**Consent Agreements**"). The Consent Agreements include an acknowledgement from BZAM that any defaults in the observance or performance of the Stone Pine Promissory Notes constitute a default under the Credit Agreement. The cash advanced by Cortland under the Credit Agreement was ultimately used to fund the operations of the Subsidiaries downstream. Copies of the Consent Agreements are attached hereto as **Exhibit "GG"**.

93. BZAM has not yet paid any interest to Stone Pine under the Stone Pine Promissory Notes. As of the date of this affidavit, the principal amount of \$8,515,000 remains owing under the Stone Pine Promissory Notes and an additional \$509,755.67 of interest has accrued month-to-date for a total amount owing of \$9,024,755.67.

3. Mortgage Loan

94. At the time of its acquisition by BZAM Holdings, BZAM Cannabis owed approximately \$5,000,000 under a loan which was refinanced on May 31, 2021 and is secured against the Edmonton Property pursuant to a commitment letter dated May 19, 2021 (the "**Mortgage Loan**"). A copy of the Mortgage Loan is attached hereto as **Exhibit "HH"**.

95. The Mortgage Loan bears interest at 10.00% per annum and matures on May 31, 2026. Interest is calculated and compounded monthly and payable monthly on the last day of each month. The loan may be prepaid on 30 days' notice upon the payment of a prepayment fee. The

prepayment fee is equal to the greater of: (i) three months interest; and (ii) the aggregate amount of the agent's and lenders' cost of funds incurred as a result of the prepayment. The Mortgage Loan may be renewed beyond the maturity date for a fee of 2.0% of the outstanding principal amount owing should the lender agree. Security for the loan includes: (i) a first mortgage over the Edmonton Property (the "**Edmonton Property Charge**"); (ii) a general assignment of rents and leases in respect of the Edmonton Property; (iii) a general security agreement over all BZAM Cannabis' present and after acquired personal property; and (iv) a corporate guarantee of BZAM Management. A copy of the security documents under the Mortgage Loan are attached hereto as **Exhibit "II"**.

96. As of the date of this affidavit, the principal amount of \$5,000,000 remains owing under the Mortgage Loan and an additional \$40,229.89 of interest has accrued month-to-date for a total amount owing of \$5,040,229.89.

D. Unsecured Obligations

1. FBHI Promissory Note

97. BZAM acquired High Road Holding from FBHI on January 8, 2024. BZAM issued 90,000,000 common shares in BZAM at a deemed price of \$0.15 per share, representing approximately one-third of the issued and outstanding shares of BZAM. High Road Holding also provided an unsecured promissory note dated January 5, 2024 to FBHI in the amount of \$8,000,000 (the "**Final Bell Promissory Note**"). The Final Bell Promissory Note does not bear any interest until March 31, 2025, following which it will bear 10% interest until the maturity date of June 15, 2027. A copy of the Final Bell Promissory Note is attached hereto as **Exhibit "JJ"**.

98. On January 15, 2024 and February 15, 2024, BZAM made payments of \$79,167 each pursuant to the payment schedule included as Exhibit "A" to the Final Bell Promissory Note. The next scheduled payment of \$79,167 under the Final Bell Promissory Note is due on March 15, 2024.

99. On February 23, 2024, counsel for FBHI wrote to the board of directors of BZAM alleging, among other things, that the proposed CCAA Proceedings would breach the Share Exchange Agreement entered into among FBHI, BZAM Labs (formerly Final Bell Canada Inc.) and BZAM dated as of December 5, 2023 (the "**Final Bell Agreement**"). In the letter, counsel for FBHI requested advanced notice of any CCAA application. A copy of the letter from counsel for FBHI is attached hereto as **Exhibit "KK"**.

100. On February 26, 2024, counsel for BZAM responded to the letter from FBHI noting, among other things, that it contained numerous factual inaccuracies and mischaracterizations. A copy of the letter from counsel for BZAM is attached hereto as **Exhibit "LL"**.

101. As of the date of this affidavit, there has been no response to the February 26, 2024 letter.

2. Third Party Suppliers

102. Given the nature of its business, the Company relies on a number of vendors and third party service providers and, as such, are party to a number of agreements for the provision of certain essential services including, among other things, insurance, phone and internet, security, utilities, professional costs and other services provided in connection with operating a business in the cannabis industry. The Company has accrued a significant amount of invoices owing to third party suppliers as reflected in the table of liabilities above.

3. Employee Liabilities

103. The Company is current with respect to its payment of payroll and the remittance of employee source reductions. However, BZAM and certain of its subsidiaries have the following employee liabilities, among others:

- (a) BZAM, TGOD, BZAM Management, Folium Life Science, 102 Saskatchewan, Medican Organic and BZAM Labs owe several employees accrued and unpaid vacation pay in the aggregate amount of \$1,103,860;
- (b) the current Chief Financial Officer of BZAM, Sean Bovingdon, will be leaving his position concurrently with the filing of these CCAA Proceedings to take on a consultant role with BZAM until May 31, 2024 and he is anticipated to receive additional remuneration under a payment plan following his departure; and
- (c) 103 of salaried employees are eligible to receive an annual bonus for 2023 under a corporate incentive program as certain objective metrics, both at an individual and corporate level, were met last year. These bonuses are due to be paid at the end of March 2024 and total approximately \$702,000.

4. Intercompany Loans

104. The Company also engages in intercompany borrowing, through which parent or affiliate companies lend funds to their subsidiaries or affiliates. For example, BZAM has advanced unsecured loans to Subsidiaries such as BZAM Holdings, TGOD, Medican Organic, and BZAM Holdings has similarly advanced unsecured loans its subsidiaries such as Folium Life Science, BZAM Cannabis and BZAM Management.

VI. THE PROPOSED INTERIM FINANCING

105. On February 28, 2024, the following parties entered into a binding term sheet in respect of the DIP Loan (the "**DIP Term Sheet**"):

- (a) TGOD as the borrower (in such capacity, the "**Borrower**");
- (b) TGOD, BZAM, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium Life Science, 102 Saskatchewan, Medican Organic, High Road Holding and BZAM Labs as the guarantors (collectively, and in such capacities, the "**DIP Guarantors**"); and
- (c) Cortland as the DIP Lender.

106. A copy of the DIP Term Sheet is attached hereto as **Exhibit "MM"**.

107. The DIP Term Sheet provides for a super-priority, DIP interim, non-revolving credit facility up to a maximum principal amount that does not exceed the lesser of: (i) \$41,000,000 (the "**Facility Limit**"); and (ii) the Revolving Facility Limit (as defined in the Second ARCA) plus \$7,000,000; provided that any pre-filing obligations and post-filing obligations do not, either individually or in the aggregate, exceed the Facility Limit.

108. The amounts drawn and outstanding under the DIP Loan will bear interest at a rate that is the greater of: (i) the TD Prime Rate (as defined in the Second ARCA) plus 8.05% per annum; and (ii) 12% per annum. Interest on the principal amount outstanding shall be due and payable in cash on the first business day of each month covering interest accrued over the previous calendar month.

109. The DIP Loan includes a commitment fee of \$98,000 which shall be fully payable by the Borrower upon the issuance of the Initial Order and paid from the initial advance under the DIP Loan.

110. The DIP Loan is conditional, among other things, upon the granting of a priority charge over the Property in favour of the DIP Lender to secure the amounts borrowed under the DIP Loan (the "**DIP Lender's Charge**"), however, the DIP Lender has agreed to subordinate the DIP Lender's Charge to all pre-filing amounts owing under the Edmonton Property Charge.

111. In accordance with the DIP Term Sheet, the DIP Loan is to be used during these CCAA proceedings (the "**CCAA Proceedings**") to fund:

- (a) working capital needs in accordance with the Cash Flow Forecast (as defined below);
- (b) fees and expenses associated with the DIP Loan (including without limitation certain expenses, fees of the Monitor, and legal fees of counsel to the DIP Lender, the Applicants and the Monitor); and
- (c) such other costs and expenses of the Borrower as agreed to by the DIP Lender, in writing.

112. The facility made available pursuant to the DIP Term Sheet contemplates a "creeping-roll up" structure, pursuant to which all post-filing receipts by the Applicants will be applied to repay pre-filing obligations owing to Cortland. For greater certainty, the DIP Lender's Charge does not secure any obligation that existed prior to the granting of the Initial Order.

113. The DIP Loan is subject to customary covenants, conditions precedent, and representations and warranties made by the Applicants to the DIP Lender. The DIP Loan must be repaid in full by the date that is the earlier of:

- (a) the Maturity Date (as defined in the DIP Term Sheet);
- (b) the occurrence of an Event of Default (as defined in the DIP Term Sheet); and
- (c) the date of a sale of all or a portion of the Collateral (as defined in the DIP Term Sheet).

114. The amount of the DIP Loan to be funded during the initial Stay of Proceedings (up to a principal amount of \$2,400,000) is only that portion that is necessary to ensure the continued operation of the Applicants' business in the ordinary course during the initial 10 days.

VII. RELIEF SOUGHT AT THE INITIAL HEARING

A. Stay of Proceedings

115. The Applicants urgently require a broad stay of proceedings to prevent enforcement action by certain contractual counterparties and to provide the Applicants with breathing space while they attempt to effect a restructuring, all the while permitting their business to continue to operate as a going concern. In particular, it is critical for the Applicants and 943 Québec (one of the Non-Applicant Stay Parties) to maintain their cannabis licenses with Health Canada and the CRA to ensure the business operates as a going concern in the cannabis industry. Furthermore, BZAM Management's cannabis license with the CRA is set to imminently expire on February 29, 2024.

116. The Applicants are concerned about their failure to meet certain obligations as they become due. It would be detrimental to the Applicants' business if proceedings were commenced or continued, or rights and remedies were executed, against the Applicants. Absent the Stay of Proceedings, the Applicants will not be able to continue to operate their business and will be forced to initiate an abrupt disorderly shutdown.

117. The Applicants are seeking to extend the Stay of Proceedings to the Non-Applicant Stay Parties due to the integration of the business and operations of the Company. The extension of the Stay of Proceedings to these entities is intended to prevent uncoordinated realization and enforcement attempts from being made in different jurisdictions, and thereby preventing immediate losses of value for the Company and its stakeholders.

118. The Applicants believe that without the benefit of the Stay of Proceedings, the Applicants' ability to market and sell their interests in the Non-Applicant Stay Parties (certain of which have active businesses while others may have valuable tax attributes) and their respective assets would be compromised given the lack of stability that would exist. In particular, 943 Québec requires the benefit of the Stay of Proceedings as Medican Organic's transaction to acquire all issued and outstanding shares in 943 Québec is expected to close shortly, at which point 943 Québec will form part of the Company. Without the benefit of the Stay of Proceedings, the landlord for the 943 Québec Facility could exercise its option to terminate the Lease Agreement with 943 Québec.

119. In light of the foregoing, the Stay of Proceedings is in the best interests of the Applicants and their stakeholders. I understand that the Proposed Monitor believes that the Stay of Proceedings – including its extension to the Non-Applicant Stay Parties – is appropriate in the circumstances.

B. Proposed Monitor

120. The proposed Initial Order contemplates that FTI will act as Monitor in the Applicants' CCAA Proceedings. I understand that FTI has consented to act as Monitor of the Applicants in the CCAA Proceedings if the proposed Initial Order is granted. A copy of FTI's consent to act as Monitor is attached hereto as **Exhibit "NN"**.

C. Ability to Pay Certain Pre-Filing Amounts

121. Pursuant to the proposed Initial Order, the Applicants are seeking authorization (but not the obligation) to pay, among other things:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of the Initial Order, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is required to address regulatory concerns, and (iv) the supplier or service provider is required to continue to provide goods or services to

the Applicants after the date of the Initial Order, including pursuant to the terms of the Initial Order; and

- (c) the fees and disbursements of any Assistants (as defined in the Initial Order) retained or employed by the Applicants in respect of the CCAA Proceedings, at their standard rates and charges.

122. I believe this relief is necessary to maintain ordinary course operations, particularly given the highly regulated nature of the Applicants' business. The Applicants' ability to operate their business in the normal course is dependent on their ability to obtain an uninterrupted supply of certain goods and services.

123. I understand that the Monitor and the DIP Lender are supportive of that relief.

D. Administration Charge

124. The Initial Order provides for a Court-ordered charge in favour of the Proposed Monitor, as well as counsel to the Proposed Monitor and the Applicants, over the Property, to secure payment of their respective fees and disbursements incurred in connection with services rendered in respect of the Applicants up to a maximum amount of \$500,000 (the "**Administration Charge**"). The Administration Charge is proposed to rank ahead of and have priority over all of the other Charges.

125. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.

126. The Applicants and the Proposed Monitor worked collaboratively to estimate the quantum of the Administration Charge required, which takes into account the limited retainers the professionals currently have and their material outstanding fees. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the Proposed Monitor is also of the view that the Administration Charge is fair and reasonable in the circumstances, and that the proposed DIP Lender support the Administration Charge.

127. The Applicants intend to seek an increase to the Administration Charge to \$1,000,000 at the Comeback Hearing.

E. DIP Lender's Charge

128. The DIP Term Sheet provides, among other things, that the DIP Loan is contingent on the granting of the DIP Lender's Charge:

- (a) with respect to all Property other than the Edmonton Property, the DIP Lender's Charge is proposed to rank in priority to the Directors' Charge, but subordinate to the Administration Charge; and
- (b) with respect to the Edmonton Property, the DIP Lender's Charge is proposed to rank in priority to the Directors' Charge, but subordinate to the Administration Charge and the Edmonton Property Charge.

129. Pursuant to the proposed Initial Order, the DIP Lender's Charge will secure all of the credit advanced under the DIP Loan. The DIP Lender's Charge will not secure obligations incurred prior to the CCAA Proceedings.

130. The amount to be funded under the DIP Loan during the initial Stay of Proceedings is limited to the amount necessary to ensure the continued operations of the Applicants' business. Correspondingly, the DIP Lender's Charge under the proposed Initial Order is limited to the amount to be funded during the initial Stay of Proceedings. The Applicants intend to seek an increase to the DIP Lender's Charge at the Comeback Hearing to the full principal amount available under the DIP Loan.

F. Directors' Charge

131. I am advised by Sean Zweig of Bennett Jones LLP, and believe that, in certain circumstances, directors and officers can be held liable for obligations of a company, including those owed to employees and government entities. Among other things, I understand that these obligations may include unpaid accrued wages and unpaid accrued vacation pay, together with unremitted excise, sales, goods and services, and harmonized sales taxes.

132. It is my understanding that the Applicants' present and former directors and officers (the "**Directors and Officers**") are among the potential beneficiaries under liability insurance policies maintained by Berkley Insurance Company. However, I understand that these policies have various exceptions, exclusions and carve-outs and that they may not provide sufficient coverage against the potential liability that the Directors and Officers could incur in connection with the CCAA Proceedings.

133. Given the risks related to these CCAA Proceedings and the uncertainty surrounding available indemnities and insurance, I understand that the current Directors and Officers' involvement in the CCAA Proceedings is conditional upon the granting of a priority charge in

favour of the Directors and Officers in the amount of \$5,300,000 (the “**Directors’ Charge**”) which is described in greater detail in the pre-filing report of the Proposed Monitor.

134. The Applicants require the involvement of the Directors and Officers in order to continue business operations in the ordinary course. The Directors’ Charge would serve as security for the indemnification obligations and potential liabilities the Directors and Officers may face during the initial 10-day period of the CCAA Proceedings. The proposed Initial Order contemplates that the Directors’ Charge will rank subordinate to Administration Charge and the DIP Lender's Charge, but in priority to all other claims (except any secured creditors who did not receive notice of this application).

135. The Applicants believe that the Directors’ Charge is reasonable in the circumstances. I understand that the Proposed Monitor is supportive of the Directors’ Charge and its quantum.

136. The Applicants intend to seek an increase to the Directors’ Charge at the Comeback Hearing.

G. Cash Flow Forecast

137. With the assistance of the Proposed Monitor, the Applicants have undertaken a cash flow analysis to determine the quantum of funding required to finance their operations, assuming the Initial Order is granted, over the 13-week period ending May 25, 2024 (the “**Cash Flow Forecast**”). I understand that the Cash Flow Forecast will be attached to the pre-filing report of the Proposed Monitor.

138. The Cash Flow Forecast indicates that the Applicants urgently require DIP financing to ensure that they have the liquidity required to meet their obligations and continue their business operations during the Stay of Proceedings.

H. Additional Relief

1. Relief from Reporting and Filing Obligations

139. BZAM is seeking to be relieved from incurring any further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada. This relief is necessary given BZAM's status as a publicly-traded company and reporting issuer listed on the Canadian Securities Exchange and the OTCQX.

140. It is anticipated that the CCAA Proceedings will be a transparent process through which BZAM's many shareholders and other stakeholders will receive information and be kept apprised of BZAM's efforts to ensure a going concern transaction. Relief from making the Securities Filings is critical in that it will allow BZAM to avoid the additional time and expense required for staying current on any public filings.

141. In addition to being relieved from having to make any of the Securities Filings, BZAM and the Monitor and their respective directors, officers, employees and other representatives are seeking to be relieved from any personal liability resulting from a failure to make any Securities Filings.

2. Relief in respect of the Licenses

142. The Subsidiaries listed above that hold licenses with Health Canada and cannabis licenses with CRA seek to have their licenses and their ability to receive cannabis excise stamps preserved and maintained during the Stay Period, including their ability to sell cannabis inventory in the ordinary course under those licenses. There is no immediate concern that any of the licenses with Health Canada will expire during the Stay Period, but the term of these licenses must continue for the duration of the Stay Period to ensure these Subsidiaries operate as a going concern. On the other hand, BZAM Management's cannabis license with the CRA will soon expire on February 29, 2024. If that license is allowed to expire, or to be cancelled or revoked, BZAM Management would not be able to use its existing stock of cannabis excise stamps or continue obtaining an ongoing supply of cannabis excise stamps, which would destroy its ability to operate as a going concern. The Company has included the CRA on the service list to ensure that it receives notice of these CCAA Proceedings.

VIII. RELIEF TO BE SOUGHT AT THE COMEBACK HEARING

143. As referenced above, the Applicants intend to seek the ARIO and the SISP Approval Order at the Comeback Hearing. The relief contemplated by each of the proposed ARIO and SISP Approval Order is described below.

A. ARIO

1. Stay Extension

144. The proposed Initial Order seeks the granting of a CCAA stay of proceedings for the Initial Stay Period until March 8, 2024. At the Comeback Hearing, the Applicants intend to seek an

extension of the stay of proceedings. The proposed extension of the stay of proceedings will enable the Applicants to continue to operate the business, conduct the SISP, and close a transaction.

2. Increases to Charges

145. The charges proposed in the Initial Order are intended for the Initial Stay Period only. The proposed ARIO is anticipated to provide for the following amendments to the Charges, listed in order of priority:

- (a) Administration Charge to increase to a maximum of \$1,000,000;
- (b) an increase to the DIP Lender's Charge to a principal amount of \$41,000,000 plus accrued and unpaid interest, fees and expenses; and
- (c) Directors' Charge to increase to a maximum of \$12,900,000.

146. The Applicants do not anticipate any changes to the Edmonton Property Charge or its priority ranking with respect to the Edmonton Property at the Comeback Hearing.

147. The Applicants believe the amounts of the proposed Charges (both in the Initial Order and the ARIO) are fair and reasonable in the circumstances. I understand that the Proposed Monitor is also supportive of the proposed Charges, as increased and/or granted pursuant to the proposed ARIO. In particular, the increase in the Directors' Charge reflects an increase in the Company's liability for excise tax between February and March, from \$1,361,290 as of the date of this affidavit to approximately \$8,690,000 at the Comeback Hearing.

B. SISP Approval Order

148. As discussed above, the Applicants intend to seek the SISP Approval Order at the Comeback Hearing to pursue a going concern transaction for the benefit of its stakeholders.

1. Stalking Horse Purchase Agreement

149. The Stalking Horse Purchase Agreement between BZAM and the Stalking Horse Purchaser will serve as the basis for the Stalking Horse Bid in the SISP.

150. The Stalking Horse Purchase Agreement is contemplated to be structured as a reverse vesting transaction whereby the Stalking Horse Purchaser will restructure the Company through, among other things, an order to be granted by the Court approving the purchase of the Company by the Stalking Horse Purchaser and the vesting out of all liabilities of the Applicants in the event that the Stalking Horse Bid is the successful bid in the SISP.

151. Further details on the Stalking Horse Purchase Agreement and the Stalking Horse Bid will be provided at the Comeback Hearing.

2. SISP

152. The proposed SISP will provide for the Applicants, the Non-Applicant Stay Parties and the Monitor to solicit potentially interested parties, commencing the same day as the granting of the SISP Approval Order.

153. It is anticipated that in order to be considered a "Qualified Bidder", interested parties will be required to enter into a non-disclosure agreement and submit a binding offer meeting the requirements enumerated in the SISP (referred to as a "Qualified Bid").

154. Further details on the SISP will be provided at the Comeback Hearing.

IX. CONCLUSION

155. In consultation with the Company's professional advisors, I believe that the proposed Initial Order is in the best interests of the Applicants, the Non-Applicant Stay Parties and their stakeholders. The Stay of Proceedings and the DIP Loan will allow the Applicants and the Non-Applicant Stay Parties to continue ordinary course operations with the breathing space and stability necessary to develop and implement their restructuring. Absent the Stay of Proceedings and approval of the DIP Loan, the Company will be unable to meet its obligations as they become due, which would be detrimental to the value of their business, and in turn, the interests of their stakeholders.

156. In the circumstances, I believe that the CCAA Proceedings are the only viable means of restructuring the Applicants' business for the benefit of their stakeholders and that the relief sought in the Initial Order is limited to what is reasonably necessary to stabilize the Applicants' business in the initial ten (10) day period.

157. If the Initial Order is granted, the Applicants also respectfully submit that the relief sought in the proposed ARIO and SISP Approval Order are appropriate and in the best interests of the Applicants, the Non-Applicant Stay Entities and their stakeholders, and that such Orders be granted at the Comeback Hearing.

SWORN REMOTELY by Matthew)
Milich stated as being located in the City of)
Mississauga, in the Province of Ontario,)
before me at the City of Toronto, in the)
Province of Ontario, on February 28th,)
2024 in accordance with O. Reg. 431/20,)
Administering Oath or Declaration)
Remotely.)

DocuSigned by:
Jamie Ernst
265A8C7A10A1495...

JAMIE ERNST

A Commissioner for Taking Affidavits in)
and for the Province of Ontario)

DocuSigned by:
MM
ED78A780251C4ED...

MATTHEW MILICH

THIS IS **EXHIBIT "W"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

CREDIT AGREEMENT

Dated as of March 31, 2020

Among:

Cortland Credit Lending Corporation,
in its capacity as administrative agent
for the Lenders (as defined herein)
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2 (the "**Agent**")

And:

The Green Organic Dutchman Ltd.
Building A, Suite 301 6205 Airport Road
Mississauga, Ontario L4V 1E3 (the "**Borrower**")

And:

Those lenders from time to time party hereto in accordance with Section 29 (collectively, the "**Lenders**", and each a "**Lender**").

AND WHEREAS the Lenders wish to establish a revolving credit facility the Revolving Facility, to provide funding to the Borrower for the purposes more specifically set out in Section 1(c).

AND WHEREAS terms used and not otherwise defined have the meanings given to such terms in **Schedule "C"** attached hereto.

IN CONSIDERATION of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. **Funding Commitment.**

- (a) Subject to the satisfaction of the terms and conditions set out in this Agreement, the Agent, on behalf of the Lenders, hereby agrees to provide the Borrower with the Revolving Facility, by way of Loan Advances, provided that the aggregate amount of Loan Advances outstanding at any time shall not exceed the Revolving Facility Limit.
- (b) Notwithstanding anything contained herein, if by 5:00 p.m. (Toronto time) on May 29, 2020 either (i) the Borrower has not satisfied the conditions precedent to the initial Loan Advance, or (ii) despite having satisfied such conditions precedent, the Borrower does not request such initial Loan Advance, then the Agent may, in its sole discretion, terminate the Revolving Facility, provided that upon such termination the Commitment Fee shall be immediately due and payable by the Borrower, except in the case where the Lender does not make the initial Loan

Advance solely because either or both of the Cortland Conditions have not been satisfied or waived.

- (c) The Borrower acknowledges and agrees that the proceeds of the Revolving Facility will be used to finance the working capital requirements of the Obligors, including the payment of the Outstanding Payables, and other ordinary course payables of the Obligors, and including fees and expenses relating to the transactions contemplated by this Agreement.

2. **Agent Compensation.** In consideration of making the Revolving Facility available to the Borrower, the Agent shall be entitled to the following fees or reimbursement of the following costs (which fees and costs shall be in addition to any other amounts payable to the Agent and/or Lenders hereunder, including interest):

- (a) A financing review work fee equal to Three Hundred Thousand Dollars (\$300,000), inclusive of HST (the "**Work Fee**"), which was paid to the Agent on March 18, 2020, provided that:
- (i) fifty percent (50%) of the Work Fee shall be credited against the Commitment Fee (as defined below) if the initial Loan Advance is made; and
 - (ii) the Work Fee shall only be refunded to the Borrower if the Agent elects to not make the initial Loan Advance solely because the Cortland Conditions have not been satisfied or waived.
- (b) A commitment fee equal to One Million Dollars (\$1,000,000) (the "**Commitment Fee**"), which fee, subject to Section 2(a), together with the Warrants (as defined in Section 2(e)) shall be earned on the date hereof, provided that:
- (i) the Commitment Fee shall be payable on the earlier of (1) the date of the initial Loan Advance, and (2) May 29, 2020, provided that if on May 29, 2020, the initial Loan Advance is not made by the Lenders solely because the Cortland Conditions have not been satisfied or waived, the Commitment Fee will not be payable until the date of the initial Loan Advance; and
 - (ii) the Warrants shall be issued on the earlier of (1) the date of the initial Loan Advance, and (2) May 29, 2020, provided that if on May 29, 2020, the initial Loan Advance is not made by the Lenders solely because the Cortland Conditions have not been satisfied or waived, the Warrants will not be issued until the date of the initial Loan Advance.
- (c) Any documented out-of-pocket expenses incurred in connection with (i) the Agent's due diligence, and (ii) the monitoring of the Revolving Facility while the Revolving Facility is made available to the Borrower, shall be payable upon demand.
- (d) A utilization fee, calculated daily and payable on the last Business Day of each month, by subtracting the aggregate amount of the Loan Advances outstanding on each day, from the sum of \$30,000,000 and multiplying the difference by the Utilization Fee Rate.
- (e) Subject to the approval of the Toronto Stock Exchange and the provisions of this Agreement, as of the date of this Agreement the Agent shall be entitled to receive, on behalf of the Lenders, warrants to purchase Three Million (3,000,000) freely tradeable common shares (the "**Warrant Shares**") of Holdings (such Warrant Shares together with all documents, instruments and

certificates given in connection therewith, the “**Warrants**”), at a twenty-five percent (25%) premium to the five (5) day volume weighted average trading price of the common shares of Holdings on the Toronto Stock Exchange ending on the trading day immediately prior to the date of this Agreement, for a period of thirty-six (36) months following the date of issuance.

3. **Loan Advances.**

- (a) Subject to satisfaction of the terms and conditions set out in this Agreement, the Agent shall, from time to time, upon request of the Borrower made in accordance with the terms and conditions of this Agreement, make one or more Loan Advances available to the Borrower provided that the aggregate principal amount of such Loan Advances does not exceed, at any given time, the Revolving Facility Limit at such time. If at any time the aggregate principal amount of all Loan Advances outstanding (collectively, the “**Total Exposure**”) exceeds the Revolving Facility Limit at such time, then the Borrower will promptly repay such Loan Advances in cash by an amount required to reduce the Total Exposure to an amount less than or equal to the Revolving Facility Limit.
- (b) Each Loan Advance will bear interest at the Interest Rate, which interest will be due and payable in cash on the last Business Day of each month.
- (c) The Revolving Facility shall be a revolving facility. For greater certainty, the Borrower shall be entitled to obtain Loan Advances under the Revolving Facility from time to time and repay all or any portion of the Loan Advances under the Revolving Facility from time to time and thereafter re-borrow Loan Advances from time to time; provided that the Borrower, acknowledges, covenants and agrees that the Total Exposure shall not at any time exceed the Revolving Facility Limit.
- (d) The Collection Account will be swept daily as provided for in Section 8 (w).
- (e) Interest owing on the Loan Advances shall be calculated daily and not in advance on the basis of the then current calendar year of three-hundred and sixty-five (365) or three-hundred and sixty-six (366) days for the actual number of days elapsed, and in the case of a leap year, the annual interest rate corresponding to the interest calculated on a three-hundred and sixty-five (365) day year is equal to the interest rate thus calculated multiplied by three-hundred and sixty-six (366) and divided by three-hundred and sixty-five (365). Any amount of principal, interest, commission, discount or of any other nature remaining unpaid at maturity shall bear interest at the Interest Rate. Interest on all overdue interest calculated as aforesaid and compounded monthly at the aforesaid rate from the due date thereof without necessity of notice or demand, the whole before as well as after maturity, demand, default or judgement. The Borrower acknowledges and agrees that for the purposes of the *Interest Act* (Canada), the information provided to it hereunder with respect to the calculation of interest hereunder or under any other Transaction Document shall constitute an express statement of the yearly rate or percentage of interest to which such interest rate (including the Interest Rate) or percentage is equivalent. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any other Transaction Document, that the interest payable under this Agreement (including the Interest Rate) or any other Transaction Document and the calculation thereof has not been adequately disclosed to

the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Applicable Law.

- (f) Where the rate of interest payable under any Loan Advance is found by a competent court of law, governmental agency or other tribunal to exceed the maximum rate of interest permitted by the laws of any applicable jurisdiction or the rules or regulations of any appropriate regulatory authority, then during the time that the rate of interest would exceed the permissible limit, that portion of each interest payment attributable to the portion of the interest rate that exceeds the permissible limit shall be deemed to be a voluntary prepayment of principal.
- (g) The Agent's books and records relating to the Loan Advances and any related interest shall be *prima facie* evidence of same, absent manifest error.

4. **Conditions Precedent to the Initial Advance.** The obligation of the Lenders to make the initial Loan Advance will be subject to receipt by the Agent of the following, each in a form satisfactory to the Agent, and/or satisfaction of the following, unless waived by the Agent on terms satisfactory to the Agent:

- (a) an executed copy of an Advance Request Certificate and a Borrowing Base Certificate shall have been received not less than 1 Business Day before the date of the proposed Loan Advance;
- (b) an executed copy of a Guarantee delivered by each of the Obligor (other than the Borrower);
- (c) an executed copy of each of the Security Agreements, other than the Vendor Subordination Agreements;
- (d) approval from the Toronto Stock Exchange with respect to issuance of the Warrants, together with executed copies of the Warrants and a customary opinion covering securities matters related to such Warrants;
- (e) the Agent being added (i) as an additional insured to each commercial general liability insurance policy maintained by an Obligor and (ii) as a mortgagee and loss payee to each property and business insurance policy maintained by an Obligor, and the Agent receiving certificates of insurance for all such insurance policies, with such additional insured and second loss payee endorsements, together with copies of the applicable policies;
- (f) receipt by the Agent of all information necessary for the Agent to comply with its legal and internal requirements in respect of applicable money-laundering legislation, proceeds of crime legislation and "know your customer" requirements;
- (g) completion of and satisfaction with all necessary financial, insurance and legal due diligence (including the Agent's satisfaction with the nature and scope of any Liens affecting the Obligor);
- (h) a corporate organizational chart for the Obligor;
- (i) a certificate of a senior officer of each Obligor to which are appended: (i) copies of the articles of incorporation, certificate of formation and by-laws or constitution (if applicable), operating agreement or shareholder agreement governing the affairs of each Obligor (if applicable), (ii) an

incumbency certificate setting out the names and offices of all directors and officers of each Obligor, together with specimen signatures of same, and (iii) certified copies of the resolutions of the shareholders or directors of each Obligor authorizing the execution, delivery and performance of the Transaction Documents to which each is a party and the transactions contemplated thereby, and the granting of security;

- (j) opinions regarding corporate status of each Obligor, the due authorization, execution and delivery of the Transaction Documents to which such Obligor is a party, all registrations in respect of such security, the results of all applicable searches, and the enforceability of such Transaction Documents; all such opinions to be in form and substance satisfactory to the Agent;
- (k) the Agent shall have received a title insurance policy in respect of the real properties owned by the Obligors (provided that such title insurance policies shall only be required if the Agent can be added to any existing policies in favour of Maynbridge Capital Inc. in a commercially reasonable manner);
- (l) establishment of the Collections Account;
- (m) all representations and warranties provided for in the Transaction Documents being true, accurate and complete, in all material respects, as of the date of such Loan Advance;
- (n) evidence that all security given to the Agent is registered and perfected in all such jurisdictions satisfactory to the Agent in order to provide the Agent with a first-ranking security interest (subject only to Permitted Encumbrances) in the Collateral;
- (o) a fully executed copy of the Maynbridge Intercreditor Agreement;
- (p) no Default or Event of Default (as such terms are defined in the Maynbridge Intercreditor Agreement) shall have occurred as of the date of such Loan Advance; and
- (q) such other conditions and/or documents or instruments as the Agent may reasonably require

The conditions set forth in paragraphs (g) and (q) above are referred to herein as the “**Cortland Conditions**”).

5. **Conditions Precedent to Subsequent Loan Advances.** The obligation of the Lenders to make any Loan Advance (subsequent to the initial Loan Advance) will be subject to receipt by the Agent of the following, each in a form satisfactory to the Agent, and/or satisfaction of the following, in each case, without duplication, unless waived by the Agent on terms satisfactory to the Agent:

- (a) an executed Advance Request Certificate and a Borrowing Base Certificate shall have been received not less than 1 Business Day before the date of the proposed Loan Advance;
- (b) all representations and warranties provided for in the Transaction Documents being true, accurate and complete, in all material respects, as of the date of such Loan Advance, except to the extent specified to be made as of a specific date; and
- (c) no Default or Event of Default (as such terms are defined in the Maynbridge Intercreditor

Agreement) shall have occurred as of the date of such Loan Advance.

6. **Representations and Warranties.** The Borrower, on behalf of itself and each other Obligor, represents and warrants to the Agent as follows:

- (a) **Status.** It has been duly organized and is a valid and subsisting legal entity in good standing under the laws of its jurisdiction of formation and has full capacity and power to carry on its business as the same is presently conducted and, to own and lease property.
- (b) **Power and Authority.** It has the power and is duly authorized to enter into, execute, deliver and perform its obligations under this Agreement and each other Transaction Document to which it is a party, and it has the power and is duly authorized to borrow as herein contemplated and to provide the security interests herein contemplated.
- (c) **Ownership of Assets.** It owns, leases or has rights in all assets required in order to carry on its businesses as presently conducted. All such assets are owned by it free and clear of all Liens other than Permitted Encumbrances.
- (d) **Compliance with Laws** – It is in compliance in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws).
- (e) **Litigation, Judgments and Executions.** There are no actions, suits or proceedings pending, or to the knowledge of it threatened, against it in any court or before or by any federal, provincial, municipal or other Governmental Authority, except: (i) the litigation disclosed in **Schedule “D”** attached hereto; and (ii) other litigation in which all amounts claimed against the Obligors do not in the aggregate exceed Fifty Thousand Dollars (\$50,000). There are no judgments or executions against it.
- (f) **Environmental Laws.** Except to the extent disclosed in **Schedule “E”** attached hereto:
 - (i) each Obligor and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials;
 - (ii) each Obligor holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials and all other Requirements of Environmental Law;
 - (iii) there has been no material emission, spill, release, or discharge into or upon the air, soils (or any improvements located thereon), surface water or groundwater or the sewer, septic system or waste treatment, storage or disposal system servicing any premises, of any Hazardous Materials at or from any of the properties owned or leased by any of the Obligors;

- (iv) no material written complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person has been received by any Obligor with respect to any of the properties owned or leased by any of the Obligors in respect of air emissions, spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any of the properties owned or leased by any of the Obligors, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation, or disposal of Hazardous Materials or other Requirements of Environmental Law affecting any of the properties owned or leased by any of the Obligors;
- (v) there are no material legal or administrative proceedings, investigations or claims now pending, or to the Borrower's knowledge, threatened in writing, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the properties owned or leased by any of the Obligors, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion between any Obligor and any Governmental Authority relating thereto; and there is no factual basis for any such proceedings, investigations or claims; and
- (vi) the Obligors have no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials, including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal.
- (g) Bankruptcy Events. No Bankruptcy Event has been initiated by it or occurred in respect of it, and no Bankruptcy Event has been threatened against it.
- (h) Anti-Terrorism and Corruption Laws. It has conducted its business in compliance with Anti-Terrorism and Corruption Laws and has instituted and maintained policies and procedures reasonably designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws.
- (i) Subsidiaries. As of the date hereof, the only Subsidiaries it has are listed in **Schedule "F"** attached hereto.
- (j) Corporate Information. **Schedule "F"** attached hereto contains a true and complete list as of the date hereof of the following information in respect of each Obligor: all prior names and predecessor corporations, jurisdiction of incorporation, registered office and chief executive office, principal place of business, all locations at which it has places of business or owns assets, the number and classes of its issued and outstanding shares, except in the case of Holdings, a list of all shareholders including the number and class of shares held by each and a list of all of its subsidiaries.
- (k) Solvency. It is Solvent.
- (l) No Pending Corporate Changes. Except as disclosed on **Schedule "G"** attached hereto, or in the

public filings of Holdings, as of the date hereof, no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase of any properties or assets of any Obligor out of the ordinary course of business or for the purchase, subscription, allotment or issuance of any debt or equity securities of any Obligor.

- (m) Material Agreements and Material Permits. Its Material Agreements and Material Permits are listed in **Schedule "H"** attached hereto (as such Schedule may be updated from time to time to reflect any Material Agreements or Material Permits entered into or obtained in compliance with the terms hereof) and true, correct and complete copies of each have been delivered to the Agent. Each such Material Agreement and Material Permit is in good standing, in full force and effect and there are no defaults thereunder, except to the extent any such Material Agreement has terminated as scheduled in the ordinary course in accordance with its terms.
- (n) No Conflicts under Material Agreements or Material Permits. The execution and delivery by each Obligor of those Transaction Documents to which it is a party, and the performance of its obligations thereunder, will not conflict with, result in a breach of or require any approval or consent under any Material Agreement or Material Permit to which it is a party.
- (o) Owned Real Properties. Its real property interests as of the date hereof, both owned and leased, are listed in **Schedule "I"** attached hereto.
- (p) No Guarantees. It has not granted any Guarantees, other than Permitted Guarantees.
- (q) Statutory Liens. It has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax and employment insurance), goods and services tax and all other amounts, which if not paid when due could result in the creation of a statutory lien against any of its property.
- (r) No Default or Event of Default. No Default or Event of Default has occurred and is continuing.
- (s) Financial Statements and No Material Change. The financial statements of the each Obligor that have been made available to the Agent have been prepared in accordance with GAAP, and fairly present the financial position and results of operations of such Obligor for the dates or periods reported on thereby subject, in relation to any unaudited financial statements, any year-end adjustments. From the date of the last audited financial statements made available to the Agent, there has been no event which would reasonably be expected to result in a Material Adverse Change.
- (t) Related Party Transactions. Except as (A) disclosed in the financial statements or other public disclosure of the Obligors or (B) as permitted by this Agreement, no Obligor: (i) is a creditor under a loan or otherwise committed to make any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any related party thereof (other than another Obligor); or (ii) been a party to any contract with any related party thereof, other than independent contractor or indemnification agreements entered into with officers or directors. Any transactions between an Obligor and a related party (other than another Obligor) has been

completed on reasonable commercial terms that, considered as a whole, are not in any material respect less advantageous to such Obligor, than if the transaction was with a Person dealing at arm's length with such Obligor, as the case may be.

- (u) U.S. Cannabis. It has no direct, indirect or ancillary interest in any "marijuana-related activity" in the United States as defined in Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana Activities* of the Canadian Securities Administrators.
- (v) Internal Controls. It has established and maintains a system of internal controls over financial reporting that is designed to provide reasonable assurance regarding the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of it; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of it are made only in accordance with authorizations of management its directors; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of its property or assets that could have a material adverse effect on its financial statements.
- (w) Full Disclosure. All information (including, without limitation, financial information and financial statements) furnished by or in respect of the Obligors to the Agent for the purposes of or in connection with this Agreement and each of the other Transaction Documents was true and correct in all material respects as at the date such information is stated to have been given, and is not incomplete by omitting to state any material fact necessary to make the statements contained in such information not misleading in any material respect in light of the circumstances under which the statements contained in such information were made.
- (x) Warrants. That Holdings is duly authorized and has the corporate and lawful power and authority to create and issue the Warrants and the Warrant Shares issuable upon the exercise thereunder and to perform its obligations thereunder and that the certificate(s) representing the Warrants, will, when issued, represent a valid, legal and binding obligation of the Company enforceable in accordance with its terms.
- (y) Warrant Shares. That Holdings has agreed to at all times reserve and keep available out of its authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants, it will cause the Warrant Shares, including duly authorized certificates in respect thereof, subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued and delivered as directed and such Warrant Shares shall be issued as fully paid and non-assessable common shares of Holdings and the holders thereof shall not be liable to Holdings or to its creditors in respect thereof.
- (z) Actions to Issue Warrants. That Holdings has agreed to take such actions as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed.

- (aa) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to remain a reporting issuer not in default in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
- (bb) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares on the TSX (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Warrants) and to have the Warrant Shares issued pursuant to the exercise of the Warrants listed and posted for trading on the TSX (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Warrants) as expeditiously as possible.
- (cc) Issuance of Warrant Shares. That Holdings has agreed that upon exercise of the Warrants, the Warrant Shares will be issued as fully paid and non-assessable common shares in the capital of Holdings.

7. **Reporting Covenants**.

- (a) The Borrower will provide to the Agent the following financial information:
 - (i) quarterly consolidated financial statements, within forty-five (45) days of each fiscal quarter of the Borrower;
 - (ii) copies of management updates, budgets and other related reports on the operational results of the Obligors which have been provided to the board of directors of the Borrower at such directors' regular board meetings and all such other financial information relating to the foregoing as the Agent reasonably requires to assess the liquidity of the Obligors and the Obligors' performance against such budgets;
 - (iii) a quarterly business review on such terms, and such basis, as is required by the Agent, such to determine the status of business as it relates to the Obligors, and in particular compliance with the terms of this Agreement;
 - (iv) annual audited consolidated financial statements within ninety (90) days of the end of each fiscal year of the Borrower;
 - (v) on a monthly basis, within twenty (20) days of the end of each calendar month:
 - 1. unconsolidated financial statements of each Obligor;
 - 2. unconsolidated general and ledger trial balance for each Obligor;
 - 3. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;
 - 4. an accounts payable summary for each creditor of the Obligors, aged by invoice date;
 - 5. bank reconciliations, including for greater certainty, bank statements and a complete listing of outstanding cheques;

- 6. confirmation of payment of all taxes owing by any Obligor; and
- (vi) on a weekly basis, on Friday of each week (as of Thursday of such week);
 - 1. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;
 - 2. an accounts payable summary for each creditor of the Obligors, aged by invoice date; and
- (vii) any addition financial and reporting information as the Agent may reasonable request from time to time, in its sole discretion.

8. **Covenants**. The Borrower, on behalf of itself and each other Obligor, covenants and agrees with the Agent that it:

- (a) will pay all interest, principal, fees and other amounts due under the terms of this Agreement and any other Transaction Document to which it is a party;
- (b) will satisfy, in all material respects, all the terms and conditions of this Agreement and any other Transaction Document to which it is a party;
- (c) will immediately advise the Agent of any Default or Event of Default (as such terms are defined in the Maynbridge Intercreditor Agreement);
- (d) will file all tax returns which are or will be required to be filed by it, pay or make provision for payment of all taxes (including interest and penalties) and Potential Priority Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- (e) it will comply in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws). and use the proceeds of all Loan Advances hereunder for legal and proper purposes; and without limiting the generality of the foregoing the Borrower shall and shall cause each other Obligor to:
 - (i) engage in Cannabis-Related Activities only to the extent that such Cannabis-Related Activities are (A) in an Approved Jurisdiction, and (B) in compliance with all Applicable Laws in such Approved Jurisdiction (including, without limitation on a federal, state, provincial, territorial and municipal basis);
 - (ii) ensure that all activities of the Obligors relating to the cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions; and
 - (iii) ensure that all activities of the Obligors relating to the sale of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions or between entities licensed by Governmental Authorities in Approved Jurisdictions.

- (f) will: (i) immediately, with respect to Material Agreements and/or Material Permit; and (ii) promptly, and in any event within three Business Days, notify the Agent of any material action requests or material violation notices received by it from any Person (including, without limitation, from any Governmental Authority) concerning it (including, without limitation, any notices or requests in connection with the protection or preservation of the environment) and hold the Agent and the Lenders harmless from and against any losses, costs or expenses which the Agent or any Lender may suffer in connection therewith;
- (g) will promptly advise the Agent of any Material Adverse Change;
- (h) will keep its assets (including, without limitation, the Collateral) fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- (i) will, at reasonable times and upon reasonable notice (provided that upon the occurrence of an Event of Default that is continuing, the Agent is permitted to do the following at any time and without notice) permit the Agent or its representatives, from time to time, (i) to visit and inspect any Obligor's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, and (ii) to discuss the Obligors' affairs with the auditors of the Obligors (in the presence of the Obligors' representatives as it may designate); the Obligors hereby authorize and direct any such third party to provide to the Agent or its representatives all such information, records or documentation reasonably requested by the Agent;
- (j) except for Permitted Encumbrances, will not, without the prior written consent of the Agent, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- (k) will not, without the prior written consent of the Agent, sell, transfer, convey, lease or otherwise dispose of any of its:
 - (i) accounts receivables; or
 - (ii) other than accounts receivables, properties or assets (excluding obsolete or otherwise superfluous assets) other than (i) in the ordinary course of business and on commercially reasonable terms, or (ii) to another Obligor, (iii) to the extent the proceeds of such sale are promptly reinvested in assets useful to the business of the Obligors, or (iv) if such disposition would not materially impact the operation, business or financial condition of any Obligor and Maynbridge Capital Inc. has consented to such disposition.
- (l) will not, without the prior written consent of the Agent, provide any Guarantees (other than Permitted Guarantees);
- (m) will not, without first obtaining the prior written consent of the Agent, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person and it will cause any such resulting Person to become an Obligor hereunder and to grant such security and enter into such Transaction Documents and other agreements as the Agent may require,

provided that (i) upon 10 days' prior written notice to the Agent any Obligor may merge, amalgamate or wind-up with or into another Obligor, and (ii) concurrently with such merger, amalgamation or winding-up the Borrower shall provide, or cause to be provided to the Agent all additional or replacement Security Agreements as the Agent may reasonably require in connection therewith;

- (n) will not pay any dividends, other corporate distributions, or any interest or principal on subordinated debt other than (i) to another Obligor, (ii) in respect to Permitted Indebtedness, or (iii) with the prior written consent of the Agent;
- (o) will not acquire or move any material Collateral or change its chief executive office or principal place of business to any jurisdiction outside of the jurisdiction of each such respective Obligor listed in **Schedule "C"** attached hereto without first executing and delivering all such security and other documentation and completing all registrations, recordings and filings to grant in favour of the Agent a security interest in such Collateral and to render effective the security interest granted thereby, all in form and substance satisfactory to the Agent;
- (p) will not incur additional indebtedness other than Permitted Indebtedness;
- (q) will not enter into any swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other derivative transactions for investment or speculative purposes (for greater certainty, the entering into of any such swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other transactions for protection against fluctuation in currency or interest rates or commodity prices is permitted);
- (r) will not, without the prior written consent of the Agent, make, cause or permit any amendment to any Material Agreement if the effect of such amendment would be reasonably likely to result in a Default or Event of Default;
- (s) will provide written notice to the Agent of each of the following promptly after the occurrence thereof:
 - (i) all proposed amendments to Material Agreements and Material Permits;
 - (ii) all correspondence and notices received from any Governmental Authority or stock exchange with respect to any Material Agreement, Material Permit or any regulatory or other investigations into the Obligors' business practices which could have a material and negative effect on any of the Obligors or their business, or any of the Obligors' ability to repay the obligations owing under this Agreement or would be likely to result in a Default;
 - (iii) any changes in the identity of Responsible Persons, which materially effect the Obligors together with satisfactory evidence of security clearances for such Responsible Persons under the Cannabis Act or the Cannabis Regulations; and any rejection notice for new or renewal security clearance applications for each Responsible Person;
- (t) will conduct its business in compliance with Anti-Terrorism and Corruption Laws and institute

and maintain policies and procedures designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws;

- (u) will (i) where an Account Debtor makes a payment in the form of a cheque, deposit such cheque into the Collections Account, (ii) where an Account Debtor makes a payment by electronic funds transfer, direct such Account Debtor to make such transfer to the Collections Account;
- (v) will not (i) amend, vary or terminate the Collections Account or the Blocked Account Agreement, and (ii) amend, modify or otherwise change any banking instructions provided to the financial institution maintaining the Collections Account, which would result in the application of any funds from any Account Debtor to an account other than the Collections Account;
- (w) the Borrower shall sweep the Collections Account at the end of each day and use such funds to repay all or any portion of the Loan Advances under the Revolving Facility outstanding at such time;
- (x) will grant the Agent and the Lenders and Maynbridge Capital Inc. the first right of refusal to provide any debtor in possession financing during any applicable Bankruptcy Event, as provided for in the Maynbridge Intercreditor Agreement;
- (y) not amend, supplement (in a way that is detrimental to the Lender), terminate, abandon, allow to expire or fail to renew any Material Permits, or permit any other Person to use, become party to or otherwise have an interest in, any Material Permits, or take any action in furtherance of, or fail to take any action, which failure could be reasonably expected to result in, any of the foregoing;
- (z) not enter into any transaction with any Affiliate, other than the another Obligor, except on terms no less favourable than could be obtained in an arm's-length transaction;
- (aa) change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business as presently conducted by it;
- (bb) obtain, and cause Holdings to obtain, conditional approval of the Toronto Stock Exchange to the issue of the Warrants as soon as possible and in any event prior to the earlier of the date of the initial Loan Advance and May 29, 2020 and use its commercially reasonable efforts to cause the Warrants to be issued by the dates required hereunder;
- (cc) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants and to issue and deliver the Warrant Shares subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued as fully paid and non-assessable common shares of Holdings;
- (dd) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of

any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;

- (ee) to cause a news release of Holdings announcing this Agreement, the issuance of the Warrants and such other matters as may be required pursuant to applicable securities laws to be disseminated and filed pursuant to such applicable securities laws, provided that Borrower agrees to provide a draft of such news release to the Agent and to allow the Agent to provide reasonable comments prior to its dissemination / filing; and
- (ff) to cause Holdings to provide a draft of any other news release related to this Agreement and/or ancillary matters to the Agent and to allow the Agent to provide reasonable comments prior to the dissemination / filing of any such other new release.

9. **Use of Insurance Proceeds.** The parties agree that the proceeds of any insurance policies received by the Agent in connection with insurable events relating to the Collateral shall be applied (subject to the terms of the Maynbridge Intercreditor Agreement) to repay the outstanding fees, interest and principal in respect of the Loan Advances.

10. **Term and Termination.**

- (a) The initial term of the Revolving Facility will be twelve (12) months (the “**Initial Term**”), which term, subject to the continued satisfactory performance of the Obligor’s obligations under this Agreement and the other Transaction Documents, may, with, in each case, with the consent of the Borrower and the Agent, be renewed for up to two (2) additional periods of six (6) months (each, a “**Term Extension**”) (the Initial Term and the Term Extensions are, collectively, the “**Term**”).
- (b) The Agent shall have the right to terminate the Revolving Facility:
 - (i) upon immediate notice, if an Event of Default has occurred and is continuing;
 - (ii) upon immediate notice, if the initial Loan Advance is not made by May 29, 2020;
 - (iii) upon one hundred and eighty (180) days notice, if a material adverse change in market conditions is negatively affecting the liquidity of any Lender; and
 - (iv) upon immediate notice, if the Revolving Facility shall become, in whole or in part, illegal or in contravention of any Applicable Law.
- (c) The Revolving Facility may be terminated upon the mutual agreement of the Agent and the Borrower, at which time, all accrued interest, principal and unpaid fees owing shall be paid in cash by the Borrower to the Agent on such date.
- (d) If there is a Bankruptcy Event of the Borrower, then this Agreement shall be forthwith ended and terminated.
- (e) If the Revolving Facility is terminated for any reason, with respect to any outstanding Loan Advances, the Agent shall retain all of its rights and remedies, under the Transaction Documents.

(f) If the Revolving Facility is terminated for any reason, then at the election of the Agent by way of immediate notice to the Borrower, all accrued and/or unpaid interest, all outstanding Loan Advances, and all unpaid fees will be due and payable under this Agreement, and the Borrower will pay such amounts to the Agent forthwith, provided that if such termination is pursuant to Section 10(b) and the sole reason such Loan Advance is not made is that the Cortland Conditions have not been satisfied or waived, the Commitment Fee shall not be payable and the Warrants shall not be issued.

11. **Post-Closing Undertaking.** The Borrower, on behalf of each Obligor, hereby agrees that it shall take (or cause to be taken, as applicable) the following actions within the applicable time periods set out below, and further agrees that any failure of the Borrower to take such actions within such time period shall constitute, at the option of the Agent, an Event of Default:

- (a) if requested by the Agent, cause to be delivered to the Agent, within forty-five (45) days of such request, a landlord agreement in form and substance satisfactory to the Agent with respect to any real property leased by an Obligor, other than office space that is either not material or reasonably fungible;
- (b) subject to Section 2(b)(ii), cause to be delivered to the Agent, or as the Agent shall direct, on or before May 30, 2020, the Warrants; and
- (c) use commercially reasonable efforts to obtain executed copies of the Vendor Subordination Agreements and subordination agreements from Fluence Bioengineering Inc. by June 30, 2020.

12. **Remedies Upon Default.** Upon the occurrence of any Event of Default, the Lender may at its sole option:

- (a) declare, by notice in writing to the Borrower, any or all of the Loan Advances and fees and other obligations owing to the Agent and or the Lenders to be immediately due and payable;
- (b) realize upon all or any part of the Collateral, pursuant to the Security Documents; and
- (c) take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Transaction Documents) at such times and in such manner as the Agent in its sole discretion may consider expedient

13. **Accredited Investor Representation.** The Agent represents and warrants to the Borrower and Holdings that it is a an “accredited investor” within the meaning of section 73.3 of the *Securities Act* (Ontario) by virtue of being a person described in the Accredited Investor Certificate (attached as Schedule “L”), and the Agent is delivering with this Agreement a completed and signed Accredited Investor Certificate.

14. **Extended Meanings.** Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term “including” shall mean “including, without limitation”, and the term “includes” shall mean “includes, without limitation”. Any reference herein to the exercise of discretion by the Agent or any Lender (including phrases such as “in the discretion of”, “in the opinion of”, “to the satisfaction of” and similar phrases) shall mean that such discretion is absolute and

unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

15. **Headings.** The section headings are not to be considered part of this Agreement, are inserted for convenience of reference only, are not intended to be full or accurate descriptions of the content thereof and shall not affect the construction or interpretation of this Agreement.

16. **Currency.** All dollar amounts referred to in this Agreement and all payments to be made hereunder are in Canadian dollars unless agreed to otherwise in writing by the Agent.

17. **Entire Agreement.** This Agreement, including the Schedules hereto, and the Exhibits to such Schedules, and any other agreement required hereunder to be delivered in connection herewith, constitute the entire agreement between the parties as to the subject matter of this Agreement and may not be amended or modified in any respect except by written instrument signed by the parties hereto.

18. **Severability.** In the event that any one or more provisions contained in this Agreement, or any other agreement required hereunder to be delivered in connection herewith, shall be invalid, illegal or unenforceable in any way, the remaining provisions hereof or thereof shall not be affected or impaired thereby unless as a consequence thereof of the rights and benefits granted to the Agent are, in the discretion of the Agent, materially and adversely affected.

19. **Execution.** This Agreement may be executed in one or more counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

20. **Electronic Execution of Certain Documents.** The words "delivery", "execution," "signed," "signature," and words of like import in any Transaction Document or any other document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

21. **Business Day.** If under the provisions of this Agreement any amount is to be paid or any act or thing is to be done or step is to be taken on a day other than a Business Day, then such amount shall be paid or such act or thing or step shall be done or taken on the next succeeding Business Day.

22. **Further Assurance.** The Borrower shall, from time to time execute, draw, endorse and deliver all such instruments and documents and do all such acts and things as the Agent may deem necessary or desirable for the purposes of carrying into effect any or all of the provisions of this Agreement or any documents delivered hereunder or of securing the fulfillment of all the obligations of the Borrower to the Agent hereunder.

23. **Costs, Expenses and Fees.** The Borrower agrees to pay all fees owing to the Agent hereunder and all of the Agent's costs incurred from time to time (including reasonable legal fees and disbursements and reasonable accountant fees and disbursements) in the preparation, negotiation and execution of this Agreement and the other Transaction Documents and all third party costs associated with bringing or attempting to bring this transaction to a close and any costs incurred in the operation or enforcement of this Agreement or any other Transaction Documents. The Agent will provide a summary of such legal fees and disbursements. All costs of insuring the Collateral will be the responsibility of the Borrower. All such costs and expenses shall be payable upon demand. The Agent shall have the right, but not the obligation, to deduct all such costs and expenses and any fees owing to the Agent, from time to time, from the proceeds of any Loan Advance.

24. **GOVERNING LAW.** THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.

25. **SUBMISSION TO JURISDICTION.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE AGENT OR ANY RELATED PARTY OF THE AGENT IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE PROVINCE OF ONTARIO SITTING IN THE CITY OF TORONTO, THE FEDERAL COURTS OF CANADA SITTING IN THE CITY OF TORONTO, AND ANY APPELLATE COURT FROM ANY THEREOF, (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ONTARIO PROVINCIAL COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER TRANSACTION DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

26. **WAIVER OF VENUE.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN SECTION 23. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

27. **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 26. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

28. **Notice.** Any notice to be given by any party hereto to any other party hereto shall be in writing and may be given by personal delivery, or except during any period when postal service is interrupted, by prepaid registered mail, or by facsimile, electronic mail or by other means of instantaneous transmission that produces a permanent copy to the address noted below ("**other communication**") addressed as follows:

(a) to the Borrower:

The Green Organic Dutchman Ltd.
Building A, Suite 301 6205 Airport Road
Mississauga, Ontario L4V 1E3

Attention: Sean Bovingdon
Telephone: (905) 304-4201 (extension 269)
Email: SBovingdon@tgod.ca

(b) to the Agent or a Lender:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: bsherk@cortlandcredit.ca

If given by registered mail shall be deemed to have been received by the party to whom it was addressed on the date falling four (4) Business Days following the date upon which it has been deposited in the post office with postage and cost of registration prepaid, and if personally delivered to an adult during normal business hours, when so delivered, and if given by other communication, the third (3rd) business hour after transmission and confirmation of receipt. Provided that any of the above-named parties may change the address designated from time to time, by notice in writing to the other party hereto.

29. **Binding Effect.** This Agreement shall be binding upon and shall enure to the benefit of (i) the Agent and the Lenders and their respective successors and assigns, and (ii) the Borrower and its successors and permitted assigns; “successors” includes any corporation resulting from the amalgamation of any party with any other corporation.

30. **Lenders.** The Borrower acknowledges and agrees that the Lenders shall be determined by the Agent from time to time, provided that (i) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (without the consent of the Borrower) that is managed, affiliated with or Controlled by the Agent, (ii) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (with the consent of the Borrower) that is not an entity managed, affiliated with or Controlled by the Agent, and (iii) following the occurrence of an Event of Default a Lender may be any entity designated by the Agent in its sole and unfettered discretion.

31. **General Indemnity.** The Borrower hereby indemnifies and holds harmless the Indemnified Parties from and against any and all claims, damages, losses, costs and expenses, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby, or any use made or proposed to be made with the proceeds of the Loan Advances, whether or not such investigation, litigation or proceeding is brought by an Obligor, any shareholder or creditor thereof, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such losses and expenses are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's intentional or gross negligence or wilful misconduct or for breach in bad faith of such Indemnified Party's obligations hereunder or under any other Transaction Document, or where such litigation or proceeding is solely between Indemnified Parties. **[NTD: amended to track more closely the CBA model provision language]**

32. **Claims under the Indemnity.** The Indemnified Party claiming indemnification under Section 30 shall give the Borrower prompt notice in writing of particulars of any claim asserted by third parties against it which is covered by such indemnities.

[Remainder of this page is intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: Chief Financial Officer

Per: _____
Name: _____
Title: _____
I/we have the authority to bind the Borrower.

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____
I/we have the authority to bind the Agent.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/we have the authority to bind the Borrower.

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: _____
Name: *Sean Register*
Title: *CEO*

Per: _____
Name:
Title:

I/we have the authority to bind the Agent.

SCHEDULE "A"

FORM OF ADVANCE REQUEST CERTIFICATE

ADVANCE REQUEST CERTIFICATE

Pursuant to the provisions of the credit agreement dated March 31, 2020 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") (terms defined therein being used herein as so defined), between, *inter alia*, The Green Organic Dutchman Ltd. (the "**Borrower**") and Cortland Credit Lending Corporation, as administrative agent (the "**Agent**"), the undersigned, being an officer or director of the Borrower hereby represents, warrants and certifies in such capacity, and not in her or his personal capacity, as follows:

1. **Representations and Warranties.** The representations and warranties of the Borrower and the other Obligors set forth in the Credit Agreement, or which are contained in any certificate, document or financial or other written statement furnished pursuant to or in connection with the Credit Agreement, including the other Transaction Documents are accurate and complete in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except to the extent specified in the Credit Agreement or Transaction Documents to be made as of a specific date.

2. **No Material Adverse Change.** Since the date of the latest financial statements of the Borrower provided to the Agent in connection with the Transaction Documents, no Material Adverse Change has occurred.

3. **No Default.** No Default or Event of Default has occurred and is continuing as of the date hereof.

4. **Conditions Precedent.** The conditions precedent to this Loan Advance in accordance with the Credit Agreement have been satisfied.

5. **Loan Advance.** The Borrower hereby requests, authorizes, and instructs the Agent to drawdown and advance under the Revolving Facility the amount of CDN \$ _____ to the Borrower on _____, 2020. This will be the Agent's authority:

a) [●]; and

b) [●].

[Signature Page Follows]

DATED _____, 20____.

THE GREEN ORGANIC DUTCHMAN LTD.

Per: _____

Name:

Title:

Per: _____

Name:

Title:

SCHEDULE "B"

FORM OF BORROWING BASE CERTIFICATE

[to follow]

BORROWING BASE CERTIFICATE

Pursuant to the provisions of the credit agreement dated March 31, 2020 (as it may be amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”) (terms defined therein being used herein as so defined), between, *inter alia*, The Green Organic Dutchman Ltd. (the “**Borrower**”) and Cortland Credit Lending Corporation, as administrative agent (the “**Agent**”), the undersigned, being an officer or director of the Borrower hereby represents, warrants and certifies in such capacity, and not in her or his personal capacity, as follows:

1. This Borrowing Base Certificate is delivered to you pursuant to **[Section 4(a)] / [Section 5(a)]** of the Credit Agreement.
2. Attached hereto at Exhibit “1” are the calculations required to determine the Revolving Facility Margin Limit in accordance with the relevant definitions as set forth in the Credit Agreement and a detailed list of all Eligible Account Receivables that underlie the items being margined¹.
3. The Borrower hereby represents and warrants that this Borrowing Base Certificate is a correct statement regarding the status of the Revolving Facility Margin Limit, that all assets included in the Revolving Facility Margin Limit calculated above meet all eligibility criteria set out in the Credit Agreement, and that the amounts set forth herein are in compliance with the provisions of the Credit Agreement. The Borrower further represents and warrants that, in relation to calculation of the Revolving Facility Margin Limit there have been no changes to accounting policies, practices and calculation methods from the accounting policies, practices and methods used by the Borrower as at the date of the Credit Agreement.

DATED _____, 20____.

THE GREEN ORGANIC DUTCHMAN LTD.

Per: _____

Name:

Title:

Per: _____

Name:

Title:

¹ Assignments of federal crown debts and certain provincial crown debts (e.g. debts of provincial governmental agencies) require consent. If the receivable is in respect of the federal government of Canada or any of the provinces of Alberta, Manitoba and New Brunswick, consent from those governments must be given in order to have effective assignments (see clause (b) of the definition of “Eligible Account Receivable”).

SCHEDULE "1"

SCHEDULE "C"

DEFINED TERMS

As used in this Agreement and unless otherwise stated herein, the terms set out below shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"**\$**" and "**Dollar**" each mean Canadian dollars.

"**Account Debtor**" means the account debtor in respect of any account receivable of an Obligor arising from a bona fide, fully-completed transaction in the ordinary course of business consisting of either the sale of goods or the provision of services by the Obligor.

"**Advance Rate**" means ██████████ percent (██████%).

"**Advance Request Certificate**" means a written notice, in the form attached as **Schedule "A"** attached hereto, pursuant to which the Borrower may request a Loan Advance in an amount not less than \$250,000.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Anti-Terrorism and Corruption Laws**" means any Applicable Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, corruption or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such laws, rules and regulations, all as amended, supplemented or replaced from time to time.

"**Applicable Law**" means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

"**Approved Jurisdiction**" means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state, provincial, territorial and municipal basis) to undertake any Cannabis-Related Activities provided that in each case (i) such country has been approved in writing by the Agent in its discretion and (ii) if required by the Agent, the ability to undertake Cannabis-Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower's counsel in such jurisdiction, in form and substance satisfactory to the Agent. The Agent may in its discretion from time to time (i) upon receipt of a written request by the Borrower, designate any jurisdiction an Approved Jurisdiction provided that the above criteria are satisfied; and (ii) revoke the designation of any jurisdiction as an Approved Jurisdiction by written notice to the Borrower if such criteria are not satisfied.

"**Associate**" has the meaning ascribed thereto in the *Canada Business Corporations Act*.

"**Bankruptcy Event**" means an Involuntary Bankruptcy Event or a Voluntary Bankruptcy Event.

"**Base Facility Amount**" means, (i) from the date hereof to July 1, 2020, \$10,000,000, (ii) from July 1, 2020, the amount of the Base Facility Amount as set forth in the Credit Agreement.
The Green Organic Dutchman Ltd.

2020 to March 31, 2021, an additional \$3,000,000 (provided that Maynbridge Capital Inc. shall have made an advance under the Maynbridge Loan Agreement to an Obligor of at least (a) \$5,000,000 on or before April 30, 2020, and (b) \$5,000,000 on or before July 1, 2020), and (iii) from April 1, 2021, if the Term has been extended, zero.

“Blocked Account Agreement” means an agreement, in form and substance satisfactory to the Agent, in respect of a Collections Account in which, among other things, the financial institution maintaining such account acknowledges and agrees with the Agent and relevant Obligors that the Agent will control all disbursements from such accounts.

“Borrowing Base Certificate” means a written report, in the form attached as **Schedule “B”** attached hereto, pursuant to which the Borrower has, among other things, calculated the Revolving Facility Margin Limit.

“Business Day” means any day other than: (a) a Saturday or Sunday; or (b) a day on which banking institutions in Toronto, Ontario, are authorized or obligated by law or executive order to be closed.

“Cannabis” means:

- (a) any plant or seed, whether live or dead, from any species or subspecies of genus *Cannabis*, including *Cannabis sativa*, *Cannabis indica* and *Cannabis ruderalis*, Marijuana and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;
- (b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;
- (c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;
- (d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition;
- (e) any other meaning ascribed to the term “cannabis” under Applicable Law in any Approved Jurisdiction, including the Cannabis Act and the *Controlled Drugs and Substances Act* (Canada); and
- (f) any other meaning ascribed to the term “cannabis” under the *Controlled Substances Act* (United States).

“Cannabis Act” means *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, S.C. 2018, c. 16, as amended from time to time.

“Cannabis Regulations” means Cannabis Regulations under the Cannabis Act, as amended from time to time and all other regulations made from time to time under the Cannabis Act or any other statute in an Approved Jurisdiction with respect to Cannabis-Related Activities.

“Cannabis-Related Activities” means any activities, including advertising or promotional activities, relating to or in connection with the importation, exportation, cultivation, production, purchase, distribution or sale of Cannabis or Cannabis-related products.

“Capital Lease” means, with respect to a Person, a lease or other arrangement in respect of personal property that is required to be classified and accounted for as an obligation on a balance sheet of the Person in accordance with IFRS.

“Change of Control” means (i) if both (x) Brian Athaide ceases to be the chief executive officer of the Borrower, and (y) Sean Bovingdon ceases to be the chief financial officer of the Borrower, and the Agent shall not have been satisfied, in its reasonable discretion, with the arrangements made with respect to the replacement of both such individuals, (ii) fifty percent (50%) or more of the ownership or Control of the voting interests of Holdings are acquired, directly or indirectly, by any Person, whether acting individually or in concert with any other Person or Persons, (iii) the sale of all or substantially all of the assets of any Obligor (other than to another Obligor); or (iv) if any wholly owned, direct or indirect, subsidiary of the Borrower ceases to be wholly owned, directly or indirectly, by the Borrower; or (v) Borrower ceases to be wholly-owned, directly or indirectly, by Holdings.

“Closing Date” means the date of this Agreement.

“Collateral” means all present and after acquired undertaking and personal property of the Obligors, including all proceeds thereof, subject to such customary exclusions as set out in the Security Documents.

“Collections Account” means the account established and maintained by a Schedule I Canadian Chartered Bank in the name of the Borrower into which all payments by Account Debtors are deposited and which account shall at all times be subject to the Blocked Account Agreement.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and **“Controlling”** and **“Controlled”** have meanings correlative thereto.

“Default” means any event, act, omission or condition which with the giving of notice or passage of time, or both, would result in an Event of Default.

“Eligible Account Receivable” means, in respect of any Obligor, an account receivable of such Obligor (in this definition, individually called an "account") which satisfies all of the following eligibility criteria:

- (a) the account is subject to a first-ranking security interest held by the Agent pursuant to the Security Agreements and is not subject to any other Liens, except Permitted Encumbrances, and the Account Debtor thereof has been directed to pay the proceeds of such account to the Collections Account;
- (b) if the Account Debtor is a Governmental Authority, all requirements of Applicable Law have been satisfied in order that the assignment of such account in favour of the Agent shall be valid and enforceable;
- (c) the Account Debtor is located in an Approved Jurisdiction;

- (d) the Account Debtor is not any Obligor or any Related Person of any Obligor;
- (e) the account is not in dispute or subject to any defence, counterclaim or claim by the Account Debtor for credit, set-off, allowance or adjustment;
- (f) the Obligor does not have an obligation to hold any portion of the account in trust or as agent for any other Person (except pursuant to a statutory lien securing obligations which are not overdue);
- (g) an invoice relating to the account has been issued by the Obligor and received by the Account Debtor;
- (h) the account is not outstanding for more than [REDACTED] ([REDACTED]) days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment), unless the Account Debtor is a Governmental Authority, in which case the account shall not be outstanding for more than [REDACTED] ([REDACTED]) days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment);
- (i) the Account Debtor is not insolvent or subject to any Bankruptcy Event; and
- (j) the account is not subject to undue credit risk in the opinion of the Agent.

“Event of Default” means:

- (a) if any Obligor at any time shall fail to pay or perform with regard to the obligation to repay the principal or interest on each Loan Advance on the date required by this Agreement for such payment;
- (b) if any Obligor at any time shall fail to pay or perform with regard to the obligation to pay any fees or other amounts payable to the Agent (which, for greater certainty, does not include amounts payable under item (i), above) within three (3) Business Days of the date required by this Agreement or any other Transaction Document for such payment;
- (c) if any Obligor ceases or threatens to cease carrying on its business or if a petition shall be filed, an order shall be made or an effective resolution shall be passed for the winding-up or liquidation of an Obligor;
- (d) if a Bankruptcy Event of any Obligor occurs;
- (e) if a Change of Control (that has not been consented to in writing by the Agent) occurs;
- (f) if any encumbrancer, lien holder or Person acting on its behalf shall take possession of the Collateral or any part thereof;
- (g) if any Obligor permits any sum which is outstanding in an aggregate principal amount exceeding \$100,000 and which has been admitted as due by such Obligor or is not disputed to be due by it and which forms or is capable of being made a charge on any Collateral in priority to the security interests granted to the Agent to remain unpaid after proceedings have been taken to enforce such charge;

- (h) if any representation or warranty made by or on behalf of any Obligor or any of its officers, employees or agents to the Agent shall be false or inaccurate, in any material respect (determined in the discretion of the Agent, acting reasonably);
- (i) if any Obligor fails to perform or comply with any of its covenants or obligations contained in any Transaction Document; provided that (other than any covenants provided for in Sections 8(j), 8(k), 8(l), 8(m), 8(n), 8(o), 8(p), 8(q), 8(r), 8(t), 8(u), 8(v), 8(w), and 8(y) or any other Event of Default provided for in any other clause of this definition), if such non-compliance is capable of being remedied within ten (10) days, such Obligor diligently attempts to remedy such non-compliance and informs the Agent of its efforts in this regard, and remedies such default within such ten (10) days, then such non-compliance shall be deemed not to constitute an Event of Default;
- (j) if any Obligor defaults in the observance or performance of any provision relating to the indebtedness or liability of such Obligor to any Person other than the Agent, in an aggregate principal amount exceeding \$100,000, subject to any cure or grace periods provided for in the documentation providing for such indebtedness or liability;
- (k) if any Material Agreement or Material Permit shall terminate, be withdrawn, suspended, revoked, cancelled or amended in contravention of this Agreement;
- (l) if a Material Adverse Change shall have occurred;
- (m) if an Event of Default (as such term is defined under the Maynbridge Intercreditor Agreement) shall have occurred; or
- (m) if the Cannabis Act is repealed and not replaced with similar legislation.

“Governmental Authority” means the government of Canada, the United States of America or any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body (including any self-regulatory body), court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, and for greater certainty includes Health Canada.

“Guarantee” means any agreement by which any Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of, or provide any financial assistance to any other Person or otherwise assures any creditor of such Person against loss, and shall include any contingent liability under any letter of credit or similar document or instrument.

“Hazardous Materials” means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law.

Credit Agreement
The Green Organic Dutchman Ltd.

“Health Canada Licenses” means, in respect of any Obligor, all Material Permits of such Obligor which are both related to the Cannabis-Related Activities of such Obligor and issued by Health Canada, including Material Permits to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation License Nos. LIC-CJMMLU7IJN-2019, LIC-NIHQWUXTUS-2019, LIC-QBWAEEEME64-2018, LIC-QBWAEEEME64-2018-2, and LIC-NM7TA6CIJ3-2019.

“Holdings” means The Green Organic Dutchman Holdings Inc.

“Indemnified Parties” refers collectively to the Agent, the Lenders, each of their affiliates as well as each of its directors, officers, employees, representatives and agents and **“Indemnified Party”** refers to any one thereof.

“Interest Rate” means the greater of (i) 12% per annum and, (ii) the TD Prime Rate, plus 8.05% per annum.

“Involuntary Bankruptcy Event” means, without the consent or acquiescence of the applicable Person, the entering of an application for an order for relief or approving a petition or court order for relief or reorganization or any other petition or order seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, monitoring or other similar relief under any present or future bankruptcy, insolvency or similar process under Applicable Law, or the filing of any such petition or order against such Person or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or of all or any substantial part of the undertaking or property of such Person, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within forty-five (45) days from entry thereof.

“Lien” means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, in each case to secure payment of a debt or performance of an obligation, including any conditional sale or any sale with recourse.

“Loan Advance” means any loan extended to the Borrower pursuant to the terms of this Agreement.

“Marijuana” has the meaning ascribed to such term (i) under the Applicable Law in any Approved Jurisdiction or (ii) under the *Controlled Substances Act* (United States).

“Material Adverse Change” means any event, circumstance or change that could be expected to result, individually or in the aggregate, in a material adverse effect, in any respect, on (a) the legality, validity or enforceability of any of the Transaction Documents or any of the security interests provided for thereunder, (b) the right or ability of an Obligor to perform any of its obligations under any of the Transaction Documents, in each case to which it is a party, or to consummate the transactions contemplated under any of the Transaction Documents, (c) the financial condition, assets, business or prospects of the Obligors, taken as a whole, (d) any Material Permit, (e) an Obligor’s ability to retain, utilize, exploit or comply with its obligations under any Material Permit, or (f) the rights or remedies of the Agent under any of the Transaction Documents, that any change in the financial condition of an Obligor as the date hereof caused by or related to the COVID-19 global pandemic occurring prior to the date of this Agreement shall not constitute a Material Adverse Change.

“Material Agreement” means any contract or agreement of an Obligor (i) which involves potential revenue or expenditure in excess of \$500,000 in any fiscal year, or (ii) the loss, termination or non-renewal of which would reasonably be expected to result in a Material Adverse Change, including without limitation any agreement between an Obligor and any other Person for the supply of Cannabis.

“Material Permit” means the Health Canada Licenses and any other authorization, approval, consent, exemption, license, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, development permit or building permit), the failure of which to be obtained or held would prohibit or reasonably be expected to materially and adversely affect the ability of any Obligor to conduct its business as presently conducted and planned to be conducted.

“Maynbridge Intercreditor Agreement” means the intercreditor agreement dated on or about the date hereof among the Agent, Maynbridge Capital Inc. and the Obligors providing for a first-ranking security interest over the receivables and inventory of the Obligors (and the proceeds of each) to the Agent and a second-ranking security interest over all other assets of the Obligors in favour of the Agent, as such intercreditor agreement may be amended, amended and restated or replaced in its entirety from time to time.

“Maynbridge Loan Agreement” means the loan agreement dated December 23, 2019, between the Obligors and Maynbridge Capital Inc., as such loan agreement may be amended, amended and restated or replaced in its entirety from time to time.

“Obligors” means, collectively the Borrower, Holdings and all of Holdings’ direct and indirect subsidiaries which are organized under the federal laws of Canada (or any province thereof) or any state of the United States of America, and “Obligor” means any of them; for greater certainty, as of the date of this Agreement, the Obligors include the Borrower, The Green Organic Dutchman Holdings Ltd., The Green Organic Hemp Ltd., Medican Organic Inc. and 9371-8633 Quebec Inc.

“Outstanding Payables” means the payables of the Obligors detailed on Schedule J.

“Permitted Encumbrances” means, collectively:

- (a) Liens granted in favour of the Agent pursuant to the Security Agreements;
- (b) Liens or deposit under workers' compensation, social security or similar legislation or in connection with bids, tenders, leases or contracts or to secured related public or statutory obligations, surety and appeal bonds where required by law;
- (c) any builders’, mechanics’, materialman’s, carriers’, repairmen’s, warehousemen’s, landlords’ and other like Liens and privileges, in each case, which relate to obligations not yet due or delinquent or being contested in good faith;
- (d) any Liens for taxes, assessments, unpaid wages, unpaid superannuation or governmental charges or levies for the then current year and not at the time due and delinquent or are being contested in good faith;

- (e) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim or permit held or acquired by an Obligor, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;
- (f) any Lien created or assumed by any Obligor in favour of a public utility when required by the utility in connection with the operations of such Obligor that do not in the aggregate detract from the value of any of the Collateral or impair their use in the operation of the business of such Obligor;
- (g) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;
- (h) any applicable municipal and other Governmental Authority restrictions affecting the use of land or the nature of any structures which may be erected thereon, any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by any Obligor, or title defects, encroachments or irregularities, that do not detract from the value of the property or impair its use in the operation of the business of any Obligor;
- (i) any Lien that secures Permitted Indebtedness referred to under clause (c) of the definition of "Permitted Indebtedness";
- (j) any Lien that secures Permitted Indebtedness referred to under clause (g) of the definition of "Permitted Indebtedness" provided that: (a) such Lien is limited to the mobile equipment which was acquired with the proceeds of such Permitted Indebtedness and (b) the amount of such Permitted Indebtedness secured by any such Lien at no time exceeds 100% of the original acquisition price of such mobile asset at the time it was acquired, plus interest and fees, if any;
- (k) any Lien in connection with attachments, judgments and other similar Liens arising in connection with court proceedings; provided however that: (a) the Liens are in existence for less than twenty (20) Business Days after their creation, or (b) the execution or other enforcement of the Lien is effectively stayed or the claims so secured is being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles;
- (l) customary rights of set-off or combination of accounts with respect to deposits or accounts incurred in the ordinary course of business; and
- (m) Liens listed in Schedule K;
- (n) any Lien that secures indebtedness provided that such Lien is limited to monies paid or payable under the insurance policies together with the assigned right to cancel the insurance policies.

“Permitted Guarantees” means any Guarantee by an Obligor of any Permitted Indebtedness.

“Permitted Indebtedness” means any:

- (a) indebtedness under this Agreement;
- (b) indebtedness comprised of amounts owed to trade creditors and accruals in the ordinary course of business, which are either not overdue or, if disputed and in that case whether or not overdue, are being contested in good faith by such Obligor by appropriate proceedings diligently conducted, and provided always that: (i) the failure to pay such indebtedness could not be expected to result in a Default or Event of Default and (ii) the aggregate amount of such indebtedness does not exceed \$15,000,000;
- (c) any indebtedness, debts and other obligations owing to Maynbridge Capital Inc. pursuant to the “Loan Documents”, as such term is defined in the Maynbridge Loan Agreement, subject to the Maynbridge Intercreditor Agreement;
- (d) any inter-company indebtedness between any Obligors;
- (e) the Outstanding Payables;
- (f) any other indebtedness which the Agent agrees in writing is Permitted Indebtedness for the purposes of this Agreement;
- (g) any indebtedness under Capital Leases and Purchase Money Obligations, which indebtedness does not exceed \$10,000,000 in the aggregate for the Obligors at any time; and
- (h) indebtedness owed to any Person providing or financing workers’ compensation, health, disability or other employee benefits or property, casualty or liability insurance, in each case incurred in the ordinary course of business.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Potential Priority Claims” means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any Applicable Law or otherwise, which ranks or is capable of ranking in priority to the Agent’s security or otherwise in priority to any claim by the Agent for repayment of any amounts owing under this Agreement.

“PPSA” means the *Personal Property Security Act* (Ontario), as amended, and to the extent relevant, equivalent statutes of the other Provinces of Canada, including the *Civil Code of Quebec*.

“Priority Lien” means any Lien that is not a Subordinated Lien.

“Purchase Money Obligation” means, with respect to a Person, indebtedness of the Person issued, incurred or assumed to finance all or part of the cost of acquiring any tangible asset.

“Related Person” in relation to any Person means a Subsidiary, Affiliate, Associate or shareholder, director, officer or employee of such Person.

“Requirements of Environmental Law” means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives, policies or guidelines have the force of law; (iv) permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (v) requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation of Hazardous Materials and (B) exposure to Hazardous Materials.

“Responsible Person” means: (i) an officer or director of any Obligor; or (ii) any other Person required to hold a security clearance pursuant to the Cannabis Act or the Cannabis Regulations.

“Revolving Facility” means a revolving credit facility in an amount not to exceed \$30,000,000.

“Revolving Facility Limit” means the Base Facility Amount at such time, plus the Revolving Facility Margin Limit at such time, provided that such aggregate amount shall not at any time exceed \$30,000,000.

“Revolving Facility Margin Limit” means, at any time, the Advance Rate multiplied by, (x) the face amount of all Eligible Accounts Receivables at such time, minus (y) any Eligible Accounts Receivables subject to any Potential Priority Claims and Priority Liens at such time.

“Security Agreements” means, collectively, (i) general security and pledge agreements (or hypothecs) delivered by each of the Obligors to the Agent; (ii) the debentures and mortgages given by the Obligors to the Agent, as applicable, in respect of the real property owned by them; (iii) security agreements in respect of intellectual property delivered by each of the Obligors to the Agent, as applicable; (iv) a subordination agreement or intercreditor from each creditor in respect of an Outstanding Payable, as applicable; (v) all guarantees given by any Obligor to the Agent, and (vi) a Blocked Account Agreement with respect to the Collections Accounts; and (vii) assignments of insurance delivered by the Obligors in favour of the Agent, as applicable, in each case, as such agreements may be amended, amended and restated or replaced in its entirety from time to time.

“Solvent” means, with respect to any Person as of the date of determination, (i) the aggregate property of such Person is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due; (ii) the aggregate property of such Person is, at a fair valuation, sufficient to enable payment of all its obligations, due and accruing due; (iii) such Person is able to meet its obligations as they generally become due; and (iv) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due; and for purposes of this definition, the amount of any contingent obligation at such time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Subordinated Lien” means any Lien for which the holder thereof has agreed, pursuant to a subordination agreement or intercreditor agreement in form satisfactory to the Agent, that such Lien shall at all times be subordinated and postponed in favour of the Liens granted by any Obligor in favour of the Agent.

“Subsidiary” means a Person (other than a natural person) which is Controlled, directly or indirectly, by another Person (other than a natural person); and for greater certainty includes a Subsidiary of a Subsidiary.

“TD Prime Rate” means the floating annual rate of interest established from time to time by the Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to the Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its “prime rate”.

“Total Exposure” has the meaning given to such term in Section 3(a) of this Agreement.

“Transaction Documents” means, collectively, this Agreement, the Guarantees given by the Obligors (other than the Borrower) in respect of the obligations owing under this Agreement, the Security Agreements, the Warrants and all other documents contemplated by this Agreement and/or delivered in connection with this Agreement (including, for greater certainty, any Advance Request Certificate and Borrowing Base Certificate).

“Utilization Fee Rate” means two and four tenths of a percent (2.40%) per annum, divided by the then current calendar year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be.

“Vendor Subordination Agreements” means the subordination agreements referred to in part (iv) of the definition of “Security Agreements”.

“Voluntary Bankruptcy Event” means (a) an admission in writing by a Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors, (b) the filing of any assignment, petition or consent thereto or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any present or future bankruptcy, insolvency or similar Applicable Law, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or for any substantial part of such Person’s property, or (c) corporate or other action taken by such Person to authorize any of the actions set forth above.

SCHEDULE "D"

LITIGATION

1. 1613240 Ontario Ltd. and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd. ("TGOD Holdings"), Ontario Superior Court of Justice File No. CV-18-605781. Action commenced by the former Chief Financial Officer of TGOD Holdings claiming \$3 million in damages, stemming from the termination of her consulting agreement.
2. Iostesso Holdings Inc., 2 Chisholm Court Property Inc., Jonathan Wener and PT Enterprises Inc. v. The Green Organic Dutchman Holdings Ltd., Supreme Court of British Columbia, Registry No. S-195390. Action commenced by a group of investors claiming approximately \$1.25 million in damages for breach of contract arising from lock-up provisions applicable to certain warrants issued by TGOD Holdings.

SCHEDULE "E"

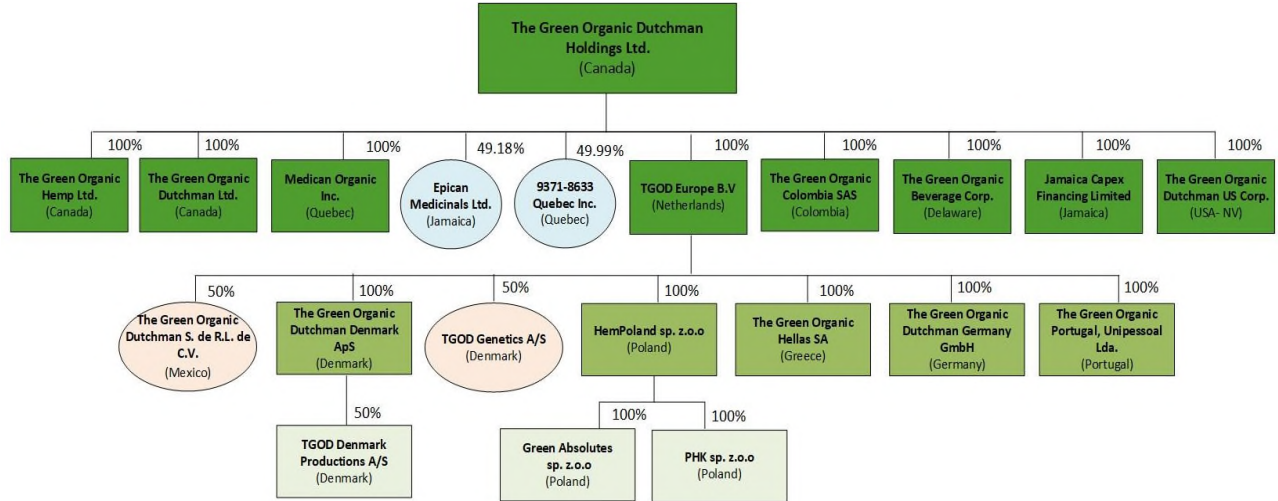
ENVIRONMENTAL DISCLOSURE

Nil.

SCHEDULE "F"

CORPORATE INFORMATION

Intercorporate Relationships



The Green Organic Dutchman Ltd.

Name of Obligor: The Green Organic Dutchman Ltd.

Prior Obligor Names: N/A

Predecessor Corporations: N/A

Jurisdiction of Incorporation: Canada

Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Principal Place of Business/
Chief Executive Office: 1915 Jerseyville Road West, Jerseyville, Ontario L0R 1R0

Issued & Outstanding Shares: 200 common shares

List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 200 common shares

The Green Organic Dutchman Holdings Ltd.

Name of Obligor: The Green Organic Dutchman Holdings Ltd.

Prior Obligor Names: N/A

Predecessor Corporations: N/A

Jurisdiction of Incorporation: Canada

Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Principal Place of Business/
Chief Executive Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Issued & Outstanding Shares: 313,608,518 common shares

List of Shareholders: N/A

The Green Organic Hemp Ltd.

Name of Obligor: The Green Organic Hemp Ltd.

Prior Obligor Names: N/A

Predecessor Corporations: N/A

Jurisdiction of Incorporation: Canada

Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Principal Place of Business/
Chief Executive Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Issued & Outstanding Shares: 103 common shares

List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 103 common shares

Medican Organic Inc.

Name of Obligor: Medican Organic Inc./Médican Biologique inc.

Prior Obligor Names: N/A

Predecessor Corporations: N/A

Jurisdiction of Incorporation: Québec

Registered Office: 311-455 Boul. Fénelon, Dorval, Québec H9S 5T8

Principal Place of Business/
Chief Executive Office: 1175 Boul. Gérard-Cadieux, Salaberry-de-Valleyfield, Québec, J6T 6M1

Issued & Outstanding Shares: 100 common shares

List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 100 common shares

9371-8633 Quebec Inc.

Name of Obligor: 9371-8633 Québec Inc./9371-8633 Québec inc.

Prior Obligor Names: N/A

Predecessor Corporations: N/A

Jurisdiction of Incorporation: Québec

Registered Office: 1175 Boul. Gérard-Cadieux, Salaberry-de-Valleyfield, Québec, J6T 6M1

Principal Place of Business/
Chief Executive Office: 1175 Boul. Gérard-Cadieux, Salaberry-de-Valleyfield, Québec, J6T 6M1

Issued & Outstanding Shares: 3,001,703 Class A Shares and 1,000,569 Class B Shares

List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 2,001,134 Class A Shares
Certain individuals resident in Quebec - Gerald Daoust- – 1,000,569
Class A Shares and Suzanne Plamondon - 1,000,569 Class B Shares

SCHEDULE "G"

PENDING CORPORATE CHANGES

1. Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated October 17, 2018 and trading on the TSX under the symbol "TGOD.WT".
2. Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated December 19, 2019 and trading on the TSX under the symbol "TGOD.WS".
3. Warrants issued by The Green Organic Dutchman Holdings Ltd. to Maynbridge Capital Inc. in connection with its senior secured loan.
4. Warrants issued by The Green Organic Dutchman Holdings Ltd. to Canaccord Genuity Corp. in connection with its financings of The Green Organic Dutchman Holdings Ltd.
5. RSUs, DSUs, and incentive stock options issued under The Green Organic Dutchman Holdings Ltd.'s incentive compensation plans.

SCHEDULE "H"

MATERIAL AGREEMENTS AND MATERIAL PERMITS

Material Agreements

1. Standing Offer Contract 1631 between The Green Organic Dutchman Holdings Ltd. and Alberta Gaming, Liquor and Cannabis Commission dated May 20, 2019
2. Master Cannabis Supply Agreement between The Green Organic Dutchman Holdings Ltd. and Ontario Cannabis Retail Corporation dated February 6, 2019
3. Data Subscription Agreement between The Green Organic Dutchman Holdings Ltd. and Ontario Cannabis Retail Corporation dated February 25, 2019
4. Licensed Producer Supply Agreement for Non-Medical Cannabis between The Green Organic Dutchman Holdings Ltd. and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act dated November 7, 2019
5. NLC Cannabis and Cannabis Related Product Supply Agreement between The Green Organic Dutchman Ltd. and Newfoundland and Labrador Liquor Corporation dated November 19, 2019
6. Lettre D'Intention between The Green Organic Dutchman Holdings Ltd. and Societe Quebecoise du Cannabis dated March 26, 2020
7. CCDC 5B Construction Management Contract for Services and Construction between Medican Organic Inc. and Ed Brunet & Associes Canada Inc. dated August 24, 2018, as amended by an Agreement for Future Amendment dated August 2018 and Supplementary Conditions dated August 30, 2018
8. Supra-Contractual Liability Agreement between Medican Organic Inc., Ed Brunet et Associes Canada Inc., KVPBC Greenhouses Manufacturing BV, Kubo Greenhouse Projects BV, PB Techniek BV, Hawe Systems International BV, VK Greenhouse Projects BV, 9668837 Canada Inc., and Emile Seguin & Fils Ltee dated March 20, 2019
9. CCDC 5B Construction Management Contract for Services and Construction between The Green Organic Dutchman Ltd. and Ledcor Construction Limited dated February 3, 2017, as amended April 9, 2019 and as further amended on December 20, 2019
10. Indemnity Agreement – Construction between The Green Organic Dutchman Ltd. and Ledcor Construction Limited dated May 10, 2018
11. Indemnity Agreement – Construction between The Green Organic Dutchman Ltd. and Ledcor Construction Limited dated June 28, 2019
12. Escrow Agreement between The Green Organic Dutchman Ltd. and Ledcor Construction Ltd. dated March 8, 2019, as amended May 23, 2019

13. Master Purchase Agreement between The Green Organic Dutchman Ltd. and Eaton Industries (Canada) Company dated October 3, 2017
14. Services Agreement between The Green Organic Dutchman Holdings Ltd. and Velvet Management Inc. dated November 12, 2018
15. Processing Agreement between The Green Organic Dutchman Holdings Ltd. and Neptune Wellness Solutions Inc. dated June 7, 2019
16. Equipment Purchase Agreement between Medican Organic Inc. and Ziel Equipment, Sales & Services, LLC dated March 15, 2019
17. Equipment Purchase Agreement between The Green Organic Dutchman Holdings Ltd. and Enwave Corporation dated December 28, 2018
18. Equipment Purchase Agreement between Medican Organic Inc. and Enwave Corporation dated March 22, 2019, as amended July 17, 2019
19. Budget Equipment Proposal Reference CON-19-1218R7-NP between The Green Organic Dutchman Ltd. and Capmatic Ltd. dated April 5, 2019
20. Budget Equipment Proposal Reference CON-18-1216R9-NP between The Green Organic Dutchman Ltd. and Capmatic Ltd. dated April 5, 2019
21. Letter of Intent between Medican Organic Inc. and Capmatic Ltd. dated December 5, 2018
22. Engagement Agreement between The Green Organic Dutchman Holdings Ltd. and FTI Capital Advisors – Canada ULC dated October 9, 2019, as amended October 21, 2019
23. Engagement Agreement between The Green Organic Dutchman Holdings Ltd. and FTI Capital Advisors – Canada ULC dated February 24, 2020, as amended March 19, 2020
24. Supplier Agreement – Cannabis Products between The Green Organic Dutchman Holdings Ltd. and Loblaw's Inc. dated March 3, 2020

Material Permits

25. License and Consulting Agreement between The Green Organic Dutchman Holdings Ltd. and CBx Enterprises LLC dated May 21, 2018
26. License Agreement between The Green Organic Dutchman Holdings Ltd. and 5071 Incorporated (o/a Stillwater Foods) dated May 28, 2018
27. Health Canada Licence No LIC-QBWAEEME64-2018-2 (cultivation) issued to Medican Organic Inc. expiring June 8, 2021
28. Health Canada Licence No LIC-NM7TA6CIJ3-2019 (hemp cultivation) issued to The Green Organic Hemp Ltd. expiring March 29, 2022

29. Health Canada Licence No LIC-CJMMLU7IJN-2019-1 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. expiring August 16, 2022
30. Health Canada Licence No LIC-NIHQWXTUS-2019 (medical sales) issued to Medican Organic Inc. expiring September 20, 2022
31. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
32. Ministerial authorization pursuant to section 22 of the Environment Quality Act (Quebec) dated December 16, 2019 for the operation of industrial scale boilers and chillers.

SCHEDULE "I"

REAL PROPERTY

1. Owned:
 - a. 1175 Blvd., Gerald Cadieux, Salaberry-de-Valleyfield, QC owned by 9371-8633 Quebec Inc.
 - b. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0 owned by The Green Organic Dutchman Ltd.

2. Leased:
 - a. 6205 Airport Rd., Suites 200 & 301, Bldg A, Mississauga, ON L4V 1E3 leased by The Green Organic Dutchman Holdings Ltd.
 - b. 311-455 BOUL., Fenelon, Dorval, Quebec H9S 578 leased by Medican Organic Inc.

SCHEDULE "J"

OUTSTANDING PAYABLES

- a. \$8,316,389 owing to Fluence Bioengineering Inc.
- b. \$920,103 owing to Codema Systems Group B.V.
- c. \$5,158,525 owing to Eaton Industries (Canada) Company
- d. \$3,050,500 owing to PB Techniek B.V.
- e. \$5,220,026 owing to Kubo Greenhouse Projects B.V.
- f. \$ 3,756,577 owing to Verkade Klimaat

SCHEDULE "K"

PERMITTED ENCUMBRANCES

1. Lien with registration number 20170906 1631 1862 3892 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to assignment of term deposits and credit balances.
2. Lien with registration number 20180410 1610 1532 1077 in favour of Bank of Montreal as against The Green Organic Dutchman Holdings Ltd. with respect to a short-term investment certificate n/o 0002-9631-033 in the principal amount of \$200,000.
3. Lien with registration number 20190205 1736 1626 0702 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to a corporate Collabria Visa of \$92,000, secured by term deposit #1.
4. Lien with registration number 20191220 1506 1862 5294 in favour of Fluence Bioengineering, Inc. as against The Green Organic Dutchman Holdings Ltd. and The Green Organic Dutchman Ltd. with respect to a second ranking charge on all equipment.
5. Lien with registration number 20191025 1616 1626 1771 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to a term deposits #8 and #9 for letters of credit in the amount of \$35,000 and \$455,500.
6. Notice of contamination bearing registration number 24 551 152 dated April 18, 2019 with respect to soil contamination at the Valleyfield Project at a level acceptable for an industrial property and not requiring remediation.
7. Instrument No. WE1404833 registered on PIN 17409-0129(LT) on December 24, 2019, being a Notice of Security Interest in favour of Fluence Bioengineering, Inc.
8. Instrument No. WE1364193 registered on PIN 17409-0234 (LT) on June 28, 2019, being a Notice of Security Interest in favour of Fluence Bioengineering, Inc.
9. Instrument No. WE1394538 registered on PIN 17409-0234 (LT) on November 15, 2019, being a Postponement of the Notice of Security Interest in favour of Fluence Bioengineering, Inc. with Instrument No. WE1364193.
10. Instrument No. WE1394540 registered on PIN 17409-0234 (LT) on November 15, 2019, being a Postponement of the Notice of Security Interest in favour of Fluence Bioengineering, Inc. with Instrument No. WE1364193.
11. Instrument No. WE1404833 registered on PIN 17409-0234 (LT) on December 24, 2019, being a Notice of Security Interest in favour of Fluence Bioengineering, Inc.
12. Instrument No. WE1404873 registered on PIN 17409-0234 (LT) on December 24, 2019, being a Postponement of the Notice of Security Interest in favour of Fluence Bioengineering, Inc. with Instrument No. WE1364193.

13. Registration No. 19-1447876-0001 at the Quebec Register of Personal and Movable Real Rights ("RPMRR") on December 23, 2019, being a conventional hypothec without delivery in favour of Fluence Bioengineering, Inc.
14. Registration No. 19-0991910-0001 at the RPMRR on September 4, 2019, being a conventional hypothec without delivery in favour of Fluence Bioengineering, Inc.

SCHEDULE "L"

ACCREDITED INVESTOR CERTIFICATE

TO: THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD. (the "Corporation")

You (the undersigned accredited investor) represent and warrant to the Corporation that you are an "accredited investor" as defined in section 73.3 of the *Securities Act* (Ontario), on the basis that you fit within the category of accredited investor which you have indicated below.

You represent and warrant that you are: **{please initial the applicable item, complete the relevant information and sign this certificate}**

- _____ (a) a Schedule I, II or III bank, or a Canadian financial institution
- _____ (b) the Business Development Bank of Canada
- _____ (c) a subsidiary of any person referred to in paragraph (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary
- _____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d)
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador)
- _____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada
- _____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec
- _____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government
- _____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada

- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000
- {Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of “financial assets” later in this certificate. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of “related liabilities”. Financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you.}*
- _____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000
- {Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1).}*
- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year
- _____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000
- {Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the subscription.}*
- _____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements
- _____ (n) an investment fund that distributes or has distributed its securities only to:
- (i) a person that is or was an accredited investor at the time of the distribution;
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 (*Minimum amount investment*), or 2.19 (*Additional investment in investment funds*) of NI 45-106; or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 (*Investment fund reinvestment*) of NI 45-106
- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt
- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a

jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be

_____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction

_____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded

_____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function

_____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors

*{Note: If you have initialled this paragraph (t), name each owner of an interest, and indicate the category of accredited investor into which that person fits (by reference to the paragraph numbers in this **Error! Reference source not found.**). If a person named below is a director required by law to own a voting security, and that person is not an accredited investor, indicate "director" under Category.}*

Name	Category
_____	_____
_____	_____
_____	_____
_____	_____

_____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser

_____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor

_____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse

*{Note: If you have initialled this paragraph (w), name the person who established the trust and each trustee, and indicate the category of accredited investor into which that person fits (by reference to the paragraph numbers in this **Error! Reference source not***

found.}). If a person named below is not an accredited investor, indicate "N/A" under Category.}

	Name	Category
Person who established trust:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____

Signatures	
Name of accredited investor:	CORTLAND CREDIT LENDING CORPORATION
Signature of authorized signatory/agent on behalf of accredited investor:	
Name and official capacity or title of authorized signatory/agent:	
Date:	

As used in this certificate, the following terms have the following meanings.

"Canadian financial institution" means:

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; and
- (b) in Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be; and
- (c) outside of Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada.

"eligibility adviser" means:

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and

(b) in Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:

- (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons; and
- (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months.

“executive officer” means, for an issuer, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer.

“financial assets” means:

- (a) cash;
- (b) securities; or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation.

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada.

“founder” means, in respect of an issuer, a person who:

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer; and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer.

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction.

“investment fund” has the same meaning as in National Instrument 81-106 — *Investment Fund Continuous Disclosure* and means a mutual fund or a non-redeemable investment fund.

“jurisdiction of Canada” means a province or territory of Canada.

“non-redeemable investment fund” means an issuer:

- (a) whose primary purpose is to invest money provided by its securityholders;
- (b) that does not invest:
 - (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund; or
 - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund; and
- (c) that is not a mutual fund.

“person” includes:

- (a) an individual;
- (b) a corporation;
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative.

“related liabilities” means:

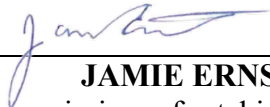
- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or
- (b) liabilities that are secured by financial assets.

“spouse” means an individual who:

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual;
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta).

“subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

THIS IS **EXHIBIT "X"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

DEBENTURE

NOTICE: THIS DEBENTURE CONTAINS PROHIBITIONS AGAINST THE CREATION OF MORTGAGES, LIENS, SECURITY INTERESTS OR ENCUMBRANCES AGAINST THE PROPERTY, ASSETS AND UNDERTAKING OF THE DEBTOR CHARGED HEREIN.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor hereby agrees with the Agent as follows:

1. Defined Terms

Unless otherwise defined, terms used in this Debenture as defined terms shall have the respective meanings ascribed thereto in the Credit Agreement (as hereinafter defined). In addition, the following terms shall have the respective meanings set forth below:

"Acceleration Date" means the the delivery by the Agent to the Debtor of a written notice that the Obligations are immediately due and payable, following the occurrence and during the continuation of an Event of Default.

"Agent" means Cortland Credit Lending Corporation in its capacity as administrative agent for the Lenders, and its successors and assigns in such capacity.

"Collateral" means all property, assets and undertaking of the Debtor granted, mortgaged, charged, transferred, assigned or subjected to a security interest by this Debenture, including, the Owned Real Properties, Inventory, Equipment, Accounts, Intangibles, Documents of Title, Chattel Paper, Instruments, Money, Securities, Documents, Undertaking and Proceeds (as such terms are defined herein); and any reference in this Debenture to Collateral shall mean Collateral or any part thereof, unless the context otherwise requires.

"Credit Agreement" means the credit agreement to which the Borrower, the Agent and the Lenders are parties dated March 31, 2020, as such agreement may be amended, supplemented, replaced or restated from time to time.

"Debenture" means this debenture as it may be amended, supplemented, replaced or restated from time to time.

"Debtor" means The Green Organic Dutchman Ltd., a corporation subsisting under federal laws.

"Event of Default" has the meaning ascribed thereto in the Credit Agreement.

"Lenders" means those lenders from time to time party to the Credit Agreement and their respective successors and assigns.

"Obligations" means (i) all present and future, direct and indirect, contingent and absolute obligations of the Debtor to the Agent and the Lenders from time to time arising under or in connection with the Credit Agreement and any other Transaction Document; and (ii) all other

obligations of the Debtor to the Agent and the Lenders which the Debtor may from time to time acknowledge in writing are secured hereby.

"Owned Real Properties" means, collectively, all distinct legal parcels of Real Property owned in fee simple by the Debtor from time to time, specifically including but not limited to those listed in Schedule "A" attached hereto as such schedule may be amended, supplemented, replaced or restated from time to time.

"Real Property" means freehold property including all buildings, plant, machinery and improvements located thereon or affixed thereto, fences, heating, plumbing, antennae, signage, elevators, escalators, radiators, air-conditioning, ventilating, fire alarm and protective systems, lighting and lighting fixtures, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows and doors, window and door screens, shutters and awnings, and all other apparatus and equipment appurtenant thereto, and all other fixtures, accessions and accretions of any kind or nature (to the extent of the Debtor's Interest therein).

"Security Interest" means the grants, mortgages, charges, transfers, assignments and security interests herein created.

2. **Acknowledgement of Debt and Obligations**

For value received, the Debtor hereby acknowledges itself indebted to and promises to pay to or to the order of the Agent at 200 Bay St., Suite 3230, Royal Bank Plaza - South Tower, Toronto, Ontario, M5J 2J2 or at such other place as the Agent may designate by notice in writing to the Debtor, on the Acceleration Date, the amount of the Obligations up to Fifty Million (\$50,000,000.00) Dollars (the **"Principal Sum"**), plus applicable interest, fees or costs set out herein. The Debtor also promises to pay interest on such amount from the Acceleration Date at the rate of interest which is the lesser of: (i) the twenty five percent (25%) per annum; and (ii) the rate of interest which is applicable to the Obligations from time to time as provided in the Credit Agreement; which interest shall be calculated and payable monthly not in advance, both before and after demand and before and after default, judgment and execution until payment in full of all amounts owing hereunder.

3. **Creation of Security Interest**

As continuing security for the payment and performance of the Obligations, but subject to Section 8 herein, the Debtor hereby grants, mortgages, charges, transfers and assigns to the Agent and creates to and in favour of the Agent, a security interest in the following:

Owned Real Properties

- (a) by way of a fixed and specific mortgage and charge, all right, title, estate and interest of the Debtor in the Owned Real Properties; in each case together with all and any easements, privileges, benefits, immunities and rights connected therewith and/or pertaining thereto; all right, title, estate and interest of the Debtor in all present and after-acquired drawings, specifications, plans and manuals relating thereto; all right, title, estate and interest of the Debtor in and all benefits arising under all approvals, licenses, permits and consents now or hereafter held relating thereto; and all right, title, estate and interest of the Debtor in and all benefits arising under all present and after-

acquired agreements in effect from time to time between the Debtor and third parties relating thereto including, without limitation, leases, guarantees, property management agreements, development agreements, construction agreements, and maintenance agreements;

Equipment

- (b) all present and after-acquired equipment of the Debtor, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto ("**Equipment**");

Inventory

- (c) all present and after-acquired inventory of the Debtor, including all raw materials, materials used or consumed in the business of the Debtor, work-in-progress, finished goods, goods used for packing, materials used in the business of the Debtor not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ("**Inventory**");

Accounts

- (d) all present and after-acquired debts, demands and amounts due or accruing due to the Debtor whether or not earned by performance, including without limitation its book debts, accounts receivable, and claims under policies of insurance; and all contracts, security interests and other rights and benefits in respect thereof and all other present and after-acquired accounts receivable and amounts due or accruing due to the Debtor evidenced by any deposit receipts, term deposits, guaranteed investment certificates or other evidence of debt obligations issued by a bank, trust company or other financial institution, and all replacements, renewals and substitutions therefor, excluding Investment Property (as hereinafter defined) ("**Accounts**");

Intangibles

- (e) all present and after-acquired intangible personal property of the Debtor, including all contract rights, goodwill, and Intellectual Property (as hereinafter defined), and all other choses in action of the Debtor of every kind, whether due at the present time or hereafter to become due or owing, that are not "goods" (as such term is defined in the *Personal Property Security Act* (Ontario), the "**PPSA**") ("**Goods**"), Chattel Paper (as hereinafter defined), Documents of Title (as hereinafter defined), Instruments (as hereinafter defined), Money (as hereinafter defined) or Investment Property (as hereinafter defined) ("**Intangibles**"); as used herein, "**Intellectual Property**" means all of the Debtor's present and future intellectual property including without limitation, (i) copyrights, (ii) patents, (iii) trade-marks, trade names, business names, trade styles, logos and all other forms of business identifiers, and (iv) trade secrets and other confidential information and data in any form or format, including without limitation, all know-how obtained, developed or used in or contemplated at any time for use in the business, affairs, undertaking and operations of the Debtor now or hereafter owned

generated or acquired, including in each instance all related additions, improvements and accessories thereto and replacements thereof (whether registered or unregistered);

Documents of Title

- (f) all present and after-acquired "documents of title" (as such term is defined in the PPSA) of the Debtor, whether negotiable or otherwise including all warehouse receipts and bills of lading ("**Documents of Title**");

Chattel Paper

- (g) all present and after-acquired agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific Goods ("**Chattel Paper**");

Instruments

- (h) all present and after-acquired bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)), and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment, but not including a writing that constitutes part of Chattel Paper, a Document of Title or Investment Property ("**Instruments**");

Money

- (i) all present and after-acquired "money" (as such term is defined in the PPSA) of the Debtor ("**Money**");

Securities

- (j) all present and after-acquired securities held by the Debtor, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures, financial assets (as defined in the *Securities Transfer Act, 2006* (Ontario)) and investment property (as defined in the PPSA) and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and dividends and income derived therefrom, specifically including the Securities listed in any schedule attached hereto ("**Securities**");

Documents

- (k) all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating to collateral subject to the Security Interest ("**Documents**");

Undertaking

- (l) all present and after-acquired real and personal property, business, and undertaking of the Debtor not being Inventory, Equipment, Accounts, Intangibles, Documents of Title, Chattel Paper, Instruments, Money, Securities or Documents ("**Undertaking**"); and

Proceeds

- (m) all personal property in any form derived directly or indirectly from any dealing with collateral subject to the Security Interest or the proceeds therefrom, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto or the proceeds therefrom ("**Proceeds**").

4. Assignment of Rents

As additional and separate security for payment and performance of the Obligations, the Debtor hereby assigns, transfers and sets over to the Agent, all the Debtor 's rights and interests in all existing and future leases, tenancy agreements, offers to lease and other similar agreements with respect to all or part of the Owned Real Properties and all rents, royalties, incomes, profits and other amounts now or hereafter arising therefrom or any building, improvement, fixture or part thereof, and the following provisions shall apply with respect thereto:

- (a) *Separate Assignments.* The assignment of each of the foregoing and of each of the rents, royalties, incomes, profits and other amounts by the Debtor to the Agent herein contained in this Section 4 shall be deemed to be a separate assignment so that the Agent in its discretion may exercise its rights in respect of any or all of such leases, offers to lease, tenancy agreements or other similar agreements or the rents, royalties, incomes, profits or other amounts paid or payable thereunder.
- (b) *Collection by Debtor before Acceleration Date.* Until the Acceleration Date, the Debtor may collect, retain and apply all rents, royalties, incomes, profits and other amounts and deal with all leases, offers to lease, tenancy agreements and other similar agreements from time to time.
- (c) *No Liability of Mortgagee and Indemnity by Debtor.* Nothing herein shall obligate the Agent to assume or perform (and nothing herein shall impose on the Agent) any liability or obligation of the Debtor to any tenant or other person pursuant to or in respect of any lease, offer to lease, tenancy agreement, other similar agreement or otherwise, and the Debtor hereby indemnifies and saves harmless the Agent from any and all claims with respect thereto, except for any claims arising from or in connection with the gross negligence or wilful misconduct of the Agent or Lenders, provided that from and after the Acceleration Date the Agent may, at its sole option, assume or perform any such obligations as it considers necessary or desirable.
- (d) *Re-assignment.* The Agent may, at any time without further request or agreement by the Debtor, reassign to the Debtor or its successors or assigns, any or all of the collateral referred to in this Section 4.

- (e) *Application by Agent.* The Agent's obligations with respect to any amount collected by the Agent shall be discharged by the application of such amount to reduce the Obligations.
- (f) *Not Mortgagee in Possession.* Nothing contained herein shall have the effect of making the Agent a mortgagee in possession of all or any portion of the Owned Real Properties.

5. Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 3, for greater certainty the Collateral shall include all present and after-acquired Real Property and personal property in which the Debtor may have an interest which may be specifically described in any schedule which may be attached hereto. The Debtor agrees to execute and deliver at its own expense from time to time amendments to this Debenture or additional security agreements as may be reasonably required by the Agent in order that the Security Interest shall attach to such Real Property and personal property.

6. Attachment

The parties acknowledge that value has been given, the parties have not agreed to postpone the time for attachment of the Security Interest and the Debtor has rights in the Collateral which exists as at the date of this Debenture. In respect of Collateral in which the Debtor obtains an interest after the execution and delivery of this Debenture, the Security Interest shall attach thereto immediately upon the Debtor obtaining such rights.

7. Dealings with Collateral

Unless otherwise prohibited under the Credit Agreement, until the Acceleration Date, the Debtor shall be entitled to deal with the Collateral in the ordinary course of business and enforce all of the benefits, powers and advantages in respect thereof as if this Debenture had not been made, subject to compliance with the restrictions contained herein and in the Credit Agreement. All Accounts collected by the Debtor shall be deposited into accounts maintained by the Debtor. After the Acceleration Date, whether or not the Agent shall have taken any steps to enforce the Security Interest, all Accounts collected by the Debtor shall be held by the Debtor as agent and in trust for the Agent and shall be paid to the Agent immediately upon receipt.

8. Exception re Certain Leasehold Interests, Licenses, Contractual Rights and Consumer Goods

(a) The last day of the term of any lease or sublease of any real property or agreement therefor is specifically excluded from the Collateral and the related Security Interest, but the Debtor agrees to stand possessed of such last day in trust for any Person acquiring such interest of the Debtor.

(b) To the extent that the granting of the Security Interest in respect of any agreement, right, licence or permit to which the Debtor is a party would constitute a breach thereof, cause the acceleration thereof, cause the automatic termination thereof or would be terminable at the option of the other party, the Debtor hereby agrees to use commercially reasonable efforts to obtain from the parties to any such lease, agreement, right, licence or permit (except as otherwise provided in the Credit Agreement) any necessary consents (to the extent requested by the Agent) to the charging and assignment thereof in favour of the Agent, and the attachment of the Security Interest thereto shall be postponed until such consent is provided. Upon the provision of such consent, the Security Interest

shall immediately attach thereto. Until such attachment, the Debtor shall hold its interest therein in trust for the Agent, unless the holding of such interest by the Debtor in trust for the Agent would constitute a breach thereof, cause the acceleration thereof or result in any of the other aforementioned effects.

(c) "Consumer goods" (as such term is defined in the *Personal Property Security Act* (Ontario)) ("**Consumer Goods**") are specifically excluded from the Collateral and the related Security Interest.

9. Registration of Securities; Voting and other Rights

Until requested in writing by the Agent and subject to the Maynbridge Intercreditor Agreement, the certificates representing the Securities may remain registered in the name of the Debtor, and the Debtor shall at the option of the Agent either duly endorse such certificates in blank for transfer or execute stock powers of attorney in respect thereof and with all documentation being in form and substance satisfactory to the Agent and the transfer agent (if any) appointed from time to time in respect of the Securities (including signature guarantees on such endorsements or stock powers of attorney if required by such transfer agent and if requested by the Agent). At any time and from time to time upon request by the Agent after the Acceleration Date and subject to the Maynbridge Intercreditor Agreement, the Debtor shall cause any or all of the Securities to be registered in the name of the Agent or its nominee, and the Agent is hereby appointed, effective as at such time, the irrevocable attorney of the Debtor with full power of substitution to cause any or all of the Securities to be registered in the name of the Agent or its nominee. Until the Acceleration Date:

- (a) the Debtor shall be entitled to exercise all voting rights attached to the Securities and give consents, waivers and ratifications in respect thereof; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which would have the effect of imposing any restriction on the transferability of any of the Securities; and
- (b) the Debtor shall be entitled to receive all dividends, interest, distributions and other income in respect of the Securities, to the extent that such payments are made by the issuer of the Securities in compliance with any restrictions on such payments contained in the Credit Agreement.

All such rights of the Debtor to vote and give consents, waivers and ratifications shall cease immediately upon the Acceleration Date.

10. Representations and Warranties

The Debtor hereby represents and warrants as follows to the Agent and acknowledges that the Agent is relying thereon:

- (a) the Debtor has the corporate capacity, power, legal right and authority to borrow from the Lenders, perform its obligations under this Debenture and create the Security Interest; and the execution and delivery of this Debenture and the performance of the Debtor's obligations herein have been duly authorized by all necessary corporate action;
- (b) the Debtor owns and possesses the Collateral free and clear of any and all Liens except Permitted Encumbrances; and

- (c) the Collateral does not include any Consumer Goods.

11. Covenants of Debtor

The Debtor covenants and agrees as follows:

- (a) to prevent the Collateral from becoming an accession to any personal property not subject to the Security Interest;
- (b) if requested by Agent and subject to the Maynbridge Intercreditor Agreement, to deliver to the Agent from time to time all items of Collateral comprising Chattel Paper, Instruments, Securities and those Documents of Title which are negotiable;
- (c) to do, make, execute and deliver such further and other assignments, transfers, deeds, security agreements and other documents as may be reasonably required by the Agent to establish in favour of the Agent the Security Interest intended to be created hereby and to accomplish the intention of this Debenture;
- (d) to pay all reasonable expenses, including reasonable solicitors' and receivers' fees and disbursements, incurred by the Agent or its agents (including any Receiver, as hereinafter defined) in connection with the preparation, perfection, preservation, and enforcement of this Debenture; including all reasonable expenses incurred by the Agent or such agents in dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the Security Interest; all of which expenses shall be payable promptly upon demand and shall form part of the Obligations; and
- (e) not to sell or otherwise dispose of any of the Owned Real Properties or any interest of the Debtor therein by conveyance, transfer, lease (other than in the ordinary course of business), declaration of trust or otherwise, and not to mortgage, charge, assign, create a security interest in or otherwise directly or indirectly encumber any of them in any way, except to the extent as may be permitted in the Credit Agreement.

12. Enforcement

The Obligations shall be due and payable and the Security Interest shall become enforceable on the Acceleration Date.

13. Remedies

From and after the Acceleration Date, in addition to exercising any other remedies available at law or equity or contained in any other agreement between the Debtor and the Agent, all of which remedies shall be independent and cumulative, the Agent may, subject to the Maynbridge Intercreditor Agreement:

- (a) enter upon the Owned Real Properties or any other premises where Collateral may be located;
- (b) manage, operate and repair all or any of the Owned Real Properties;

- (c) take possession of Collateral by any method permitted by law;
- (d) occupy and use all or any of the Owned Real Properties and any other premises occupied by the Debtor and the Collateral located thereon;
- (e) take such steps and expend such monies as it considers necessary or desirable in its sole discretion to maintain, preserve and protect the Collateral, including payments on account of other security interests affecting the Collateral; provided that the Agent shall have no obligation to take any such actions or make any such expenditures; but any such amounts paid by the Agent shall be added to the Obligations and shall be secured hereby;
- (f) sell, lease or otherwise dispose of Collateral in whole or in part;
- (g) collect, sell or otherwise deal with Accounts, including notifying any person obligated to the Debtor in respect of an Account, Chattel Paper or an Instrument to make payment to the Agent of all such present and after-acquired amounts due thereon;
- (h) collect any rents, royalties, income, and profits received in connection with the business of the Debtor or the Collateral, without carrying on such business; and the collection of such amounts from the tenants or other persons responsible for the payment thereof shall not constitute the Agent a mortgagee-in-possession unless the Agent provides written notice to the said tenants or other persons that it has determined to take possession;
- (i) exercise all voting rights attached to the Securities (whether or not registered in the name of the Agent or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof and otherwise act with respect thereto as though it were the absolute owner thereof;
- (j) exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Securities as if it were the absolute owner thereof including, without limitation, the right to exchange at its discretion any and all of the Securities upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any of the Securities, and in connection therewith, to deposit and deliver any of the Securities with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it;
- (k) comply with any limitation or restriction in connection with any proposed sale or other disposition of the Securities as may be necessary in order to comply with applicable law or regulation or any policy imposed by any stock exchange, securities commission or other Governmental Authority and the Debtor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Agent be liable or accountable to the Debtor for any discount in the sale price of the Securities which may be given by reason

of the fact that such Securities are sold in compliance with any such limitation or restriction;

- (l) carry on the business of the Debtor or any portion thereof;
- (m) demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the Accounts or any other obligation of any third party to the Debtor;
- (n) borrow money for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Debtor, and charge and grant further security interests in the Collateral in priority to the Security Interest, as security for the money so borrowed;
- (o) appoint by instrument in writing a receiver, or a receiver and manager (each of which is herein called a "**Receiver**") in respect of the Collateral or any portion thereof;
- (p) apply to any court of competent jurisdiction for the appointment of a Receiver in respect of the Collateral or any portion thereof;
- (q) accept the Collateral in satisfaction of the Obligations; and
- (r) file proofs of claim and other documents in order to have the claims of the Lenders and the Agent lodged in any bankruptcy, winding-up, or other judicial proceeding relating to the Debtor or the Collateral.

14. Receiver

Any Receiver appointed by the Agent may be any person or persons, and the Agent may remove any Receiver so appointed and appoint another or others instead. The Receiver may exercise all powers of the Agent as provided in this Debenture. The Receiver shall act as agent for the Agent for the purposes of taking possession of the Collateral, and (except as provided below) as agent for the Debtor for all other purposes, including without limitation the occupation of any premises of the Debtor and in carrying on the Debtor's business. For the purposes of realizing upon the Security Interest, the Receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Agent as it may determine in its discretion, acting reasonably. The Debtor agrees to ratify and confirm all actions of the Receiver acting as agent for the Debtor taken in accordance with the powers contained herein, and to release and indemnify the Receiver in respect of all such actions, except that such ratification, confirmation, release and indemnity shall not apply to any gross negligence or wilful misconduct on the part of such Receiver.

15. Standards of Sale

The Debtor agrees that it shall be commercially reasonable for the Agent to dispose of Collateral by private sale or public sale. Collateral may be disposed of in whole or in part, for cash or credit, or part cash and part credit. The purchaser or lessee of such Collateral may be a customer of the Agent or any Lender. No purchaser shall be bound to enquire into the legality, regularity or propriety of any sale or be

affected by notice of any irregularity or impropriety and no lack of default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale hereunder. The Agent may sell any Collateral without taking actual possession of any part thereof, and while in possession the Agent shall only be accountable for monies actually received by it. The Agent may commence and continue any sale proceedings notwithstanding that other sale proceedings by other persons have been taken or are then pending.

16. Failure of Agent to Exercise Remedies

The Agent shall not be liable for any delay or failure to enforce any remedies available to it or to institute any proceedings for such purposes.

17. Application of Payments

From and after the Acceleration Date all payments made in respect of the Obligations and all monies received by the Agent or any Receiver appointed by the Agent in respect of the enforcement of the Security Interest may be held as security for the Obligations or applied in such manner as set out in the Credit Agreement.

18. Dealings by Agent; No Obligation to Marshal

Until the Obligations have been satisfied in full, the Agent may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, and otherwise deal with the Collateral (as provided herein), the Debtor, debtors of the Debtor, sureties of the Debtor, and others as the Agent may see fit, acting reasonably, without prejudice to the Obligations and the rights of the Agent to hold and realize upon the Security Interest. The Agent has no obligation to keep Collateral identifiable, or to preserve rights against prior secured creditors in respect of any Collateral which includes Chattel Paper or Instruments. To the full extent that it may lawfully do so, the Debtor hereby waives and disclaims any benefit of, and shall not have or assert any right under any statute or rule of law pertaining to, discussion and division, the marshalling of assets or any other matter whatsoever, to defeat, reduce or affect the rights of the Agent under the terms of this Debenture to a sale of the Collateral or any part thereof or for the collection of all amounts secured hereby.

19. Payment of Liens, etc.

The Agent may pay and satisfy the whole or any part of any Liens and royalties now or hereafter existing in respect of any of the Collateral, and such payments together with all reasonable and documented costs, charges and expenses which may be incurred in connection with making such payments shall form part of the Obligations. In the event of the Agent satisfying any such Lien, it shall be entitled to all the equities and securities of the Person or Persons so paid and is hereby authorized to obtain any discharge thereof and hold such discharge without registration for so long as it may deem advisable to do so, acting reasonably.

20. Release and Reassignment

After the Obligations have been paid and satisfied in full and the Agent and the Lenders have no further obligation to extend credit to the Debtor, the Agent shall, at the request and expense of the Debtor, execute such releases and reassignments of this Debenture, the Security Interest and any

registrations made in respect thereof, and other documents or instruments as shall be reasonably required by the Debtor to give effect to the foregoing.

21. Notice

Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by prepaid private courier or sent by facsimile, electronic mail or by other means of instantaneous transmission that produces a permanent copy, to the applicable address and to the attention of the officer of the addressee as follows:

to the Debtor:

The Green Organic Dutchman Ltd.
Building A, Suite 301 6205 Airport Road
Mississauga, Ontario L4V 1E3

Attention: Sean Bovingdon
Telephone: (905) 304-4201 (extension 269)
Email: SBovingdon@tgod.ca

to the Agent:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: BSherk@cortlandcredit.ca

Any communication transmitted by prepaid private courier shall be deemed to have been validly and effectively given or delivered on the Business Day after which it is submitted for delivery. Any communication transmitted by facsimile, electronic mail or by other means of instantaneous transmission that produces a permanent copy shall be deemed to have been validly and effectively given or delivered on the day on which it is transmitted, if transmitted on a Business Day on or before 5:00 p.m. (local time of the intended recipient), and otherwise on the next following Business Day. Any party may change its address for service by notice given in the foregoing manner.

22. Separate Security

This Debenture and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Agent or the Lenders in respect of the Debtor, the Obligations or the Collateral.

23. Obligations May Revolve

This Debenture is a continuing security and shall secure up to the amount specified in section 2 of this Debenture notwithstanding that the Obligations may be repaid and satisfied by the Debtor in whole or in part from time to time and further Obligations may be incurred by the Debtor from time to time.

24. Lenders Not Obligated to Advance

Nothing in this Debenture shall obligate the Lenders to make any loan or accommodation to the Debtor, or extend the time for payment or satisfaction of any Obligations.

25. Exclusion of Statutory Covenants

The doctrine of consolidation shall apply to this Debenture notwithstanding Section 31 of the *Property Law Act* (Ontario) or any similar statutory provision in force from time to time.

26. Severability

If any provision of this Debenture shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

27. Time of Essence

Time shall be of the essence of this Debenture.

28. Grammatical Changes

This Debenture is to be read as if all changes in grammar, number and gender rendered necessary by the context had been made.

29. Inconsistencies with Credit Agreement and Maynbridge Intercreditor Agreement

To the extent that there is any inconsistency between a provision of this Debenture and a provision of the Credit Agreement, the said provision of the Credit Agreement shall govern. To the extent that the obligations hereunder conflict with the terms of the Maynbridge Intercreditor Agreement, the terms of the Maynbridge Intercreditor Agreement shall govern.

30. Entire Agreement

This Debenture, the Credit Agreement and the other Transaction Documents executed by the Debtor constitute the entire agreement between the Debtor and the Agent relating to the subject-matter thereof, and no amendments thereto shall be effective unless made in writing. Possession of an executed copy of this Debenture by the Agent constitutes conclusive evidence that it was executed and delivered by the Debtor free of all conditions.

31. Governing Law; Attornment

This Debenture shall be interpreted in accordance with the laws of the Province of Ontario, and without prejudice to the ability of the Agent to enforce this Debenture in any other proper jurisdiction,

the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

32. Power of Attorney

The Debtor hereby constitutes and appoints the Agent or any officer thereof as its true, lawful and irrevocable attorney with full power of substitution, on the Acceleration Date and at any time thereafter, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of the Debtor arising pursuant to this Debenture, and in executing such documents and taking such actions, to use the name of the Debtor whenever and wherever it may be considered necessary or expedient.

33. Successors and Assigns

This Debenture is binding upon the Debtor and its successors and permitted assigns, and shall enure to the benefit of the Agent and its successors and assigns.

34. Additional Copies for Registration

Additional copies of this Debenture may be executed by the Debtor for registration purposes, which said copies may contain different dates and different schedules attached thereto. Notwithstanding the foregoing, all such original executed copies shall constitute one and the same Debenture; and the Security Interest herein created shall attach to all Collateral, specifically including all Collateral described in such schedules.

35. Charging Clause

And for better securing to the Agent the repayment in the manner set out above of the Principal Sum and interest (and other amounts hereby secured), the Debtor hereby mortgages to the Agent all of its estate and interest in the real property described in Section 3 above.

36. Execution by Fax or PDF; Execution in Counterparts

This Debenture may be executed by facsimile or pdf, and any signature contained hereon by facsimile or pdf shall be deemed to be equivalent to an original signature for all purposes.

37. Copy of Debenture

The Debtor acknowledges receipt of an executed copy of this Debenture, and waives all rights to receive from the Agent a copy of any financing statement, financing change statement, security notice or similar document filed, or any verification statement received, at any time in respect of this Debenture.

[The remainder of page is intentionally blank; signature page follows.]

IN WITNESS WHEREOF, this Debenture has been executed and delivered by the Debtor this
31st day of March 2020.

THE GREEN ORGANIC DUCTHMAN LTD.

By: Brian Athaide
Name: Brian Athaide
Title: Chief Executive Officer

By: Sean Bovingdon
Name: Sean Bovingdon
Title: Chief Financial Officer

I/We have authority to bind the corporation.

Schedule "A"

Legal Description of Owned Real Properties

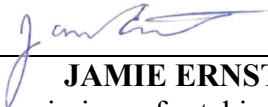
PIN 17409-0129(LT)

PT LT 24, CON 2 ANCASTER, AS IN CD339207 (FIRSTLY); ANCASTER CITY OF HAMILTON;
SUBJECT TO AN EASEMENT IN GROSS OVER PART 1 62R21141 AS IN WE1351917

PIN 17409-0234(LT)

PART OF LOT 24 CONCESSION 2 ANCASTER AS IN CD339207 & CD407710; SAVE & EXCEPT
PART 1, 62R-20696 AND PART 1, PLAN 62R20756; TOGETHER WITH AN EASEMENT AS IN
CD339207; CITY OF HAMILTON

THIS IS **EXHIBIT "Y"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of September 29, 2021

Among:

Cortland Credit Lending Corporation,
in its capacity as administrative agent
for the Lenders (as defined herein)
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2 (the “**Agent**”)

And:

The Green Organic Dutchman Ltd.
Building A, Suite 301 6205 Airport Road
Mississauga, Ontario L4V 1E3 (the “**Borrower**”)

And:

Those lenders from time to time party hereto in accordance with Section 30 (collectively, the “**Lenders**”, and each a “**Lender**”).

WHEREAS the Agent and the Borrower entered into a credit agreement dated March 31, 2020, as amended by the first amendment dated May 27, 2020, by the second amendment dated October 1, 2020 and by the third amendment dated July 30, 2021 (as amended, the “**Original Credit Agreement**”).

AND WHEREAS the Borrower and the Lenders wish to amend and restate the Original Credit Agreement in its entirety by way of this amended and restated credit agreement (this “**Agreement**”).

AND WHEREAS terms used and not otherwise defined have the meanings given to such terms in **Schedule “C”** attached hereto.

IN CONSIDERATION of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. **Funding Commitment.**

- (a) Subject to the satisfaction of the terms and conditions set out in this Agreement, the Agent, on behalf of the Lenders, hereby agrees to provide the Borrower with the Revolving Facility, by way of Loan Advances, provided that the aggregate amount of Loan Advances outstanding at any time shall not exceed the Revolving Facility Limit.
- (b) [Intentionally Deleted.]

(c) The Borrower acknowledges and agrees that the proceeds of the Revolving Facility will be used to finance the working capital requirements of the Obligors, including the payment of ordinary course payables of the Obligors, and including fees and expenses relating to the transactions contemplated by this Agreement.

2. **Agent Compensation.** In consideration of, among other things, amending the Revolving Facility as provided for under this Agreement, the Agent shall be entitled to the following fees or reimbursement of the following costs (which fees and costs shall be in addition to any other amounts payable to the Agent and/or Lenders hereunder, including interest):

(a) A commitment fee from Holdings equal to Five Hundred Thousand Dollars (\$500,000) (the “**Extension Commitment Fee**”) as consideration for the extension of the Maturity Date pursuant to this Agreement, which fee shall be earned on the date hereof and which Holdings may elect to satisfy by issuing to the Agent, or as the Agent may further direct in writing, 2,631,579 common shares of Holdings (such common shares together with all documents, instruments and certificates given in connection therewith, the “**Extension Shares**”), each such share issued at the closing price per common share of Holdings on the Canadian Securities Exchange on the date immediately preceding the date hereof, being \$0.19.

(b) A commitment fee from Holdings equal to Twenty Thousand Dollars (\$20,000) (the “**Increase Commitment Fee**” and together with the Extension Commitment Fee, the “**Commitment Fees**”) as consideration for the increase to the Base Facility Amount pursuant to this Agreement, which fee shall be earned on the date hereof and which Holdings may elect to satisfy by issuing to the Agent, or as the Agent may further direct in writing, 105,263 common shares of Holdings (such common shares together with all documents, instruments and certificates given in connection therewith, the “**Increase Shares**”), each such share issued at the closing price per common share of Holdings on the Canadian Securities Exchange on the date immediately preceding the date hereof, being \$0.19.

(c) Any documented out-of-pocket expenses incurred in connection with (i) the Agent’s due diligence, and (ii) the monitoring of the Revolving Facility while the Revolving Facility is made available to the Borrower, shall be payable upon demand.

(d) A utilization fee, calculated daily and payable on the last Business Day of each month, by subtracting the aggregate amount of the Loan Advances outstanding on each day, from the sum of \$25,000,000 and multiplying the difference by the Utilization Fee Rate.

(e) Subject to the approval of the Toronto Stock Exchange and the provisions of this Agreement, as of the date of the Original Credit Agreement the Agent was entitled to receive, on behalf of the Lenders, warrants to purchase Three Million (3,000,000) freely tradeable common shares (the “**Warrant Shares**”) of Holdings (such Warrant Shares together with all documents, instruments and certificates given in connection therewith, the “**Warrants**”), at a twenty-five percent (25%) premium to the five (5) day volume weighted average trading price of the common shares of Holdings on the Toronto Stock Exchange ending on the trading day immediately prior to the date

of the Original Credit Agreement, for a period of thirty-six (36) months following the date of issuance.

- (f) In consideration of entering into Amendment No. 1, the Agent was entitled to receive the Amendment No. 1 Warrants (as defined in Section 2(g)) which were earned on May 27, 2020, and issued on or prior to the Amendment No. 1 Effective Date.
- (g) Subject to the conditional listing approval of the Toronto Stock Exchange and the provisions of this Agreement, as of May 27, 2020, the Agent was entitled to receive, on behalf of the Lenders, warrants to purchase Five Hundred Thousand (500,000) freely tradeable common shares (the "**Amendment No. 1 Warrant Shares**") of Holdings (such Amendment No. 1 Warrant Shares together with all documents, instruments and certificates given in connection therewith, the "**Amendment No. 1 Warrants**"), at the Amendment No. 1 Exercise Price, for a period of forty-eight (48) months following the Amendment Effective Date.
- (h) In consideration of entering into Amendment No. 2, the Agent, Cortland Credit Strategies LP (more particularly, BMO Nesbitt Burns Inc. ITF 402-21190-20 Cortland Credit Strategies LP, and hereinafter referred to as "**Cortland Strategies LP**") and Cortland Credit Institutional LP (more particularly, BMO Nesbitt Burns Inc. ITF 402-22084-27 Cortland Credit Institutional LP, and hereinafter referred to as "**Cortland Institutional LP**") were entitled to receive, respectively, the Amendment No. 2 Warrants (as defined in Section 2(i)) issued to each of them, which were earned on October 1, 2020, and issued on or prior to the Amendment No. 2 Effective Date.
- (i) Subject to the conditional listing approval of the Toronto Stock Exchange and the provisions of this Agreement, as of October 1, 2020, the Agent, Cortland Strategies, and Cortland Institutional LP were entitled to receive, on behalf of the Lenders, warrants to purchase, respectively, One Hundred Sixty Six Thousand Six Hundred Sixty Six (166,666), Two Hundred Seventy One Thousand Five Hundred Thirty Nine (271,539) and Sixty One Thousand Seven Hundred Five (61,795) freely tradeable common shares (for a total of Five Hundred Thousand (500,000) freely tradeable common shares, collectively, the "**Amendment No. 2 Warrant Shares**") of Holdings (such Amendment No. 2 Warrant Shares together with all documents, instruments and certificates given in connection therewith, the "**Amendment No. 2 Warrants**"), at the Amendment No. 2 Exercise Price, for a period of sixty (60) months following the Amendment No. 2 Effective Date.

3. Loan Advances.

- (a) Subject to satisfaction of the terms and conditions set out in this Agreement, the Agent shall, from time to time, upon request of the Borrower made in accordance with the terms and conditions of this Agreement, make one or more Loan Advances available to the Borrower provided that the aggregate principal amount of such Loan Advances does not exceed, at any given time, the Revolving Facility Limit at such time. If at any time the aggregate principal amount of all Loan Advances outstanding (collectively, the "**Total Exposure**") exceeds the Revolving Facility Limit at such time, then the Borrower will promptly repay such Loan Advances in cash by an amount required to reduce the Total Exposure to an amount less than or equal to the Revolving Facility Limit.
- (b) Each Loan Advance will bear interest at the Interest Rate, which interest will be due and payable

in cash on the last Business Day of each month.

- (c) The Revolving Facility shall be a revolving facility. For greater certainty, the Borrower shall be entitled to obtain Loan Advances under the Revolving Facility from time to time and repay all or any portion of the Loan Advances under the Revolving Facility from time to time and thereafter re-borrow Loan Advances from time to time; provided that the Borrower, acknowledges, covenants and agrees that the Total Exposure shall not at any time exceed the Revolving Facility Limit.
- (d) The Collection Account will be swept daily as provided for in Section 8 (w).
- (e) Interest owing on the Loan Advances shall be calculated daily and not in advance on the basis of the then current calendar year of three-hundred and sixty-five (365) or three-hundred and sixty-six (366) days for the actual number of days elapsed, and in the case of a leap year, the annual interest rate corresponding to the interest calculated on a three-hundred and sixty-five (365) day year is equal to the interest rate thus calculated multiplied by three-hundred and sixty-six (366) and divided by three-hundred and sixty-five (365). Any amount of principal, interest, commission, discount or of any other nature remaining unpaid at maturity shall bear interest at the Interest Rate. Interest on all overdue interest calculated as aforesaid and compounded monthly at the aforesaid rate from the due date thereof without necessity of notice or demand, the whole before as well as after maturity, demand, default or judgement. The Borrower acknowledges and agrees that for the purposes of the *Interest Act* (Canada), the information provided to it hereunder with respect to the calculation of interest hereunder or under any other Transaction Document shall constitute an express statement of the yearly rate or percentage of interest to which such interest rate (including the Interest Rate) or percentage is equivalent. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any other Transaction Document, that the interest payable under this Agreement (including the Interest Rate) or any other Transaction Document and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Applicable Law.
- (f) Where the rate of interest payable under any Loan Advance is found by a competent court of law, governmental agency or other tribunal to exceed the maximum rate of interest permitted by the laws of any applicable jurisdiction or the rules or regulations of any appropriate regulatory authority, then during the time that the rate of interest would exceed the permissible limit, that portion of each interest payment attributable to the portion of the interest rate that exceeds the permissible limit shall be deemed to be a voluntary prepayment of principal.
- (g) The Agent's books and records relating to the Loan Advances and any related interest shall be *prima facie* evidence of same, absent manifest error.

4. **Conditions Precedent to the Effectiveness of this Agreement.** The effectiveness of this Agreement will be subject to receipt by the Agent of an executed copy of this Agreement together with a confirmation of guarantees and security agreement from each of the Obligors.

5. **Conditions Precedent to Loan Advances.** The obligation of the Lenders to make any Loan

Advance (subsequent to the initial Loan Advance) will be subject to receipt by the Agent of the following, each in a form satisfactory to the Agent, and/or satisfaction of the following, in each case, without duplication, unless waived by the Agent on terms satisfactory to the Agent:

- (a) an executed Advance Request Certificate and a Borrowing Base Certificate shall have been received not less than 1 Business Day before the date of the proposed Loan Advance;
- (b) all representations and warranties provided for in the Transaction Documents being true, accurate and complete, in all material respects, as of the date of such Loan Advance, except to the extent specified to be made as of a specific date; and
- (c) no Default or Event of Default shall have occurred as of the date of such Loan Advance.

6. **Representations and Warranties.** The Borrower, on behalf of itself and each other Obligor, represents and warrants to the Agent as follows:

- (a) **Status.** It has been duly organized and is a valid and subsisting legal entity in good standing under the laws of its jurisdiction of formation and has full capacity and power to carry on its business as the same is presently conducted and, to own and lease property.
- (b) **Power and Authority.** It has the power and is duly authorized to enter into, execute, deliver and perform its obligations under this Agreement and each other Transaction Document to which it is a party, and it has the power and is duly authorized to borrow as herein contemplated and to provide the security interests herein contemplated.
- (c) **Ownership of Assets.** It owns, leases or has rights in all assets required in order to carry on its businesses as presently conducted. All such assets are owned by it free and clear of all Liens other than Permitted Encumbrances.
- (d) **Compliance with Laws** – It is in compliance in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws).
- (e) **Litigation, Judgments and Executions.** There are no actions, suits or proceedings pending, or to the knowledge of it threatened, against it in any court or before or by any federal, provincial, municipal or other Governmental Authority, except: (i) the litigation disclosed in **Schedule “D”** attached hereto; and (ii) other litigation in which all amounts claimed against the Obligors do not in the aggregate exceed Fifty Thousand Dollars (\$50,000). There are no judgments or executions against it.
- (f) **Environmental Laws.** Except to the extent disclosed in **Schedule “E”** attached hereto:
 - (i) each Obligor and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials;
 - (ii) each Obligor holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges

to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials and all other Requirements of Environmental Law;

- (iii) there has been no material emission, spill, release, or discharge into or upon the air, soils (or any improvements located thereon), surface water or groundwater or the sewer, septic system or waste treatment, storage or disposal system servicing any premises, of any Hazardous Materials at or from any of the properties owned or leased by any of the Obligor;
 - (iv) no material written complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person has been received by any Obligor with respect to any of the properties owned or leased by any of the Obligor in respect of air emissions, spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any of the properties owned or leased by any of the Obligor, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation, or disposal of Hazardous Materials or other Requirements of Environmental Law affecting any of the properties owned or leased by any of the Obligor;
 - (v) there are no material legal or administrative proceedings, investigations or claims now pending, or to the Borrower's knowledge, threatened in writing, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the properties owned or leased by any of the Obligor, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion between any Obligor and any Governmental Authority relating thereto; and there is no factual basis for any such proceedings, investigations or claims; and
 - (vi) the Obligor has no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials, including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal.
- (g) Bankruptcy Events. No Bankruptcy Event has been initiated by it or occurred in respect of it, and no Bankruptcy Event has been threatened against it.
- (h) Anti-Terrorism and Corruption Laws. It has conducted its business in compliance with Anti-Terrorism and Corruption Laws and has instituted and maintained policies and procedures reasonably designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws.
- (i) Subsidiaries. As of the date hereof, the only Subsidiaries it has are listed in **Schedule "F"** attached hereto.
- (j) Corporate Information. **Schedule "F"** attached hereto contains a true and complete list as of the date hereof of the following information in respect of each Obligor: all prior names and

predecessor corporations, jurisdiction of incorporation, registered office and chief executive office, principal place of business, all locations at which it has places of business or owns assets, the number and classes of its issued and outstanding shares, except in the case of Holdings, a list of all shareholders including the number and class of shares held by each and a list of all of its subsidiaries.

- (k) Solvency. It is Solvent.
- (l) No Pending Corporate Changes. Except as disclosed on **Schedule "G"** attached hereto, or in the public filings of Holdings, as of the date hereof, no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase of any properties or assets of any Obligor out of the ordinary course of business or for the purchase, subscription, allotment or issuance of any debt or equity securities of any Obligor.
- (m) Material Agreements and Material Permits. Its Material Agreements and Material Permits are listed in **Schedule "H"** attached hereto (as such Schedule may be updated from time to time to reflect any Material Agreements or Material Permits entered into or obtained in compliance with the terms hereof) and true, correct and complete copies of each have been delivered to the Agent. Each such Material Agreement and Material Permit is in good standing, in full force and effect and there are no defaults thereunder, except to the extent any such Material Agreement has terminated as scheduled in the ordinary course in accordance with its terms.
- (n) No Conflicts under Material Agreements or Material Permits. The execution and delivery by each Obligor of those Transaction Documents to which it is a party, and the performance of its obligations thereunder, will not conflict with, result in a breach of or require any approval or consent under any Material Agreement or Material Permit to which it is a party.
- (o) Owned Real Properties. Its real property interests as of the date hereof, both owned and leased, are listed in **Schedule "I"** attached hereto.
- (p) No Guarantees. It has not granted any Guarantees, other than Permitted Guarantees.
- (q) Statutory Liens. It has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax and employment insurance), goods and services tax and all other amounts, which if not paid when due could result in the creation of a statutory lien against any of its property.
- (r) No Default or Event of Default. No Default or Event of Default has occurred and is continuing.
- (s) Financial Statements and No Material Change. The financial statements of the each Obligor that have been made available to the Agent have been prepared in accordance with GAAP, and fairly present the financial position and results of operations of such Obligor for the dates or periods reported on thereby subject, in relation to any unaudited financial statements, any year-end adjustments. From the date of the last audited financial statements made available to the Agent, there has been no event which would reasonably be expected to result in a Material Adverse Change.

- (t) Related Party Transactions. Except as (A) disclosed in the financial statements or other public disclosure of the Obligors or (B) as permitted by this Agreement, no Obligor: (i) is a creditor under a loan or otherwise committed to make any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any related party thereof (other than another Obligor); or (ii) been a party to any contract with any related party thereof, other than independent contractor or indemnification agreements entered into with officers or directors. Any transactions between an Obligor and a related party (other than another Obligor) has been completed on reasonable commercial terms that, considered as a whole, are not in any material respect less advantageous to such Obligor, than if the transaction was with a Person dealing at arm's length with such Obligor, as the case may be.
- (u) U.S. Cannabis. It has no direct, indirect or ancillary interest in any "marijuana-related activity" in the United States as defined in Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana Activities* of the Canadian Securities Administrators.
- (v) Internal Controls. It has established and maintains a system of internal controls over financial reporting that is designed to provide reasonable assurance regarding the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of it; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of it are made only in accordance with authorizations of management its directors; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of its property or assets that could have a material adverse effect on its financial statements.
- (w) Full Disclosure. All information (including, without limitation, financial information and financial statements) furnished by or in respect of the Obligors to the Agent for the purposes of or in connection with this Agreement and each of the other Transaction Documents was true and correct in all material respects as at the date such information is stated to have been given, and is not incomplete by omitting to state any material fact necessary to make the statements contained in such information not misleading in any material respect in light of the circumstances under which the statements contained in such information were made.
- (x) Warrants. That Holdings is duly authorized and has the corporate and lawful power and authority to create and issue the Warrants and the Warrant Shares issuable upon the exercise thereunder and to perform its obligations thereunder and that the certificate(s) representing the Warrants, will, when issued, represent a valid, legal and binding obligation of Holdings enforceable in accordance with its terms.
- (y) Warrant Shares. That Holdings has agreed to at all times reserve and keep available out of its authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants, it will cause the Warrant Shares, including duly authorized certificates in respect thereof, subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued and delivered as directed and such Warrant Shares shall be issued as

fully paid and non-assessable common shares of Holdings and the holders thereof shall not be liable to Holdings or to its creditors in respect thereof.

(z) Amendment No. 1 Warrants. In respect of the Amendment No. 1 Warrants

- (i) Amendment No. 1 Warrants. That Holdings is duly authorized and has the corporate and lawful power and authority to create and issue the Amendment No. 1 Warrants and the Amendment No. 1 Warrant Shares issuable upon the exercise thereunder and to perform its obligations thereunder and that the certificate(s) representing the Amendment No. 1 Warrants, will, when issued, represent a valid, legal and binding obligation of Holdings enforceable in accordance with its terms.
- (ii) Amendment No. 1 Warrant Shares. That Holdings has agreed to at all times reserve and keep available out of its authorized common shares a sufficient number of Amendment No. 1 Warrant Shares to satisfy the right of purchase pursuant to the Amendment No. 1 Warrants, it will cause the Amendment No. 1 Warrant Shares, including duly authorized certificates in respect thereof, subscribed for and purchased in accordance with the terms and conditions of the Amendment No. 1 Warrants to be issued and delivered as directed and such Amendment No. 1 Warrant Shares shall be issued as fully paid and non-assessable common shares of Holdings and the holders thereof shall not be liable to Holdings or to its creditors in respect thereof.
- (iii) Actions to Issue Amendment No. 1 Warrants. That Holdings has agreed to take such actions as may be reasonably necessary and as are within its power to ensure that all Amendment No. 1 Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed.
- (iv) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to remain a reporting issuer not in default in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
- (v) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Amendment No. 1 Warrants) and to have the Amendment No. 1 Warrant Shares issued pursuant to the exercise of the Amendment No. 1 Warrants listed and posted for trading on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Amendment No. 1 Warrants) as expeditiously as possible.
- (vi) Issuance of Amendment No. 1 Warrant Shares. That Holdings has agreed that upon exercise of the Amendment No. 1 Warrants, the Amendment No. 1 Warrant Shares will be issued as fully paid and non-assessable common shares in the capital of Holdings.

(aa) Amendment No. 2 Warrants. In respect of the Amendment No. 2 Warrants

- (i) Amendment No. 2 Warrants. That Holdings is duly authorized and has the corporate and lawful power and authority to create and issue the Amendment No. 2 Warrants and the Amendment No. 2 Warrant Shares issuable upon the exercise thereunder and to perform its obligations thereunder and that the certificate(s) representing the Amendment No. 2 Warrants, will, when issued, represent a valid, legal and binding obligation of Holdings enforceable in accordance with its terms.
 - (ii) Amendment No. 2 Warrant Shares. That Holdings has agreed to at all times reserve and keep available out of its authorized common shares a sufficient number of Amendment No. 2 Warrant Shares to satisfy the right of purchase pursuant to the Amendment No. 2 Warrants, it will cause the Amendment No. 2 Warrant Shares, including duly authorized certificates in respect thereof, subscribed for and purchased in accordance with the terms and conditions of the Amendment No. 2 Warrants to be issued and delivered as directed and such Amendment No. 2 Warrant Shares shall be issued as fully paid and non-assessable common shares of Holdings and the holders thereof shall not be liable to Holdings or to its creditors in respect thereof.
 - (iii) Actions to Issue Amendment No. 2 Warrants. That Holdings has agreed to take such actions as may be reasonably necessary and as are within its power to ensure that all Amendment No. 2 Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed.
 - (iv) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to remain a reporting issuer not in default in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
 - (v) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Amendment No. 2 Warrants) and to have the Amendment No. 2 Warrant Shares issued pursuant to the exercise of the Amendment No. 2 Warrants listed and posted for trading on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Amendment No. 2 Warrants) as expeditiously as possible.
 - (vi) Issuance of Amendment No. 2 Warrant Shares. That Holdings has agreed that upon exercise of the Amendment No. 2 Warrants, the Amendment No. 2 Warrant Shares will be issued as fully paid and non-assessable common shares in the capital of Holdings.
- (bb) Actions to Issue Extension Shares and Increase Shares. That Holdings has agreed to take such actions as may be reasonably necessary and as are within its power to ensure that all Extension Shares and Increase Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed.

- (cc) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to remain a reporting issuer not in default in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
- (dd) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the Agent).

7. **Reporting Covenants**.

- (a) The Borrower will provide to the Agent the following financial information:
 - (i) quarterly consolidated financial statements, within sixty (60) days of each fiscal quarter of the Borrower;
 - (ii) copies of management updates, budgets and other related reports on the operational results of the Obligors which have been provided to the board of directors of the Borrower at such directors' regular board meetings and all such other financial information relating to the foregoing as the Agent reasonably requires to assess the liquidity of the Obligors and the Obligors' performance against such budgets;
 - (iii) a quarterly business review on such terms, and such basis, as is required by the Agent, such to determine the status of business as it relates to the Obligors, and in particular compliance with the terms of this Agreement;
 - (iv) annual audited consolidated financial statements within one hundred twenty (120) days of the end of each fiscal year of the Borrower;
 - (v) on a monthly basis, within thirty (30) days of the end of each calendar month:
 - 1. unconsolidated financial statements of each Obligor;
 - 2. unconsolidated general and ledger trial balance for each Obligor;
 - 3. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;
 - 4. an accounts payable summary for each creditor of the Obligors, aged by invoice date;
 - 5. bank reconciliations, including for greater certainty, bank statements and a complete listing of outstanding cheques;
 - 6. confirmation of payment of all taxes owing by any Obligor; and
 - (vi) on a weekly basis, on Friday of each week (as of Thursday of such week);
 - 1. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;

2. an accounts payable summary for each creditor of the Obligors, aged by invoice date; and
- (vii) any additional financial and reporting information as the Agent may reasonably request from time to time, in its sole discretion.

8. **Covenants**. The Borrower, on behalf of itself and each other Obligor, covenants and agrees with the Agent that it:

- (a) will pay all interest, principal, fees and other amounts due under the terms of this Agreement and any other Transaction Document to which it is a party;
- (b) will satisfy, in all material respects, all the terms and conditions of this Agreement and any other Transaction Document to which it is a party;
- (c) will immediately advise the Agent of any Default or Event of Default;
- (d) will file all tax returns which are or will be required to be filed by it, pay or make provision for payment of all taxes (including interest and penalties) and Potential Priority Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- (e) it will comply in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws) and use the proceeds of all Loan Advances hereunder for legal and proper purposes; and without limiting the generality of the foregoing the Borrower shall and shall cause each other Obligor to:
 - (i) engage in Cannabis-Related Activities only to the extent that such Cannabis-Related Activities are (A) in an Approved Jurisdiction, and (B) in compliance with all Applicable Laws in such Approved Jurisdiction (including, without limitation on a federal, state, provincial, territorial and municipal basis);
 - (ii) ensure that all activities of the Obligors relating to the cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions; and
 - (iii) ensure that all activities of the Obligors relating to the sale of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions or between entities licensed by Governmental Authorities in Approved Jurisdictions.
- (f) will: (i) immediately, with respect to Material Agreements and/or Material Permit; and (ii) promptly, and in any event within three (3) Business Days, notify the Agent of any material action requests or material violation notices received by it from any Person (including, without limitation, from any Governmental Authority) concerning it (including, without limitation, any notices or requests in connection with the protection or preservation of the environment) and hold the Agent and the Lenders harmless from and against any losses, costs or expenses which the Agent or any Lender may suffer in connection therewith;

- (g) will promptly advise the Agent of any Material Adverse Change;
- (h) will keep its assets (including, without limitation, the Collateral) fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- (i) will, at reasonable times and upon reasonable notice (provided that upon the occurrence of an Event of Default that is continuing, the Agent is permitted to do the following at any time and without notice) permit the Agent or its representatives, from time to time, (i) to visit and inspect any Obligor's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, and (ii) to discuss the Obligors' affairs with the auditors of the Obligors (in the presence of the Obligors' representatives as it may designate); the Obligors hereby authorize and direct any such third party to provide to the Agent or its representatives all such information, records or documentation reasonably requested by the Agent;
- (j) except for Permitted Encumbrances, will not, without the prior written consent of the Agent, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- (k) will not, without the prior written consent of the Agent, sell, transfer, convey, lease or otherwise dispose of any of its:
 - (i) accounts receivables; or
 - (ii) other than accounts receivables, properties or assets (excluding obsolete or otherwise superfluous assets) other than (i) in the ordinary course of business and on commercially reasonable terms, or (ii) to another Obligor, (iii) to the extent the proceeds of such sale are promptly reinvested in assets useful to the business of the Obligors, or (iv) if such disposition would not materially impact the operation, business or financial condition of any Obligor.
- (l) will not, without the prior written consent of the Agent, provide any Guarantees (other than Permitted Guarantees);
- (m) will not, without first obtaining the prior written consent of the Agent, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person and it will cause any such resulting Person to become an Obligor hereunder and to grant such security and enter into such Transaction Documents and other agreements as the Agent may require, provided that (i) upon ten (10) days' prior written notice to the Agent any Obligor may merge, amalgamate or wind-up with or into another Obligor, and (ii) concurrently with such merger, amalgamation or winding-up the Borrower shall provide, or cause to be provided to the Agent all additional or replacement Security Agreements as the Agent may reasonably require in connection therewith;
- (n) will not pay any dividends, other corporate distributions, or any interest or principal on subordinated debt other than (i) to another Obligor, (ii) in respect to Permitted Indebtedness, or

- (iii) with the prior written consent of the Agent;
- (o) will not acquire or move any material Collateral or change its chief executive office or principal place of business to any jurisdiction outside of the jurisdiction of each such respective Obligor listed in **Schedule "C"** attached hereto without first executing and delivering all such security and other documentation and completing all registrations, recordings and filings to grant in favour of the Agent a security interest in such Collateral and to render effective the security interest granted thereby, all in form and substance satisfactory to the Agent;
- (p) will not incur additional indebtedness other than Permitted Indebtedness;
- (q) will not enter into any swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other derivative transactions for investment or speculative purposes (for greater certainty, the entering into of any such swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other transactions for protection against fluctuation in currency or interest rates or commodity prices is permitted);
- (r) will not, without the prior written consent of the Agent, make, cause or permit any amendment to any Material Agreement if the effect of such amendment would be reasonably likely to result in a Default or Event of Default;
- (s) will provide written notice to the Agent of each of the following promptly after the occurrence thereof:
 - (i) all proposed amendments to Material Agreements and Material Permits;
 - (ii) all correspondence and notices received from any Governmental Authority or stock exchange with respect to any Material Agreement, Material Permit or any regulatory or other investigations into the Obligors' business practices which could have a material and negative effect on any of the Obligors or their business, or any of the Obligors' ability to repay the obligations owing under this Agreement or would be likely to result in a Default;
 - (iii) any changes in the identity of Responsible Persons, which materially effect the Obligors together with satisfactory evidence of security clearances for such Responsible Persons under the Cannabis Act or the Cannabis Regulations; and any rejection notice for new or renewal security clearance applications for each Responsible Person;
- (t) will conduct its business in compliance with Anti-Terrorism and Corruption Laws and institute and maintain policies and procedures designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws;
- (u) will (i) where an Account Debtor makes a payment in the form of a cheque, deposit such cheque into the Collections Account, (ii) where an Account Debtor makes a payment by electronic funds transfer, direct such Account Debtor to make such transfer to the Collections Account;
- (v) will not (i) amend, vary or terminate the Collections Account or the Blocked Account Agreement, and (ii) amend, modify or otherwise change any banking instructions provided to the financial institution maintaining the Collections Account, which would result in the application of any funds

from any Account Debtor to an account other than the Collections Account;

- (w) the Borrower shall sweep the Collections Account at the end of each day and use such funds to repay all or any portion of the Loan Advances under the Revolving Facility outstanding at such time;
- (x) will grant the Agent and the Lenders the first right of refusal to provide any debtor in possession financing during any applicable Bankruptcy Event;
- (y) not amend, supplement (in a way that is detrimental to the Lender), terminate, abandon, allow to expire or fail to renew any Material Permits, or permit any other Person to use, become party to or otherwise have an interest in, any Material Permits, or take any action in furtherance of, or fail to take any action, which failure could be reasonably expected to result in, any of the foregoing;
- (z) not enter into any transaction with any Affiliate, other than the another Obligor, except on terms no less favourable than could be obtained in an arm's-length transaction;
- (aa) change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business as presently conducted by it;
- (bb) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants and to issue and deliver the Warrant Shares subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued as fully paid and non-assessable common shares of Holdings;
- (cc) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
- (dd) to cause a news release of Holdings announcing this Agreement, the issuance of the Extension Shares and the issuance of the Increase Shares and such other matters as may be required pursuant to applicable securities laws to be disseminated and filed pursuant to such applicable securities laws, provided that Borrower agrees to provide a draft of such news release to the Agent and to allow the Agent to provide reasonable comments prior to its dissemination / filing;
- (ee) to cause Holdings to provide a draft of any other news release related to this Agreement and/or ancillary matters to the Agent and to allow the Agent to provide reasonable comments prior to the dissemination / filing of any such other new release;
- (ff) in respect of the Amendment No. 1 Warrants, will:
 - (i) [Intentionally Deleted.]

- (ii) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Amendment No. 1 Warrant Shares to satisfy the right of purchase pursuant to the Amendment No. 1 Warrants and to issue and deliver the Amendment No. 1 Warrant Shares subscribed for and purchased in accordance with the terms and conditions of the Amendment No. 1 Warrants to be issued as fully paid and non-assessable common shares of Holdings;
 - (iii) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Amendment No. 1 Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
 - (iv) [Intentionally Deleted.]
 - (v) [Intentionally Deleted.]
- (gg) in respect of the Amendment No. 2 Warrants, will:
- (i) [Intentionally Deleted.]
 - (ii) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Amendment No. 2 Warrant Shares to satisfy the right of purchase pursuant to the Amendment No. 2 Warrants and to issue and deliver the Amendment No. 2 Warrant Shares subscribed for and purchased in accordance with the terms and conditions of the Amendment No. 2 Warrants to be issued as fully paid and non-assessable common shares of Holdings;
 - (iii) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Amendment No. 2 Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
 - (iv) [Intentionally Deleted.]
 - (v) [Intentionally Deleted.]
- (hh) will, within 30 days of March 31, 2022, provide the Agent with evidence reasonably satisfactory to it that has EBITDA for the month of March 31, 2022 greater than Zero Dollars (\$0); and
- (ii) will, within 5 Business Days of the sale of HemPoland Sp. z o.o. (the "**Hempoland Transaction**"), apply not less than Six Million Dollars (\$6,000,000) from the net proceeds of the Hempoland Transaction as a repayment towards the outstanding Loan Advances.

9. **Use of Insurance Proceeds**. The parties agree that the proceeds of any insurance policies received by the Agent in connection with insurable events relating to the Collateral shall be applied to repay the outstanding fees, interest and principal in respect of the Loan Advances.

10. **Term and Termination.**

- (a) The term of the Revolving Facility expires on June 30, 2023 (the “**Maturity Date**”).
- (b) The Agent shall have the right to terminate the Revolving Facility:
 - (i) upon immediate notice, if an Event of Default has occurred and is continuing;
 - (ii) upon one hundred and eighty (180) days notice, if a material adverse change in market conditions is negatively affecting the liquidity of any Lender; and
 - (iii) upon immediate notice, if the Revolving Facility shall become, in whole or in part, illegal or in contravention of any Applicable Law.
- (c) The Revolving Facility may be terminated upon the mutual agreement of the Agent and the Borrower, at which time, all accrued interest, principal and unpaid fees owing shall be paid in cash by the Borrower to the Agent on such date.
- (d) If there is a Bankruptcy Event of the Borrower, then this Agreement shall be forthwith ended and terminated.
- (e) If the Revolving Facility is terminated for any reason, with respect to any outstanding Loan Advances, the Agent shall retain all of its rights and remedies, under the Transaction Documents.
- (f) If the Revolving Facility is terminated for any reason, then at the election of the Agent by way of immediate notice to the Borrower, all accrued and/or unpaid interest, all outstanding Loan Advances, and all unpaid fees will be due and payable under this Agreement, and the Borrower will pay such amounts to the Agent forthwith.

11. **Post-Closing Undertaking.** The Borrower, on behalf of each Obligor, hereby agrees that it shall take (or cause to be taken, as applicable) the following actions within the applicable time periods set out below, and further agrees that any failure of the Borrower to take such actions within such time period shall constitute, at the option of the Agent, an Event of Default:

- (a) on or before October 8, 2021, deliver to the Agent a certificate of a senior officer of the Borrower to which are appended: (i) copies of the articles of incorporation, certificate of formation and by-laws or constitution (if applicable), operating agreement or shareholder agreement governing the affairs of the Borrower (if applicable), (ii) an incumbency certificate setting out the names and offices of all directors and officers of the Borrower, together with specimen signatures of same, and (iii) certified copies of the resolutions of the shareholders or directors of the Borrower authorizing the execution, delivery and performance of the Transaction Documents to which each is a party and the transactions contemplated thereby, and the granting of security;
- (b) on or before October 8, 2021, certificates of good standing in respect of each of the Obligors from the jurisdiction of its organization;
- (c) on or before October 8, 2021, deliver to the Agent opinions regarding corporate status of the Borrower, the due authorization, execution and delivery of the Transaction Documents to which

the Borrower is a party, all registrations in respect of such security, the results of all applicable searches, and the enforceability of such Transaction Documents; all such opinions to be in form and substance satisfactory to the Agent;

- (d) on or before five (5) days following the date hereof, deliver to the Agent the Extension Shares and the Increase Shares; and
- (e) if requested by the Agent, cause to be delivered to the Agent, within forty-five (45) days of such request, a landlord agreement in form and substance satisfactory to the Agent with respect to any real property leased by an Obligor, other than office space that is either not material or reasonably fungible.

12. **Remedies Upon Default.** Upon the occurrence of any Event of Default, the Lender may at its sole option:

- (a) declare, by notice in writing to the Borrower, any or all of the Loan Advances and fees and other obligations owing to the Agent and or the Lenders to be immediately due and payable;
- (b) realize upon all or any part of the Collateral, pursuant to the Security Documents; and
- (c) take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Transaction Documents) at such times and in such manner as the Agent in its sole discretion may consider expedient

13. **Accredited Investor Representation.** The Agent represents and warrants to the Borrower and Holdings that it is a an “accredited investor” within the meaning of section 73.3 of the *Securities Act* (Ontario) by virtue of being a person described in the Accredited Investor Certificate (attached as **Schedule “K”**), and the Agent is delivering with this Agreement a completed and signed Accredited Investor Certificate.

14. **Extended Meanings.** Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term “including” shall mean “including, without limitation”, and the term “includes” shall mean “includes, without limitation”. Any reference herein to the exercise of discretion by the Agent or any Lender (including phrases such as “in the discretion of”, “in the opinion of”, “to the satisfaction of” and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

15. **Headings.** The section headings are not to be considered part of this Agreement, are inserted for convenience of reference only, are not intended to be full or accurate descriptions of the content thereof and shall not affect the construction or interpretation of this Agreement.

16. **Currency.** All dollar amounts referred to in this Agreement and all payments to be made hereunder are in Canadian dollars unless agreed to otherwise in writing by the Agent.

17. **Entire Agreement.** This Agreement, including the Schedules hereto, and the Exhibits to such Schedules, and any other agreement required hereunder to be delivered in connection herewith, constitute the entire agreement between the parties as to the subject matter of this Agreement and may

not be amended or modified in any respect except by written instrument signed by the parties hereto.

18. **Severability.** In the event that any one or more provisions contained in this Agreement, or any other agreement required hereunder to be delivered in connection herewith, shall be invalid, illegal or unenforceable in any way, the remaining provisions hereof or thereof shall not be affected or impaired thereby unless as a consequence thereof of the rights and benefits granted to the Agent are, in the discretion of the Agent, materially and adversely affected.

19. **Execution.** This Agreement may be executed in one or more counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

20. **Electronic Execution of Certain Documents.** The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

21. **Business Day.** If under the provisions of this Agreement any amount is to be paid or any act or thing is to be done or step is to be taken on a day other than a Business Day, then such amount shall be paid or such act or thing or step shall be done or taken on the next succeeding Business Day.

22. **Further Assurance.** The Borrower shall, from time to time execute, draw, endorse and deliver all such instruments and documents and do all such acts and things as the Agent may deem necessary or desirable for the purposes of carrying into effect any or all of the provisions of this Agreement or any documents delivered hereunder or of securing the fulfillment of all the obligations of the Borrower to the Agent hereunder.

23. **Costs, Expenses and Fees.** The Borrower agrees to pay all fees owing to the Agent hereunder and all of the Agent’s costs incurred from time to time (including reasonable legal fees and disbursements and reasonable accountant fees and disbursements) in the preparation, negotiation and execution of this Agreement and the other Transaction Documents and all third party costs associated with bringing or attempting to bring this transaction to a close and any costs incurred in the operation or enforcement of this Agreement or any other Transaction Documents. The Agent will provide a summary of such legal fees and disbursements. All costs of insuring the Collateral will be the responsibility of the Borrower. All such costs and expenses shall be payable upon demand. The Agent shall have the right, but not the obligation, to deduct all such costs and expenses and any fees owing to the Agent, from time to time, from the proceeds of any Loan Advance.

24. **GOVERNING LAW.** THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.

25. **SUBMISSION TO JURISDICTION.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE AGENT OR ANY RELATED PARTY OF THE AGENT IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE PROVINCE OF ONTARIO SITTING IN THE CITY OF TORONTO, THE FEDERAL COURTS OF CANADA SITTING IN THE CITY OF TORONTO, AND ANY APPELLATE COURT FROM ANY THEREOF, (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ONTARIO PROVINCIAL COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER TRANSACTION DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

26. **WAIVER OF VENUE.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN SECTION 25. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

27. **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 28. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

28. **Notice.** Any notice to be given by any party hereto to any other party hereto shall be in writing and may be given by personal delivery, or except during any period when postal service is interrupted, by prepaid registered mail, or by facsimile, electronic mail or by other means of instantaneous transmission that produces a permanent copy to the address noted below ("**other communication**") addressed as follows:

(a) to the Borrower:

The Green Organic Dutchman Ltd.
Building A, Suite 301 6205 Airport Road
Mississauga, Ontario L4V 1E3

Attention: Sean Bovingdon
Telephone: (905) 304-4201 (extension 269)
Email: SBovingdon@tgod.ca

(b) to the Agent or a Lender:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: bsherk@cortlandcredit.ca

If given by registered mail shall be deemed to have been received by the party to whom it was addressed on the date falling four (4) Business Days following the date upon which it has been deposited in the post office with postage and cost of registration prepaid, and if personally delivered to an adult during normal business hours, when so delivered, and if given by other communication, the third (3rd) business hour after transmission and confirmation of receipt. Provided that any of the above-named parties may change the address designated from time to time, by notice in writing to the other party hereto.

29. **Binding Effect.** This Agreement shall be binding upon and shall enure to the benefit of (i) the Agent and the Lenders and their respective successors and assigns, and (ii) the Borrower and its successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

30. **Lenders.** The Borrower acknowledges and agrees that the Lenders shall be determined by the Agent from time to time, provided that (i) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (without the consent of the Borrower) that is managed, affiliated with or Controlled by the Agent, (ii) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (with the consent of the Borrower) that is not an entity managed, affiliated with or Controlled by the Agent, and (iii) following the occurrence of an Event of Default a Lender may be any entity designated by the Agent in its sole and unfettered discretion.

31. **General Indemnity.** The Borrower hereby indemnifies and holds harmless the Indemnified Parties from and against any and all claims, damages, losses, costs and expenses, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Agreement, the other Transaction Documents or the

transactions contemplated hereby or thereby, or any use made or proposed to be made with the proceeds of the Loan Advances, whether or not such investigation, litigation or proceeding is brought by an Obligor, any shareholder or creditor thereof, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such losses and expenses are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's intentional or gross negligence or wilful misconduct or for breach in bad faith of such Indemnified Party's obligations hereunder or under any other Transaction Document, or where such litigation or proceeding is solely between Indemnified Parties.

32. **Claims under the Indemnity.** The Indemnified Party claiming indemnification under Section 31 shall give the Borrower prompt notice in writing of particulars of any claim asserted by third parties against it which is covered by such indemnities.

33. **Amendment and Restatement.** This Agreement is an amendment and restatement of the Original Credit Agreement, and is in full force and effect, as of and from the date hereof. This Agreement will not discharge or constitute a novation of any debt, obligation, covenant or agreement contained in the Original Credit Agreement or in any other Transaction Document, agreements, certificates and other documents executed and delivered by or on behalf of any Obligor in respect thereof or in connection therewith, but the same shall remain in full force and effect as amended and restated by this Agreement and is hereby ratified and confirmed in the form of this Agreement. For greater certainty, the parties hereto agree that any obligations outstanding under or in connection with the Original Credit Agreement or the Transaction Documents as of the date hereof, constitute obligations outstanding under this Agreement or the Transaction Documents (as applicable). Each reference to the "Credit Agreement" or other similar reference in any of the Transaction Documents and all other agreements, certificates and other documents executed and delivered by any of the Obligors or Cortland in respect thereof or in connection therewith shall mean and be a reference to this Agreement.

[Remainder of this page is intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: Chief Executive Officer

Per: _____
Name: _____
Title: _____
I/we have the authority to bind the Borrower.

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____
I/we have the authority to bind the Agent.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/we have the authority to bind the Borrower.

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: _____
Name: _____
Title: _____

Per: _____ *Bruce Sherk* _____
Name: Bruce Sherk
Title: President

I/we have the authority to bind the Agent.

SCHEDULE "A"

FORM OF ADVANCE REQUEST CERTIFICATE

ADVANCE REQUEST CERTIFICATE

Pursuant to the provisions of the amended and restated credit agreement dated September 30, 2021 (as it may be amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”) (terms defined therein being used herein as so defined), between, *inter alia*, The Green Organic Dutchman Ltd. (the “**Borrower**”) and Cortland Credit Lending Corporation, as administrative agent (the “**Agent**”), the undersigned, being an officer or director of the Borrower hereby represents, warrants and certifies in such capacity, and not in her or his personal capacity, as follows:

1. **Representations and Warranties.** The representations and warranties of the Borrower and the other Obligors set forth in the Credit Agreement, or which are contained in any certificate, document or financial or other written statement furnished pursuant to or in connection with the Credit Agreement, including the other Transaction Documents are accurate and complete in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except to the extent specified in the Credit Agreement or Transaction Documents to be made as of a specific date.

2. **No Material Adverse Change.** Since the date of the latest financial statements of the Borrower provided to the Agent in connection with the Transaction Documents, no Material Adverse Change has occurred.

3. **No Default.** No Default or Event of Default has occurred and is continuing as of the date hereof.

4. **Conditions Precedent.** The conditions precedent to this Loan Advance in accordance with the Credit Agreement have been satisfied.

5. **Loan Advance.** The Borrower hereby requests, authorizes, and instructs the Agent to drawdown and advance under the Revolving Facility the amount of CDN \$ _____ to the Borrower on _____, 20____. This will be the Agent’s authority:
 - a) [●]; and

 - b) [●].

[Signature Page Follows]

DATED _____, 20____.

THE GREEN ORGANIC DUTCHMAN LTD.

Per: _____

Name:

Title:

Per: _____

Name:

Title:

SCHEDULE "B"

FORM OF BORROWING BASE CERTIFICATE

[to follow]

SCHEDULE "C"

DEFINED TERMS

As used in this Agreement and unless otherwise stated herein, the terms set out below shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"\$" and "**Dollar**" each mean Canadian dollars.

"**Account Debtor**" means the account debtor in respect of any account receivable of an Obligor arising from a bona fide, fully-completed transaction in the ordinary course of business consisting of either the sale of goods or the provision of services by the Obligor.

"**Advance Rate**" means ██████████ percent (██████%).

"**Advance Request Certificate**" means a written notice, in the form attached as **Schedule "A"** attached hereto, pursuant to which the Borrower may request a Loan Advance in an amount not less than \$250,000.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Amendment No. 1**" means the first amendment to this Agreement dated May 27, 2020.

"**Amendment No. 1 Effective Date**" means the date upon which all of the conditions precedent to the effectiveness of Amendment No. 1 shall have been satisfied.

"**Amendment No. 1 Exercise Price**" means \$0.50.

"**Amendment No. 2**" means the second amendment to this Agreement dated October 1, 2020.

"**Amendment No. 2 Effective Date**" means the date upon which all of the conditions precedent to the effectiveness of Amendment No. 2 shall have been satisfied.

"**Amendment No. 2 Exercise Price**" means \$0.30.

"**Amendment No. 3**" means the third amendment to this Agreement dated July 30, 2021.

"**Amendment No. 3 Amount**" an amount equal to \$3,000,000.

"**Amendment No. 3 Effective Date**" means the date upon which all of the conditions precedent to the effectiveness of Amendment No. 3 shall have been satisfied.

"**Anti-Terrorism and Corruption Laws**" means any Applicable Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, corruption or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such laws, rules and regulations, all as amended, supplemented or replaced from time to time.

“Applicable Law” means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

“Approved Jurisdiction” means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state, provincial, territorial and municipal basis) to undertake any Cannabis-Related Activities provided that in each case (i) such country has been approved in writing by the Agent in its discretion and (ii) if required by the Agent, the ability to undertake Cannabis-Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower's counsel in such jurisdiction, in form and substance satisfactory to the Agent. The Agent may in its discretion from time to time (i) upon receipt of a written request by the Borrower, designate any jurisdiction an Approved Jurisdiction provided that the above criteria are satisfied; and (ii) revoke the designation of any jurisdiction as an Approved Jurisdiction by written notice to the Borrower if such criteria are not satisfied.

“Associate” has the meaning ascribed thereto in the *Canada Business Corporations Act*.

“Bankruptcy Event” means an Involuntary Bankruptcy Event or a Voluntary Bankruptcy Event.

“Base Facility Amount” means: (a) prior to completion of the Hempoland Transaction, Seventeen Million Dollars (\$17,000,000); and (b) five Business Days following the completion of the Hempoland Transaction, Eleven Million Dollars (\$11,000,000).

“Blocked Account Agreement” means an agreement, in form and substance satisfactory to the Agent, in respect of a Collections Account in which, among other things, the financial institution maintaining such account acknowledges and agrees with the Agent and relevant Obligors that the Agent will control all disbursements from such accounts.

“Borrowing Base Certificate” means a written report, in the form attached as **Schedule “B”** attached hereto, pursuant to which the Borrower has, among other things, calculated the Revolving Facility Margin Limit.

“Business Day” means any day other than: (a) a Saturday or Sunday; or (b) a day on which banking institutions in Toronto, Ontario, are authorized or obligated by law or executive order to be closed.

“Cannabis” means:

- (a) any plant or seed, whether live or dead, from any species or subspecies of genus *Cannabis*, including *Cannabis sativa*, *Cannabis indica* and *Cannabis ruderalis*, Marijuana and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;
- (b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;
- (c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;

- (d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition;
- (e) any other meaning ascribed to the term “cannabis” under Applicable Law in any Approved Jurisdiction, including the Cannabis Act and the *Controlled Drugs and Substances Act* (Canada); and
- (f) any other meaning ascribed to the term “cannabis” under the *Controlled Substances Act* (United States).

“Cannabis Act” means *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, S.C. 2018, c. 16, as amended from time to time.

“Cannabis Regulations” means Cannabis Regulations under the Cannabis Act, as amended from time to time and all other regulations made from time to time under the Cannabis Act or any other statute in an Approved Jurisdiction with respect to Cannabis-Related Activities.

“Cannabis-Related Activities” means any activities, including advertising or promotional activities, relating to or in connection with the importation, exportation, cultivation, production, purchase, distribution or sale of Cannabis or Cannabis-related products.

“Capital Lease” means, with respect to a Person, a lease or other arrangement in respect of personal property that is required to be classified and accounted for as an obligation on a balance sheet of the Person in accordance with IFRS.

“Change of Control” means (i) if both (x) Brian Athaide ceases to be the chief executive officer of the Borrower, and (y) Sean Bovington ceases to be the chief financial officer of the Borrower, and the Agent shall not have been satisfied, in its reasonable discretion, with the arrangements made with respect to the replacement of both such individuals, (ii) fifty percent (50%) or more of the ownership or Control of the voting interests of Holdings are acquired, directly or indirectly, by any Person, whether acting individually or in concert with any other Person or Persons, (iii) the sale of all or substantially all of the assets of any Obligor (other than to another Obligor); or (iv) if any wholly owned, direct or indirect, subsidiary of the Borrower ceases to be wholly owned, directly or indirectly, by the Borrower; or (v) Borrower ceases to be wholly-owned, directly or indirectly, by Holdings.

“Collateral” means all present and after acquired undertaking and personal property of the Obligors, including all proceeds thereof, subject to such customary exclusions as set out in the Security Documents.

“Collections Account” means the account established and maintained by a Schedule “1” Canadian Chartered Bank in the name of the Borrower into which all payments by Account Debtors are deposited and which account shall at all times be subject to the Blocked Account Agreement.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and **“Controlling”** and **“Controlled”** have meanings correlative thereto.

“Default” means any event, act, omission or condition which with the giving of notice or passage of time, or both, would result in an Event of Default.

“EBITDA”, for a period, means net income of the Borrower for such period, on a consolidated basis, plus, without duplication for such period, each on a consolidated basis, interest expense, taxes, depreciation, amortization, extraordinary or non-recurring losses and impairments, unrealized losses in the fair value of biological assets and non-cash stock based compensation, less unrealized gains in the fair value of biological assets and extraordinary or non-recurring gains.

“Eligible Account Receivable” means, in respect of any Obligor, an account receivable of such Obligor (in this definition, individually called an "account") which satisfies all of the following eligibility criteria:

- (a) the account is subject to a first-ranking security interest held by the Agent pursuant to the Security Agreements and is not subject to any other Liens, except Permitted Encumbrances, and the Account Debtor thereof has been directed to pay the proceeds of such account to the Collections Account;
- (b) if the Account Debtor is a Governmental Authority, all requirements of Applicable Law have been satisfied in order that the assignment of such account in favour of the Agent shall be valid and enforceable;
- (c) the Account Debtor is located in an Approved Jurisdiction;
- (d) the Account Debtor is not any Obligor or any Related Person of any Obligor;
- (e) the account is not in dispute or subject to any defence, counterclaim or claim by the Account Debtor for credit, set-off, allowance or adjustment;
- (f) the Obligor does not have an obligation to hold any portion of the account in trust or as agent for any other Person (except pursuant to a statutory lien securing obligations which are not overdue);
- (g) an invoice relating to the account has been issued by the Obligor and received by the Account Debtor;
- (h) the account is not outstanding for more than [REDACTED] ([REDACTED]) days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment), unless the Account Debtor is a Governmental Authority, in which case the account shall not be outstanding for more than [REDACTED] ([REDACTED]) days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment);
- (i) the Account Debtor is not insolvent or subject to any Bankruptcy Event; and
- (j) the account is not subject to undue credit risk in the opinion of the Agent.

“Event of Default” means:

- (a) if any Obligor at any time shall fail to pay or perform with regard to the obligation to repay the principal or interest on each Loan Advance on the date required by this Agreement for such payment;
- (b) if any Obligor at any time shall fail to pay or perform with regard to the obligation to pay any fees or other amounts payable to the Agent (which, for greater certainty, does not include amounts

payable under item (i), above) within three (3) Business Days of the date required by this Agreement or any other Transaction Document for such payment;

- (c) if any Obligor ceases or threatens to cease carrying on its business or if a petition shall be filed, an order shall be made or an effective resolution shall be passed for the winding-up or liquidation of an Obligor;
- (d) if a Bankruptcy Event of any Obligor occurs;
- (e) if a Change of Control (that has not been consented to in writing by the Agent) occurs;
- (f) if any encumbrancer, lien holder or Person acting on its behalf shall take possession of the Collateral or any part thereof;
- (g) if any Obligor permits any sum which is outstanding in an aggregate principal amount exceeding \$100,000 and which has been admitted as due by such Obligor or is not disputed to be due by it and which forms or is capable of being made a charge on any Collateral in priority to the security interests granted to the Agent to remain unpaid after proceedings have been taken to enforce such charge;
- (h) if any representation or warranty made by or on behalf of any Obligor or any of its officers, employees or agents to the Agent shall be false or inaccurate, in any material respect (determined in the discretion of the Agent, acting reasonably);
- (i) if any Obligor fails to perform or comply with any of its covenants or obligations contained in any Transaction Document; provided that (other than any covenants provided for in Sections 8(j), 8(k), 8(l), 8(m), 8(n), 8(o), 8(p), 8(q), 8(r), 8(t), 8(u), 8(v), 8(w), and 8(y) or any other Event of Default provided for in any other clause of this definition), if such non-compliance is capable of being remedied within ten (10) days, such Obligor diligently attempts to remedy such non-compliance and informs the Agent of its efforts in this regard, and remedies such default within such ten (10) days, then such non-compliance shall be deemed not to constitute an Event of Default;
- (j) if any Obligor defaults in the observance or performance of any provision relating to the indebtedness or liability of such Obligor to any Person other than the Agent, in an aggregate principal amount exceeding \$100,000, subject to any cure or grace periods provided for in the documentation providing for such indebtedness or liability;
- (k) if any Material Agreement or Material Permit shall terminate, be withdrawn, suspended, revoked, cancelled or amended in contravention of this Agreement;
- (l) if a Material Adverse Change shall have occurred;
- (m) if there is a suspension of trading of the common shares of Holdings on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the Agent and such suspension is in excess of five (5) trading days on such exchange; or
- (n) if the Cannabis Act is repealed and not replaced with similar legislation.

“Governmental Authority” means the government of Canada, the United States of America or any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body (including any self-regulatory body), court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, and for greater certainty includes Health Canada.

“Guarantee” means any agreement by which any Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of, or provide any financial assistance to any other Person or otherwise assures any creditor of such Person against loss, and shall include any contingent liability under any letter of credit or similar document or instrument.

“Hazardous Materials” means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law.

“Health Canada Licenses” means, in respect of any Obligor, all Material Permits of such Obligor which are both related to the Cannabis-Related Activities of such Obligor and issued by Health Canada, including Material Permits to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation License Nos. LIC-CJMMLU7IJN-2019, LIC-NIHQWUXTUS-2019, LIC-QBWAEEEME64-2018, LIC-QBWAEEEME64-2018-2, and LIC-NM7TA6CIJ3-2019.

“Hempoland Transaction” has the meaning given to such term in Section 8(ii).

“Holdings” means The Green Organic Dutchman Holdings Inc.

“Indemnified Parties” refers collectively to the Agent, the Lenders, each of their affiliates as well as each of its directors, officers, employees, representatives and agents and **“Indemnified Party”** refers to any one thereof.

“Interest Rate” means the greater of (i) 12% per annum and, (ii) the TD Prime Rate, plus 8.05% per annum.

“Involuntary Bankruptcy Event” means, without the consent or acquiescence of the applicable Person, the entering of an application for an order for relief or approving a petition or court order for relief or reorganization or any other petition or order seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, monitoring or other similar relief under any present or future bankruptcy, insolvency or similar process under Applicable Law, or the filing of any such petition or order against such Person or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or of all or any substantial part of the undertaking or property of such Person, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within forty-five (45) days from entry thereof.

“Lien” means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, in each case to secure payment of a debt or performance of an obligation, including any conditional sale or any sale with recourse.

“Loan Advance” means any loan extended to the Borrower pursuant to the terms of this Agreement.

“Marijuana” has the meaning ascribed to such term (i) under the Applicable Law in any Approved Jurisdiction or (ii) under the *Controlled Substances Act* (United States).

“Material Adverse Change” means any event, circumstance or change that could be expected to result, individually or in the aggregate, in a material adverse effect, in any respect, on (a) the legality, validity or enforceability of any of the Transaction Documents or any of the security interests provided for thereunder, (b) the right or ability of an Obligor to perform any of its obligations under any of the Transaction Documents, in each case to which it is a party, or to consummate the transactions contemplated under any of the Transaction Documents, (c) the financial condition, assets, business or prospects of the Obligors, taken as a whole, (d) any Material Permit, (e) an Obligor’s ability to retain, utilize, exploit or comply with its obligations under any Material Permit, or (f) the rights or remedies of the Agent under any of the Transaction Documents, that any change in the financial condition of an Obligor as the date hereof caused by or related to the COVID-19 global pandemic occurring prior to the date of this Agreement shall not constitute a Material Adverse Change.

“Material Agreement” means any contract or agreement of an Obligor (i) which involves potential revenue or expenditure in excess of \$500,000 in any fiscal year, or (ii) the loss, termination or non-renewal of which would reasonably be expected to result in a Material Adverse Change, including without limitation any agreement between an Obligor and any other Person for the supply of Cannabis.

“Material Permit” means the Health Canada Licenses and any other authorization, approval, consent, exemption, license, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, development permit or building permit), the failure of which to be obtained or held would prohibit or reasonably be expected to materially and adversely affect the ability of any Obligor to conduct its business as presently conducted and planned to be conducted.

“Obligors” means, collectively the Borrower, Holdings and all of Holdings’ direct and indirect subsidiaries which are organized under the federal laws of Canada (or any province thereof) or any state of the United States of America, and “Obligor” means any of them; for greater certainty, as of the date of this Agreement, the Obligors include the Borrower, The Green Organic Dutchman Holdings Ltd., The Green Organic Hemp Ltd., Medican Organic Inc.

“Permitted Encumbrances” means, collectively:

- (a) Liens granted in favour of the Agent pursuant to the Security Agreements;
- (b) Liens or deposit under workers' compensation, social security or similar legislation or in connection with bids, tenders, leases or contracts or to secured related public or statutory obligations, surety and appeal bonds where required by law;

- (c) any builders', mechanics', materialman's, carriers', repairmen's, warehousemen's, landlords' and other like Liens and privileges, in each case, which relate to obligations not yet due or delinquent or being contested in good faith;
- (d) any Liens for taxes, assessments, unpaid wages, unpaid superannuation or governmental charges or levies for the then current year and not at the time due and delinquent or are being contested in good faith;
- (e) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim or permit held or acquired by an Obligor, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;
- (f) any Lien created or assumed by any Obligor in favour of a public utility when required by the utility in connection with the operations of such Obligor that do not in the aggregate detract from the value of any of the Collateral or impair their use in the operation of the business of such Obligor;
- (g) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;
- (h) any applicable municipal and other Governmental Authority restrictions affecting the use of land or the nature of any structures which may be erected thereon, any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by any Obligor, or title defects, encroachments or irregularities, that do not detract from the value of the property or impair its use in the operation of the business of any Obligor;
- (i) any Lien that secures Permitted Indebtedness referred to under clause (c) of the definition of "Permitted Indebtedness";
- (j) any Lien that secures Permitted Indebtedness referred to under clause (g) of the definition of "Permitted Indebtedness" provided that: (a) such Lien is limited to the mobile equipment which was acquired with the proceeds of such Permitted Indebtedness and (b) the amount of such Permitted Indebtedness secured by any such Lien at no time exceeds 100% of the original acquisition price of such mobile asset at the time it was acquired, plus interest and fees, if any;
- (k) any Lien in connection with attachments, judgments and other similar Liens arising in connection with court proceedings; provided however that: (a) the Liens are in existence for less than twenty (20) Business Days after their creation, or (b) the execution or other enforcement of the Lien is effectively stayed or the claims so secured is being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles;
- (l) customary rights of set-off or combination of accounts with respect to deposits or accounts incurred in the ordinary course of business; and

- (m) Liens listed in Schedule “J”;
- (n) any Lien that secures indebtedness provided that such Lien is limited to monies paid or payable under the insurance policies together with the assigned right to cancel the insurance policies.

“**Permitted Guarantees**” means any Guarantee by an Obligor of any Permitted Indebtedness.

“**Permitted Indebtedness**” means any:

- (a) indebtedness under this Agreement;
- (b) indebtedness comprised of amounts owed to trade creditors and accruals in the ordinary course of business, which are either not overdue or, if disputed and in that case whether or not overdue, are being contested in good faith by such Obligor by appropriate proceedings diligently conducted, and provided always that: (i) the failure to pay such indebtedness could not be expected to result in a Default or Event of Default and (ii) the aggregate amount of such indebtedness does not exceed \$15,000,000;
- (c) any inter-company indebtedness between any Obligors;
- (d) any other indebtedness which the Agent agrees in writing is Permitted Indebtedness for the purposes of this Agreement;
- (e) any indebtedness under Capital Leases and Purchase Money Obligations, which indebtedness does not exceed \$10,000,000 in the aggregate for the Obligors at any time; and
- (f) indebtedness owed to any Person providing or financing workers’ compensation, health, disability or other employee benefits or property, casualty or liability insurance, in each case incurred in the ordinary course of business.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Potential Priority Claims**” means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any Applicable Law or otherwise, which ranks or is capable of ranking in priority to the Agent’s security or otherwise in priority to any claim by the Agent for repayment of any amounts owing under this Agreement.

“**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, and to the extent relevant, equivalent statutes of the other Provinces of Canada, including the *Civil Code of Quebec*.

“**Priority Lien**” means any Lien that is not a Subordinated Lien.

“**Purchase Money Obligation**” means, with respect to a Person, indebtedness of the Person issued, incurred or assumed to finance all or part of the cost of acquiring any tangible asset.

“Related Person” in relation to any Person means a Subsidiary, Affiliate, Associate or shareholder, director, officer or employee of such Person.

“Requirements of Environmental Law” means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives, policies or guidelines have the force of law; (iv) permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (v) requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation of Hazardous Materials and (B) exposure to Hazardous Materials.

“Responsible Person” means: (i) an officer or director of any Obligor; or (ii) any other Person required to hold a security clearance pursuant to the Cannabis Act or the Cannabis Regulations.

“Revolving Facility” means a revolving credit facility in an amount not to exceed the Revolving Facility Limit.

“Revolving Facility Limit” means the Base Facility Amount at such time, plus the Revolving Facility Margin Limit at such time, provided that such aggregate amount shall not at any time exceed \$25,000,000.

“Revolving Facility Margin Limit” means, at any time, the Advance Rate multiplied by, (x) the face amount of all Eligible Accounts Receivables at such time, minus (y) any Eligible Accounts Receivables subject to any Potential Priority Claims and Priority Liens at such time.

“Security Agreements” means, collectively, (i) general security and pledge agreements (or hypothecs) delivered by each of the Obligors to the Agent; (ii) the debentures and mortgages given by the Obligors to the Agent, as applicable, in respect of the real property owned by them; (iii) security agreements in respect of intellectual property delivered by each of the Obligors to the Agent, as applicable; (iv) a subordination agreement or intercreditor from each creditor in respect of an Outstanding Payable, as applicable; (v) all guarantees given by any Obligor to the Agent, and (vi) a Blocked Account Agreement with respect to the Collections Accounts; and (vii) assignments of insurance delivered by the Obligors in favour of the Agent, as applicable, in each case, as such agreements may be amended, amended and restated or replaced in its entirety from time to time.

“Solvent” means, with respect to any Person as of the date of determination, (i) the aggregate property of such Person is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due; (ii) the aggregate property of such Person is, at a fair valuation, sufficient to enable payment of all its obligations, due and accruing due; (iii) such Person is able to meet its obligations as they generally become due; and (iv) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due; and for purposes of this definition, the amount of any contingent obligation at such time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Subordinated Lien” means any Lien for which the holder thereof has agreed, pursuant to a subordination agreement or intercreditor agreement in form satisfactory to the Agent, that such Lien shall at all times be subordinated and postponed in favour of the Liens granted by any Obligor in favour of the Agent.

“Subsidiary” means a Person (other than a natural person) which is Controlled, directly or indirectly, by another Person (other than a natural person); and for greater certainty includes a Subsidiary of a Subsidiary.

“TD Prime Rate” means the floating annual rate of interest established from time to time by the Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to the Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its “prime rate”.

“Total Exposure” has the meaning given to such term in Section 3(a) of this Agreement.

“Transaction Documents” means, collectively, this Agreement, the Guarantees given by the Obligors (other than the Borrower) in respect of the obligations under this Agreement, the Security Agreements, the Warrants, the Amendment No. 1 Warrants, the Amendment No. 2 Warrants and all other documents contemplated by this Agreement and/or delivered in connection with this Agreement (including, for greater certainty, any Advance Request Certificate and Borrowing Base Certificate).

“Utilization Fee Rate” means two and four tenths of a percent (2.40%) per annum, divided by the then current calendar year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be.

“Vendor Subordination Agreements” means the subordination agreements referred to in part (iv) of the definition of “Security Agreements”.

“Voluntary Bankruptcy Event” means (a) an admission in writing by a Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors, (b) the filing of any assignment, petition or consent thereto or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any present or future bankruptcy, insolvency or similar Applicable Law, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or for any substantial part of such Person’s property, or (c) corporate or other action taken by such Person to authorize any of the actions set forth above.

SCHEDULE "D"

LITIGATION

1. 1613240 Ontario Ltd. and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd. ("TGOD Holdings"), Ontario Superior Court of Justice File No. CV-18-605781. Action commenced by the former Chief Financial Officer of TGOD Holdings claiming \$3 million in damages, stemming from the termination of her consulting agreement.
2. Iostesso Holdings Inc., 2 Chisholm Court Property Inc., Jonathan Wener and PT Enterprises Inc. v. The Green Organic Dutchman Holdings Ltd., Supreme Court of British Columbia, Registry No. S-195390. Action commenced by a group of investors claiming approximately \$1.25 million in damages for breach of contract arising from lock-up provisions applicable to certain warrants issued by TGOD Holdings.
3. On August 3, 2020, the Company was named as a defendant in a civil litigation matter commenced in the United States District Court for the Middle District of Georgia relating to its minority interest in a US-based beverage incubation business, seeking, among other things, unquantified compensatory damages and injunctive relief

SCHEDULE "E"

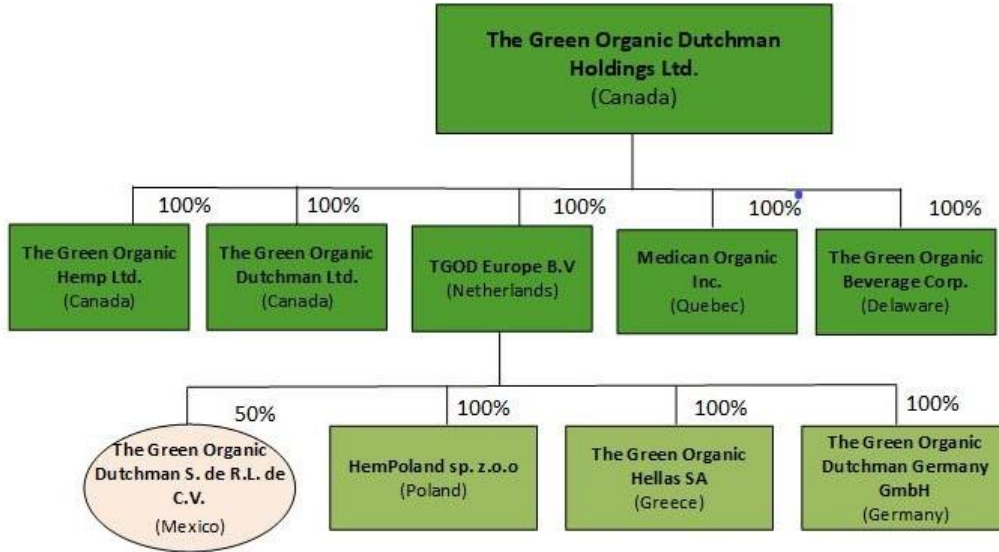
ENVIRONMENTAL DISCLOSURE

Nil.

SCHEDULE "F"

CORPORATE INFORMATION

Intercorporate Relationships



The Green Organic Dutchman Ltd.

Name of Obligor: The Green Organic Dutchman Ltd.

Prior Obligor Names: N/A

Predecessor Corporations: N/A

Jurisdiction of Incorporation: Canada

Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Principal Place of Business/
Chief Executive Office: 1915 Jerseyville Road West, Jerseyville, Ontario L0R 1R0

Issued & Outstanding Shares: 200 common shares

List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 200 common shares

The Green Organic Dutchman Holdings Ltd.

Name of Obligor: The Green Organic Dutchman Holdings Ltd.

Prior Obligor Names: N/A

Predecessor Corporations: N/A

Jurisdiction of Incorporation: Canada

Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Principal Place of Business/
Chief Executive Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Issued & Outstanding Shares: 313,608,518 common shares

List of Shareholders: N/A

The Green Organic Hemp Ltd.

Name of Obligor: The Green Organic Hemp Ltd.

Prior Obligor Names: N/A

Predecessor Corporations: N/A

Jurisdiction of Incorporation: Canada

Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Principal Place of Business/
Chief Executive Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3

Issued & Outstanding Shares: 103 common shares

List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 103 common shares

Medican Organic Inc.

Name of Obligor: Medican Organic Inc./Médican Biologique inc.

Prior Obligor Names: N/A

Predecessor Corporations: 9371-8633 Québec Inc./9371-8633 Québec Inc.

Jurisdiction of Incorporation: Québec

Registered Office: 311-455 Boul. Fénelon, Dorval, Québec H9S 5T8

Principal Place of Business/
Chief Executive Office: 1175 Boul. Gérard-Cadieux, Salaberry-de-Valleyfield, Québec, J6T 6M1

Issued & Outstanding Shares: 100 common shares

List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 100 common shares

SCHEDULE "G"

PENDING CORPORATE CHANGES

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated October 23, 2020 and trading on the Canadian Securities Exchange under the symbol "TGOD.WA".

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated December 10, 2020 and trading on the Canadian Securities Exchange under the symbol "TGOD.WB".

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated June 12, 2020 and trading on the Canadian Securities Exchange under the symbol "TGOD.WR".

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated December 19, 2019 and trading on the Canadian Securities Exchange under the symbol "TGOD.WS".

Warrants issued by The Green Organic Dutchman Holdings Ltd. to Maynbridge Capital Inc. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. To Cortland Credit Corporation. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. to Canaccord Genuity Corp. in connection with its financings of The Green Organic Dutchman Holdings Ltd.

Escrowed share units, contingent share units, RSUs, and incentive stock options and ESPP issued under The Green Organic Dutchman Holdings Ltd.'s incentive compensation plans

SCHEDULE "H"

MATERIAL AGREEMENTS AND MATERIAL PERMITS

Material Agreements

1. Standing Offer Contract 1631 between The Green Organic Dutchman Holdings Ltd. and Alberta Gaming, Liquor and Cannabis Commission dated May 20, 2019
2. Master Cannabis Supply Agreement between The Green Organic Dutchman Holdings Ltd. and Ontario Cannabis Retail Corporation dated February 6, 2019
3. Data Subscription Agreement between The Green Organic Dutchman Holdings Ltd. and Ontario Cannabis Retail Corporation dated February 25, 2019
4. Licensed Producer Supply Agreement for Non-Medical Cannabis between The Green Organic Dutchman Holdings Ltd. and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act dated November 7, 2019
5. NLC Cannabis and Cannabis Related Product Supply Agreement between The Green Organic Dutchman Ltd. and Newfoundland and Labrador Liquor Corporation dated November 19, 2019
6. Lettre D'Intention between The Green Organic Dutchman Holdings Ltd. and Societe Quebequoise du Cannabis dated March 26, 2020
7. CCDC 5B Construction Management Contract for Services and Construction between Medican Organic Inc. and Ed Brunet & Associes Canada Inc. dated August 24, 2018, as amended by an Agreement for Future Amendment dated August 2018 and Supplementary Conditions dated August 30, 2018
8. Supra-Contractual Liability Agreement between Medican Organic Inc., Ed Brunet et Associes Canada Inc., KVPBC Greenhouses Manufacturing BV, Kubo Greenhouse Projects BV, PB Techniek BV, Hawe Systems International BV, VK Greenhouse Projects BV, 9668837 Canada Inc., and Emile Seguin & Fils Ltee dated March 20, 2019
9. CCDC 5B Construction Management Contract for Services and Construction between The Green Organic Dutchman Ltd. and Ledcor Construction Limited dated February 3, 2017, as amended April 9, 2019 and as further amended on December 20, 2019
10. Services Agreement between The Green Organic Dutchman Holdings Ltd. and Velvet Management Inc. dated November 12, 2018
11. Equipment Purchase Agreement between Medican Organic Inc. and Ziel Equipment, Sales & Services, LLC dated March 15, 2019
12. Equipment Purchase Agreement between The Green Organic Dutchman Holdings Ltd. and Enwave Corporation dated December 28, 2018

13. Equipment Purchase Agreement between Medican Organic Inc. and Enwave Corporation dated March 22, 2019, as amended July 17, 2019
14. Budget Equipment Proposal Reference CON-19-1218R7-NP between The Green Organic Dutchman Ltd. and Capmatic Ltd. dated April 5, 2019
15. Budget Equipment Proposal Reference CON-18-1216R9-NP between The Green Organic Dutchman Ltd. and Capmatic Ltd. dated April 5, 2019
16. Letter of Intent between Medican Organic Inc. and Capmatic Ltd. dated December 5, 2018
17. Supplier Agreement – Cannabis Products between The Green Organic Dutchman Holdings Ltd. and Loblaw's Inc. dated March 3, 2020
18. Agreement of Purchase and Sale of Valleyfield Facility with Cannara Biotech (Ops) Inc., dated June 8, 2021
19. Service agreement with Cannara (Valleyfield) with respect to providing services at Valleyfield, QC dated September 25, 2021.

Material Permits

20. License and Consulting Agreement between The Green Organic Dutchman Holdings Ltd. and CBx Enterprises LLC dated May 21, 2018
21. License Agreement between The Green Organic Dutchman Holdings Ltd. and 5071 Incorporated (o/a Stillwater Foods) dated May 28, 2018
22. Health Canada Licence No LIC-NM7TA6CIJ3-2019 (hemp cultivation) issued to The Green Organic Hemp Ltd. expiring March 29, 2022
23. Health Canada Licence No LIC-CJMMLU7IIN-2019-1 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. expiring August 16, 2022
24. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025

SCHEDULE "I"

REAL PROPERTY

1. Owned:
 - a. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0 owned by The Green Organic Dutchman Ltd.
2. Leased:
 - a. 6205 Airport Rd., Suites 200 & 301, Bldg A, Mississauga, ON L4V 1E3 leased by The Green Organic Dutchman Holdings Ltd.
 - b. 311-455 BOUL., Fenelon, Dorval, Quebec H9S 578 leased by Medican Organic Inc.

SCHEDULE "J"

PERMITTED ENCUMBRANCES

1. Lien with registration number 20170906 1631 1862 3892 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to assignment of term deposits and credit balances.
2. Lien with registration number 20180410 1610 1532 1077 in favour of Bank of Montreal as against The Green Organic Dutchman Holdings Ltd. with respect to a short-term investment certificate n/o 0002-9631-033 in the principal amount of \$100,000.
3. Lien with registration number 20191025 1616 1626 1771 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to a term deposits #8 and #9 for letters of credit in the amount of \$35,000 and \$455,500, plus interest accrued on such term deposits.

SCHEDULE "K"

ACCREDITED INVESTOR CERTIFICATE

TO: THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD. (the "Corporation")

You (the undersigned accredited investor) represent and warrant to the Corporation that you are an "accredited investor" as defined in section 73.3 of the *Securities Act* (Ontario), on the basis that you fit within the category of accredited investor which you have indicated below.

You represent and warrant that you are: ***{please initial the applicable item, complete the relevant information and sign this certificate}***

- _____ (a) a Schedule I, II or III bank, or a Canadian financial institution
- _____ (b) the Business Development Bank of Canada
- _____ (c) a subsidiary of any person referred to in paragraph (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary
- _____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d)
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador)
- _____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada
- _____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec
- _____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government
- _____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada

- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000
- {Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of “financial assets” later in this certificate. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of “related liabilities”. Financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you.}*
- _____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000
- {Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1).}*
- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year
- _____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000
- {Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the subscription.}*
- _____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements
- _____ (n) an investment fund that distributes or has distributed its securities only to:
- (i) a person that is or was an accredited investor at the time of the distribution;
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 (*Minimum amount investment*), or 2.19 (*Additional investment in investment funds*) of NI 45-106; or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 (*Investment fund reinvestment*) of NI 45-106
- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt
- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a

jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be

_____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction

_____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded

_____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function

_____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors

*{Note: If you have initialled this paragraph (t), name each owner of an interest, and indicate the category of accredited investor into which that person fits (by reference to the paragraph numbers in this **Error! Reference source not found.**). If a person named below is a director required by law to own a voting security, and that person is not an accredited investor, indicate "director" under Category.}*

Name	Category
_____	_____
_____	_____
_____	_____
_____	_____

_____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser

_____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor

_____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse

{Note: If you have initialled this paragraph (w), name the person who established the trust and each trustee, and indicate the category of accredited investor into which that person

*fits (by reference to the paragraph numbers in this **Error! Reference source not found.**). If a person named below is not an accredited investor, indicate "N/A" under Category.}*

	Name	Category
Person who established trust:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____

Signatures	
Name of accredited investor:	CORTLAND CREDIT LENDING CORPORATION
Signature of authorized signatory/agent on behalf of accredited investor:	
Name and official capacity or title of authorized signatory/agent:	
Date:	

As used in this certificate, the following terms have the following meanings.

"Canadian financial institution" means:

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; and
- (b) in Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be; and
- (c) outside of Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada.

"eligibility adviser" means:

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and

- (b) in Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
- (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons; and
 - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months.

“executive officer” means, for an issuer, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer.

“financial assets” means:

- (a) cash;
- (b) securities; or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation.

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada.

“founder” means, in respect of an issuer, a person who:

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer; and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer.

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction.

“investment fund” has the same meaning as in National Instrument 81-106 — *Investment Fund Continuous Disclosure* and means a mutual fund or a non-redeemable investment fund.

“jurisdiction of Canada” means a province or territory of Canada.

“non-redeemable investment fund” means an issuer:

- (a) whose primary purpose is to invest money provided by its securityholders;
- (b) that does not invest:
 - (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund; or
 - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund; and
- (c) that is not a mutual fund.

“person” includes:

- (a) an individual;
- (b) a corporation;
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative.

“related liabilities” means:

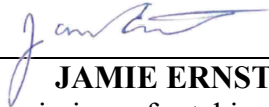
- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or
- (b) liabilities that are secured by financial assets.

“spouse” means an individual who:

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual;
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta).

“subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

THIS IS **EXHIBIT "Z"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of January 8, 2024

Among:

Cortland Credit Lending Corporation,
in its capacity as administrative agent (the “**Agent**”)
for the Lenders (as defined herein)
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

And:

The Green Organic Dutchman Ltd. (the “**Borrower**”)
Suite 402 – 5520 Explorer Drive
Mississauga, ON L4W 5L1

And:

Those lenders from time to time party hereto in accordance with Section 30 (collectively, the “**Lenders**”, and each a “**Lender**”).

WHEREAS the Agent and the Borrower entered into a credit agreement dated March 31, 2020, as amended by a first amendment dated May 27, 2020, a second amendment dated October 1, 2020 and a third amendment dated July 30, 2021 (as amended, the “**Original Credit Agreement**”).

AND WHEREAS the Agent and the Borrower amended and restated the Original Credit Agreement in its entirety by way of an amended and restated credit agreement dated September 29, 2021, as amended by a first amendment dated November 30, 2021, a second amendment dated March 9, 2022, a third amendment dated April 29, 2022, a fourth amendment dated November 3, 2022, a fifth amendment dated June 30, 2023, and a sixth amendment dated August 30, 2023 (as amended, the “**First ARCA**”).

AND WHEREAS the Borrower and the Lenders wish to amend and restate the First ARCA in its entirety by way of this second amended and restated credit agreement (this “**Agreement**”).

AND WHEREAS terms used and not otherwise defined have the meanings given to such terms in Schedule “C” attached hereto.

IN CONSIDERATION of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. **Funding Commitment.**

- (a) Subject to the satisfaction of the terms and conditions set out in this Agreement, the Agent, on behalf of the Lenders, hereby agrees to continue to provide the Borrower with the Revolving Facility, by way of Loan Advances, provided that the aggregate amount of Loan Advances outstanding at any time shall not exceed the Revolving Facility Limit.

(b) The Borrower acknowledges and agrees that the proceeds of the Revolving Facility will be used to finance the working capital requirements of the Obligors, including the payment of ordinary course payables of the Obligors, including fees and expenses relating to the transactions contemplated by this Agreement.

2. **Agent Compensation.** In consideration of, among other things, amending the Revolving Facility as provided for under this Agreement, the Agent shall be entitled to the following fees or reimbursement of the following costs (which fees and costs shall be in addition to any other amounts payable to the Agent and/or Lenders hereunder, including interest):

(a) **[Reserved].**

(b) Any documented out-of-pocket expenses incurred in connection with (i) the Agent's due diligence, and (ii) the monitoring of the Revolving Facility while the Revolving Facility is made available to the Borrower, shall be payable upon demand.

(c) A utilization fee, calculated daily and payable on the last Business Day of each month, by subtracting the aggregate amount of the Loan Advances outstanding on each day, from the Maximum Revolving Facility Limit) and multiplying the difference by the Utilization Fee Rate.

3. **Loan Advances.**

(a) Subject to satisfaction of the terms and conditions set out in this Agreement, the Agent shall, from time to time, upon request of the Borrower made in accordance with the terms and conditions of this Agreement, make one or more Loan Advances available to the Borrower provided that the aggregate principal amount of such Loan Advances does not exceed, at any given time, the Revolving Facility Limit at such time. If at any time the aggregate principal amount of all Loan Advances outstanding (collectively, the "**Total Exposure**") exceeds the Revolving Facility Limit at such time, then the Borrower will promptly repay such Loan Advances in cash by an amount required to reduce the Total Exposure to an amount less than or equal to the Revolving Facility Limit.

(b) Each Loan Advance will bear interest at the Interest Rate, which interest will be due and payable in cash on the last Business Day of each month.

(c) The Revolving Facility shall be a revolving facility. For greater certainty, the Borrower shall be entitled to obtain Loan Advances under the Revolving Facility from time to time and repay all or any portion of the Loan Advances under the Revolving Facility from time to time and thereafter re-borrow Loan Advances from time to time; provided that: (i) the Borrower, acknowledges, covenants and agrees that the Total Exposure shall not at any time exceed the Revolving Facility Limit.; (ii) any repayment made in respect of the Base Facility Amount prior to the Maturity Date (each such repayment, a "**Base Facility Prepayment**") shall permanently reduce the Base Facility Amount (but, for greater certainty, not the Maximum Revolving Facility Limit) by an amount equal to such Base Facility Prepayment; and (iii) on and after March 24, 2024, the Borrower shall make Base Facility Prepayments, on a monthly basis, in amounts to be determined by the Agent acting reasonably.

(d) The Collection Account will be swept daily as provided for in Section 8(w).

- (e) Interest owing on the Loan Advances shall be calculated daily and not in advance on the basis of the then current calendar year of three-hundred and sixty-five (365) or three-hundred and sixty-six (366) days for the actual number of days elapsed, and in the case of a leap year, the annual interest rate corresponding to the interest calculated on a three-hundred and sixty-five (365) day year is equal to the interest rate thus calculated multiplied by three-hundred and sixty-six (366) and divided by three-hundred and sixty-five (365). Any amount of principal, interest, commission, discount or of any other nature remaining unpaid at maturity shall bear interest at the Interest Rate. Interest on all overdue interest calculated as aforesaid and compounded monthly at the aforesaid rate from the due date thereof without necessity of notice or demand, the whole before as well as after maturity, demand, default or judgement. The Borrower acknowledges and agrees that for the purposes of the *Interest Act* (Canada), the information provided to it hereunder with respect to the calculation of interest hereunder or under any other Transaction Document shall constitute an express statement of the yearly rate or percentage of interest to which such interest rate (including the Interest Rate) or percentage is equivalent. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any other Transaction Document, that the interest payable under this Agreement (including the Interest Rate) or any other Transaction Document and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Applicable Law.
- (f) Where the rate of interest payable under any Loan Advance is found by a competent court of law, governmental agency or other tribunal to exceed the maximum rate of interest permitted by the laws of any applicable jurisdiction or the rules or regulations of any appropriate regulatory authority, then during the time that the rate of interest would exceed the permissible limit, that portion of each interest payment attributable to the portion of the interest rate that exceeds the permissible limit shall be deemed to be a voluntary prepayment of principal.
- (g) The Agent's books and records relating to the Loan Advances and any related interest shall be *prima facie* evidence of same, absent manifest error.

4. **Conditions Precedent to the Effectiveness of this Agreement.** The effectiveness of this Agreement will be subject to receipt by the Agent of an executed copy of this Agreement together with the following, each in a form satisfactory to the Agent, and/or satisfaction of the following, unless waived by the Agent on terms satisfactory to the Agent:

- (a) an executed copy of a perfection certificate by the FBC Obligors;
- (b) an executed copy of a confirmation of guarantee and security agreement from each Obligor (other than the FBC Obligors);
- (c) an executed copy of an attornment agreement to the Guarantee to be delivered by each FBC Obligor;
- (d) an executed copy of each of the Security Agreements by each FBC Obligor;
- (e) an executed copy of an amendment agreement to the Security Agreement previously delivered by Holdings;

- (f) an executed copy of a completion certificate in respect of the FBC SEA by Holdings together with:
 - (i) a copy of the release by the FBC Vendor (and all subsidiaries of the FBC Vendor except for the FBC Obligors) of any and all amounts owing by the FBC Obligors (other than the FBC Unsecured Loan); and
 - (ii) copies of each employee release required under or pursuant to the FBC SEA;
- (g) until view access has been granted pursuant to Section 11(c), deliver, or caused to be delivered, to the Agent a bank statement with respect to the FBC Obligor bank accounts daily and the Borrower will, or will cause the FBC Obligors to, manually sweep such accounts weekly to the Agent;
- (h) documents evidencing the equity conversion of the loan made by Stone Pine to Holdings pursuant to the secured demand promissory note dated September 26, 2022 in the principal amount of \$2,200,000, including:
 - (i) executed copies of any and all documents relating to the equity conversion;
 - (ii) executed copies of any and all documents releasing Holdings from the security granted in favour of Stone Pine, including that certain general security agreement dated September 26, 2022;
 - (iii) executed copies of any and all documents confirming payment in full of the Stone Pine indebtedness incurred pursuant to such note; and
 - (iv) copies of the discharges for any registrations or filings that may be outstanding in favour of Stone Pine against Holdings in connection with Section 4(h)(ii) immediately above.
- (i) receipt by the Agent of all information necessary for the Agent to comply with its legal and internal requirements in respect of applicable money-laundering legislation, proceeds of crime legislation and “know your customer” requirements;
- (j) completion of and satisfaction with all necessary financial, insurance and legal due diligence (including the Agent’s satisfaction with the nature and scope of any Liens affecting the FBC Obligors);
- (k) a corporate organizational chart for the Obligors;
- (l) a certificate of a senior officer of the Borrower, Holdings and each FBC Obligor to which are appended: (i) copies of the articles of incorporation, certificate of formation and by-laws or constitution (if applicable), operating agreement or shareholder agreement governing the affairs of such Obligor (if applicable), (ii) an incumbency certificate setting out the names and offices of all directors and officers of such Obligor, together with specimen signatures of same, and (iii) certified copies of the resolutions of the shareholders or directors of such Obligor authorizing the execution, delivery and performance of the Transaction Documents to which each is a party and the transactions contemplated thereby, and the granting of security;
- (m) certificates of status or good standing or equivalent, as applicable, of each Obligor in respect of its jurisdiction of formation;

- (n) opinions regarding corporate status of the Borrower, Holdings and each FBC Obligor, the due authorization, execution and delivery of the Transaction Documents to which such Obligor is a party, all registrations in respect of such security and the enforceability of such Transaction Documents (all such opinions to be in form and substance satisfactory to the Agent);
- (o) all representations and warranties provided for in the Transaction Documents being true, accurate and complete, in all material respects;
- (p) no Material Adverse Change has occurred since the date of the last financial statements provided by the Obligors to the Agent;
- (q) evidence that all security given to the Agent is registered and perfected in all such jurisdictions satisfactory to the Agent in order to provide the Agent with a first-ranking security interest (subject only to Permitted Encumbrances) in the Collateral;
- (r) the Agent shall have received payment in full of all fees and expenses required under this Agreement;
- (s) the Agent shall have received, in form and substance satisfactory to the Agent, delivery of any estoppel letters, releases, discharges, subordinations and postponements (in registerable form where appropriate) with respect to any Liens affecting the Collateral;
- (t) the Agent shall have received copies of all Material Agreements and Material Permits; and
- (u) such other conditions and/or documents or instruments as the Agent may reasonably require.

5. **Conditions Precedent to Loan Advances.** The obligation of the Lenders to make any Loan Advance (subsequent to the initial Loan Advance) will be subject to receipt by the Agent of the following, each in a form satisfactory to the Agent, and/or satisfaction of the following, in each case, without duplication, unless waived by the Agent on terms satisfactory to the Agent:

- (a) an executed Advance Request Certificate and a Borrowing Base Certificate shall have been received not less than 1 Business Day before the date of the proposed Loan Advance;
- (b) all representations and warranties provided for in the Transaction Documents being true, accurate and complete, in all material respects, as of the date of such Loan Advance, except to the extent specified to be made as of a specific date; and
- (c) no Default or Event of Default shall have occurred as of the date of such Loan Advance.

6. **Representations and Warranties.** Each Obligor represents and warrants to the Agent as follows:

- (a) **Status.** It has been duly organized and is a valid and subsisting legal entity in good standing under the laws of its jurisdiction of formation and has full capacity and power to carry on its business as the same is presently conducted and, to own and lease property.
- (b) **Power and Authority.** It has the power and is duly authorized to enter into, execute, deliver and perform its obligations under this Agreement and each other Transaction Document

to which it is a party, and it has the power and is duly authorized to borrow as herein contemplated and to provide the security interests herein contemplated.

- (c) Ownership of Assets. It owns, leases or has rights in all assets required in order to carry on its businesses as presently conducted. All such assets are owned by it free and clear of all Liens other than Permitted Encumbrances.
- (d) Compliance with Laws. It is in compliance in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws).
- (e) Litigation, Judgments and Executions. There are no actions, suits or proceedings pending, or to the knowledge of it threatened, against it in any court or before or by any federal, provincial, municipal or other Governmental Authority, except: (A) the litigation disclosed in Schedule "D" attached hereto; and (B) other litigation in which all amounts claimed against the Obligors do not in the aggregate exceed Fifty Thousand Dollars (\$50,000). There are no judgments or executions against it. Without limiting the generality of the foregoing:
 - (i) the matter involving Panni Management and Technology Corporation has been resolved and the settlement was not material, and did not cause a Material Adverse Change or result in the occurrence of a Default or Event of Default; and
 - (ii) any amount owing or which may become owing by any Obligor pursuant to or in connection with the Tambakos Litigation Matter (as defined in Schedule "D" attached hereto) is fully indemnified by a Person (other than an Obligor) pursuant to the FBC SEA.
- (f) Environmental Laws. Except to the extent disclosed in Schedule "E" attached hereto:
 - (i) each Obligor and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials;
 - (ii) each Obligor holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials and all other Requirements of Environmental Law;
 - (iii) there has been no material emission, spill, release, or discharge into or upon the air, soils (or any improvements located thereon), surface water or groundwater or the sewer, septic system or waste treatment, storage or disposal system servicing any premises, of any Hazardous Materials at or from any of the properties owned or leased by any of the Obligors;
 - (iv) no material written complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person has been received by any Obligor with respect to any of the properties owned or leased by any of the Obligors in respect of air emissions, spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any of the properties owned or

leased by any of the Obligors, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation, or disposal of Hazardous Materials or other Requirements of Environmental Law affecting any of the properties owned or leased by any of the Obligors;

- (v) there are no material legal or administrative proceedings, investigations or claims now pending, or to the Borrower's knowledge, threatened in writing, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the properties owned or leased by any of the Obligors, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion between any Obligor and any Governmental Authority relating thereto; and there is no factual basis for any such proceedings, investigations or claims; and
- (vi) the Obligors have no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials, including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal.
- (g) Bankruptcy Events. No Bankruptcy Event has been initiated by it or occurred in respect of it, and no Bankruptcy Event has been threatened against it.
- (h) Anti-Terrorism and Corruption Laws. It has conducted its business in compliance with Anti-Terrorism and Corruption Laws and has instituted and maintained policies and procedures reasonably designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws.
- (i) Subsidiaries. As of the date hereof, the only Subsidiaries it has are listed in Schedule "F" attached hereto.
- (j) Corporate Information. Schedule "F" attached hereto contains a true and complete list as of the date hereof of the following information in respect of each Obligor:
 - (i) all prior names and predecessor corporations;
 - (ii) jurisdiction of incorporation;
 - (iii) registered office, chief executive office, principal place of business, and all locations at which it has places of business or owns assets;
 - (iv) the number and classes of its issued and outstanding shares, except in the case of Holdings; and
 - (v) a list of all shareholders including the number and class of shares held by each and a list of all of its subsidiaries.
- (k) Solvency. It is Solvent.
- (l) No Pending Corporate Changes. Except as disclosed on Schedule "G" attached hereto, or in the public filings of Holdings, as of the date hereof, no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible

obligations of any nature, for the purchase of any properties or assets of any Obligor out of the ordinary course of business or for the purchase, subscription, allotment or issuance of any debt or equity securities of any Obligor.

- (m) Material Agreements and Material Permits. Its Material Agreements and Material Permits are listed in Schedule "H" attached hereto (as such Schedule may be updated from time to time to reflect any Material Agreements or Material Permits entered into or obtained in compliance with the terms hereof) and true, correct and complete copies of each have been delivered to the Agent. Each such Material Agreement and Material Permit is in good standing, in full force and effect and there are no defaults thereunder, except to the extent any such Material Agreement has terminated as scheduled in the ordinary course in accordance with its terms.
- (n) No Conflicts under Material Agreements or Material Permits. The execution and delivery by each Obligor of those Transaction Documents to which it is a party, and the performance of its obligations thereunder, will not conflict with, result in a breach of or require any approval or consent under any Material Agreement or Material Permit to which it is a party.
- (o) Real Properties. Its real property interests as of the date hereof, both owned and leased, and subject to a warehouse contract or held with a bailee, are listed in Schedule "I" attached hereto.
- (p) No Guarantees. It has not granted any Guarantees, other than Permitted Guarantees.
- (q) Statutory Liens. It has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax and employment insurance), goods and services tax and all other amounts, which if not paid when due could result in the creation of a statutory lien against any of its property.
- (r) No Default or Event of Default. No Default or Event of Default has occurred and is continuing.
- (s) Financial Statements and No Material Change. The financial statements of the each Obligor that have been made available to the Agent have been prepared in accordance with GAAP, and fairly present the financial position and results of operations of such Obligor for the dates or periods reported on thereby subject, in relation to any unaudited financial statements, any year-end adjustments. From the date of the last audited financial statements made available to the Agent, there has been no event which would reasonably be expected to result in a Material Adverse Change.
- (t) Related Party Transactions. Except as (A) disclosed in the financial statements or other public disclosure of the Obligors or (B) as permitted by this Agreement, no Obligor: (i) is a creditor under a loan or otherwise committed to make any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any related party thereof (other than another Obligor); or (ii) been a party to any contract with any related party thereof, other than independent contractor or indemnification agreements entered into with officers or directors. Any transactions between an Obligor and a related party (other than another Obligor) has been completed on reasonable commercial terms that, considered as a whole, are not in any material respect less advantageous to such Obligor, than if the

transaction was with a Person dealing at arm's length with such Obligor, as the case may be.

- (u) U.S. Cannabis. It has no direct, indirect or ancillary interest in any "marijuana-related activity" in the United States as defined in Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana Activities of the Canadian Securities Administrators.
- (v) Internal Controls. It has established and maintains a system of internal controls over financial reporting that is designed to provide reasonable assurance regarding the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of it; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of it are made only in accordance with authorizations of management its directors; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of its property or assets that could have a material adverse effect on its financial statements.
- (w) Full Disclosure. All information (including, without limitation, financial information and financial statements) furnished by or in respect of the Obligors to the Agent for the purposes of or in connection with this Agreement and each of the other Transaction Documents was true and correct in all material respects as at the date such information is stated to have been given, and is not incomplete by omitting to state any material fact necessary to make the statements contained in such information not misleading in any material respect in light of the circumstances under which the statements contained in such information were made.
- (x) Warrants. In respect of the Warrants and the Warrant Shares:
 - (i) Warrants. That the Agent, or its Affiliates, are the holders of the Warrants and that the Warrants are fully earned.
 - (ii) Warrant Shares. That Holdings (A) is duly authorized and has the corporate and lawful power and authority to create and issue the Warrant Shares upon the exercise of the Warrants and to perform its obligations thereunder and that the certificate(s) representing the Warrants, will, when issued, represent a valid, legal and binding obligation of Holdings enforceable in accordance with its terms; and (B) has agreed to, at all times, reserve and keep available out of its authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants, it will cause the Warrant Shares, including duly authorized certificates in respect thereof, subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued and delivered as directed and such Warrant Shares shall be issued as fully paid and non-assessable common shares of Holdings and the holders thereof shall not be liable to Holdings or to its creditors in respect thereof.
 - (iii) Actions to Issue Warrant Shares. That Holdings has agreed to take such actions as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the

applicable requirements of any stock exchange upon which the common shares of Holdings may be listed.

- (iv) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to preserve and maintain its corporate existence and its status as a reporting issuer not in default in the provinces and territories of Canada.
- (v) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares for trading on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Warrants or the Agent) and to have the Warrant Shares issued pursuant to the exercise of the Warrants listed and posted for trading on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Warrants or the Agent) as expeditiously as possible and in any event prior to the issuance of such common shares.
- (vi) Issuance of Warrant Shares. That Holdings has agreed that upon exercise of the Warrants, the Warrant Shares will be issued as fully paid and non-assessable common shares in the capital of Holdings.
- (y) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to remain a reporting issuer not in default in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
- (z) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the Agent).
- (aa) Excluded Subsidiaries. Each of the Excluded Subsidiaries does not hold any assets.
- (bb) 102172093 Saskatchewan Ltd. Without the prior written consent of the Agent, at its sole discretion, the Borrower shall not permit 102172093 Saskatchewan Ltd. to, at any time, own or acquire any material assets that exceed \$50,000 in value individually or in the aggregate.

7. Reporting Covenants.

- (a) The Borrower will provide to the Agent the following financial information:
 - (i) quarterly consolidated financial statements, within sixty (60) days of each fiscal quarter of the Borrower;
 - (ii) copies of management updates, budgets and other related reports on the operational results of the Obligors which have been provided to the board of directors of the Borrower at such directors' regular board meetings and all such other financial information relating to the foregoing as the Agent reasonably requires to assess the liquidity of the Obligors and the Obligors' performance against such budgets;

- (iii) a quarterly business review on such terms, and such basis, as is required by the Agent, such to determine the status of business as it relates to the Obligors, and in particular compliance with the terms of this Agreement;
- (iv) annual audited consolidated financial statements within one hundred twenty (120) days of the end of each fiscal year of the Borrower;
- (v) on a monthly basis, within thirty (30) days of the end of each calendar month:
 1. unconsolidated financial statements of each Obligor;
 2. unconsolidated general and ledger trial balance for each Obligor;
 3. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;
 4. an accounts payable summary for each creditor of the Obligors, aged by invoice date;
 5. bank reconciliations, including for greater certainty, bank statements and a complete listing of outstanding cheques;
 6. confirmation of payment of all taxes owing by any Obligor; and
- (vi) on a weekly basis, on Friday of each week (as of Thursday of such week);
 1. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;
 2. an accounts payable summary for each creditor of the Obligors, aged by invoice date; and
- (vii) any additional financial and reporting information as the Agent may reasonably request from time to time, in its sole discretion.

8. **Covenants**. Each Obligor covenants and agrees with the Agent that it:

- (a) will pay all interest, principal, fees and other amounts due under the terms of this Agreement and any other Transaction Document to which it is a party;
- (b) will satisfy, in all material respects, all the terms and conditions of this Agreement and any other Transaction Document to which it is a party;
- (c) will immediately advise the Agent of any Default or Event of Default;
- (d) will file all tax returns which are or will be required to be filed by it, pay or make provision for payment of all taxes (including interest and penalties) and Potential Priority Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- (e) it will comply in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws) and use the proceeds of all Loan Advances hereunder for legal and proper purposes; and without limiting the generality of the foregoing the Borrower shall and shall cause each other Obligor to:

- (i) engage in Cannabis-Related Activities only to the extent that such Cannabis-Related Activities are (A) in an Approved Jurisdiction, and (B) in compliance with all Applicable Laws in such Approved Jurisdiction (including, without limitation on a federal, state, provincial, territorial and municipal basis);
 - (ii) ensure that all activities of the Obligors relating to the cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions; and
 - (iii) ensure that all activities of the Obligors relating to the sale of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions or between entities licensed by Governmental Authorities in Approved Jurisdictions.
- (f) will: (i) immediately, with respect to Material Agreements and/or Material Permit; and (ii) promptly, and in any event within three (3) Business Days, notify the Agent of any material action requests or material violation notices received by it from any Person (including, without limitation, from any Governmental Authority) concerning it (including, without limitation, any notices or requests in connection with the protection or preservation of the environment) and hold the Agent and the Lenders harmless from and against any losses, costs or expenses which the Agent or any Lender may suffer in connection therewith;
- (g) will promptly advise the Agent of any Material Adverse Change;
- (h) will keep its assets (including, without limitation, the Collateral) fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- (i) will, at reasonable times and upon reasonable notice (provided that upon the occurrence of an Event of Default that is continuing, the Agent is permitted to do the following at any time and without notice) permit the Agent or its representatives, from time to time, (i) to visit and inspect any Obligor's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, and (ii) to discuss the Obligors' affairs with the auditors of the Obligors (in the presence of the Obligors' representatives as it may designate); the Obligors hereby authorize and direct any such third party to provide to the Agent or its representatives all such information, records or documentation reasonably requested by the Agent;
- (j) except for Permitted Encumbrances, will not, without the prior written consent of the Agent, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- (k) will not, without the prior written consent of the Agent, sell, transfer, convey, lease or otherwise dispose of any of its:
- (i) accounts receivables; or
 - (ii) other than accounts receivables, properties or assets (excluding obsolete or otherwise superfluous assets) other than (i) in the ordinary course of business and on commercially reasonable terms, or (ii) to another Obligor, (iii) to the extent the

proceeds of such sale are promptly reinvested in assets useful to the business of the Obligors, or (iv) if such disposition would not materially impact the operation, business or financial condition of any Obligor.

- (l) will not, without the prior written consent of the Agent, provide any Guarantees (other than Permitted Guarantees);
- (m) will not, without first obtaining the prior written consent of the Agent, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person and it will cause any such resulting Person to become an Obligor hereunder and to grant such security and enter into such Transaction Documents and other agreements as the Agent may require, provided that (i) upon ten (10) days' prior written notice to the Agent any Obligor may merge, amalgamate or wind-up with or into another Obligor, and (ii) concurrently with such merger, amalgamation or winding-up the Borrower shall provide, or cause to be provided to the Agent all additional or replacement Security Agreements as the Agent may reasonably require in connection therewith;
- (n) will not pay any dividends, other corporate distributions, or any interest or principal on subordinated debt other than (i) to another Obligor, (ii) in respect to Permitted Indebtedness, or (iii) with the prior written consent of the Agent *provided that* notwithstanding the foregoing: (i) no payments may be made in respect of the FBC Unsecured Loan if a Default or Event of Default has occurred hereunder and is continuing or would occur upon the making of any such payment; (ii) no payments may be made other than as set out in the FBC Unsecured Promissory Note.
- (o) will not acquire or move any material Collateral or change its chief executive office or principal place of business to any jurisdiction outside of the jurisdiction of each such respective Obligor listed in Schedule "F" attached hereto without first executing and delivering all such security and other documentation and completing all registrations, recordings and filings to grant in favour of the Agent a security interest in such Collateral and to render effective the security interest granted thereby, all in form and substance satisfactory to the Agent;
- (p) will not incur additional indebtedness other than Permitted Indebtedness;
- (q) will not enter into any swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other derivative transactions for investment or speculative purposes (for greater certainty, the entering into of any such swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other transactions for protection against fluctuation in currency or interest rates or commodity prices is permitted);
- (r) will not, without the prior written consent of the Agent, make, cause or permit any amendment to any Material Agreement if the effect of such amendment would be reasonably likely to result in a Default or Event of Default;
- (s) will provide written notice to the Agent of each of the following promptly after the occurrence thereof:
 - (i) all proposed amendments to Material Agreements and Material Permits;

- (ii) all correspondence and notices received from any Governmental Authority or stock exchange with respect to any Material Agreement, Material Permit or any regulatory or other investigations into the Obligors' business practices which could have a material and negative effect on any of the Obligors or their business, or any of the Obligors' ability to repay the obligations owing under this Agreement or would be likely to result in a Default;
- (iii) any changes in the identity of Responsible Persons, which materially effect the Obligors together with satisfactory evidence of security clearances for such Responsible Persons under the Cannabis Act or the Cannabis Regulations; and any rejection notice for new or renewal security clearance applications for each Responsible Person;
- (t) will conduct its business in compliance with Anti-Terrorism and Corruption Laws and institute and maintain policies and procedures designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws;
- (u) will (i) where an Account Debtor makes a payment in the form of a cheque, deposit such cheque into the Collections Account, (ii) where an Account Debtor makes a payment by electronic funds transfer, direct such Account Debtor to make such transfer to the Collections Account;
- (v) will not (i) amend, vary or terminate the Collections Account or the Blocked Account Agreement, and (ii) amend, modify or otherwise change any banking instructions provided to the financial institution maintaining the Collections Account, which would result in the application of any funds from any Account Debtor to an account other than the Collections Account;
- (w) the Borrower shall sweep the Collections Account at the end of each day and use such funds to repay all or any portion of the Loan Advances under the Revolving Facility outstanding at such time;
- (x) will grant the Agent and the Lenders the first right of refusal to provide any debtor in possession financing during any applicable Bankruptcy Event;
- (y) not amend, supplement (in a way that is detrimental to the Lender), terminate, abandon, allow to expire or fail to renew any Material Permits, or permit any other Person to use, become party to or otherwise have an interest in, any Material Permits, or take any action in furtherance of, or fail to take any action, which failure could be reasonably expected to result in, any of the foregoing;
- (z) not enter into any transaction with any Affiliate, other than the another Obligor, except on terms no less favourable than could be obtained in an arm's-length transaction;
- (aa) change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business as presently conducted by it;
- (bb) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants and to issue and deliver the Warrant Shares subscribed for and

purchased in accordance with the terms and conditions of the Warrants to be issued as fully paid and non-assessable common shares of Holdings;

- (cc) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
- (dd) to cause a news release of Holdings announcing this Agreement and such other matters as may be required pursuant to applicable securities laws to be disseminated and filed pursuant to such applicable securities laws, provided that Borrower agrees to provide a draft of such news release to the Agent and to allow the Agent to provide reasonable comments prior to its dissemination / filing;
- (ee) to cause Holdings to provide a draft of any other news release related to this Agreement and/or ancillary matters to the Agent and to allow the Agent to provide reasonable comments prior to the dissemination / filing of any such other new release;
- (ff) in respect of the Warrants, will:
 - (i) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants and to issue and deliver the Warrant Shares subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued as fully paid and non-assessable common shares of Holdings; and
 - (ii) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
- (gg) will maintain positive EBITDA on a rolling 3-month average;
- (hh) with respect to the BZAM Edmonton Property:
 - (i) it shall not or shall not permit, as applicable, the charge on the Existing BZAM Edmonton Property Charge to be increased from such amount existing as of November 3, 2022;
 - (ii) it shall not or shall not permit, as applicable, any charges to be placed on the BZAM Edmonton Property (other than Permitted Encumbrances); and
 - (iii) to the extent the Existing BZAM Edmonton Property Charge is discharged at any time, it shall provide or cause to be provided (as applicable) a first charge on the BZAM Edmonton Property in favour of the Agent.
- (ii) will provide, or cause to be provided, in respect of any Excluded Subsidiary to the extent it holds any assets, all Guarantees and Security Agreements required to be provided under this Agreement. For greater certainty, to the extent any such Subsidiary no longer qualifies as an Excluded Subsidiary, such Subsidiary shall cease to be an Excluded Subsidiary and shall be an Obligor for the purposes of this Agreement;

- (jj) will remit to the Agent no less than \$4,000,000 from the net proceeds of the sale of the BZAM Edmonton Property to be applied as follows by the Agent: (i) \$3,000,000 to repay [REDACTED] and (ii) no less than \$1,000,000 to be applied as a Base Facility Prepayment (which for greater certainty shall reduce the Base Facility Amount by an amount equal to such Base Facility Prepayment); and
- (kk) will provide evidence, in form and substance satisfactory to the Agent, of the amalgamation of Médican Biologique Inc. and 9430-6347 Quebec Inc. within two (2) Business Days following the release of the Medican SPA (as defined in Schedule "G") from escrow.

9. **Use of Insurance Proceeds.** The parties agree that the proceeds of any insurance policies received by the Agent in connection with insurable events relating to the Collateral shall be applied to repay the outstanding fees, interest and principal in respect of the Loan Advances.

10. **Term and Termination.**

- (a) The term of the Revolving Facility expires on March 24, 2024 (the "**Maturity Date**").
- (b) The Agent shall have the right to terminate the Revolving Facility:
 - (i) upon immediate notice, if an Event of Default has occurred and is continuing;
 - (ii) upon one hundred and eighty (180) days notice, if a material adverse change in market conditions is negatively affecting the liquidity of any Lender; and
 - (iii) upon immediate notice, if the Revolving Facility shall become, in whole or in part, illegal or in contravention of any Applicable Law.
- (c) The Revolving Facility may be terminated upon the mutual agreement of the Agent and the Borrower, at which time, all accrued interest, principal and unpaid fees owing shall be paid in cash by the Borrower to the Agent on such date; provided that if any such termination is at the request of the Borrower, the term "unpaid fees" in the preceding sentence shall include, without limitation, the Termination Fee.
- (d) If there is a Bankruptcy Event of the Borrower, then this Agreement shall be forthwith ended and terminated.
- (e) If the Revolving Facility is terminated for any reason, with respect to any outstanding Loan Advances, the Agent shall retain all of its rights and remedies, under the Transaction Documents.
- (f) If the Revolving Facility is terminated for any reason, then at the election of the Agent by way of immediate notice to the Borrower, all accrued and/or unpaid interest, all outstanding Loan Advances, and all unpaid fees will be due and payable under this Agreement, and the Borrower will pay such amounts to the Agent forthwith.
- (g) the Borrower shall have the right to terminate this Agreement without the Agent's consent upon not less than ninety (90) days written notice, subject to the payment in full all accrued and/or unpaid interest, all outstanding Loan Advances, and all unpaid fees, such amounts shall be payable in cash by the Borrower to the Agent forthwith upon such termination.

11. **Post-Closing Undertaking.** The Borrower, on behalf of each Obligor, hereby agrees that it shall take (or cause to be taken, as applicable) the following actions within the applicable time periods set out below, and further agrees that any failure of the Borrower to take such actions or satisfy any of the following post-closing conditions within such time period shall constitute (subject to any written extensions granted by the Agent) an Event of Default:

- (a) cause to be delivered to the Agent, within thirty (30) days of the date of this Agreement, Collateral Access Agreements;
- (b) grant to the Agent, within two (2) Business Days view access on all FBC Obligor bank accounts and the Borrower will, or will cause the FBC Obligors to, manually sweep such accounts weekly to the Agent;
- (c) move, or cause to be moved, within thirty (30) days of the date of this Agreement, all FBC Obligor bank accounts from Alterna Savings and Credit Union Limited to Bank of Montreal (or such other financial institution acceptable to the Agent in its sole discretion);
- (d) cause to be delivered to the Agent, within ten (10) days of the date that Section 11(b) immediately above has been satisfied (and in any event within forty (40) days of the date of this Agreement), Blocked Account Agreements;
- (e) deliver to the Agent immediately upon completion (and in any event within three (3) Business Days of the date of this Agreement) evidence of the name change of any of the FBC Obligors;
- (f) deliver to the Agent or its counsel, within three (3) Business Days of the date of this Agreement, original share certificates for any and all equity interests in the capital of FBC, together with duly executed stock transfer powers of attorney in blank with respect to such equity interests;
- (g) deliver to the Agent:
 - (i) within ten (10) days of the date of this Agreement, copies of each of the consents required under or pursuant to the FBC SEA;
 - (ii) within sixty (60) days of the date of this Agreement, copies of each of the governmental authorizations required under or pursuant to the FBC SEA; and
- (h) cause the Agent to be added as (i) an additional insured to each commercial general liability insurance policy maintained by the FBC Obligors; and (ii) first mortgagee and first loss payee to each property and business insurance policy maintained by the FBC Obligors, and deliver to the Agent, within five (5) Business Days certificates of insurance for all such insurance policies, with such additional insured and mortgagee/loss payee endorsements, together with copies of the applicable policies.

12. **Remedies Upon Default.** Upon the occurrence of any Event of Default, the Lender may at its sole option:

- (a) declare, by notice in writing to the Borrower, any or all of the Loan Advances and fees and other obligations owing to the Agent and or the Lenders to be immediately due and payable;
- (b) realize upon all or any part of the Collateral, pursuant to the Security Agreements; and

(c) take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Transaction Documents) at such times and in such manner as the Agent in its sole discretion may consider expedient

13. **Accredited Investor Representation.** The Agent represents and warrants to the Borrower and Holdings that it is an “accredited investor” within the meaning of section 73.3 of the *Securities Act* (Ontario) by virtue of being a person described in the Accredited Investor Certificate (attached as Schedule “K”), and the Agent is delivering with this Agreement a completed and signed Accredited Investor Certificate.

14. **Extended Meanings.** Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term “including” shall mean “including, without limitation”, and the term “includes” shall mean “includes, without limitation”. Any reference herein to the exercise of discretion by the Agent or any Lender (including phrases such as “in the discretion of”, “in the opinion of”, “to the satisfaction of” and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

15. **Headings.** The section headings are not to be considered part of this Agreement, are inserted for convenience of reference only, are not intended to be full or accurate descriptions of the content thereof and shall not affect the construction or interpretation of this Agreement.

16. **Currency.** All dollar amounts referred to in this Agreement and all payments to be made hereunder are in Canadian dollars unless agreed to otherwise in writing by the Agent.

17. **Entire Agreement.** This Agreement, including the Schedules hereto, and the Exhibits to such Schedules, and any other agreement required hereunder to be delivered in connection herewith, constitute the entire agreement between the parties as to the subject matter of this Agreement and may not be amended or modified in any respect except by written instrument signed by the parties hereto.

18. **Severability.** In the event that any one or more provisions contained in this Agreement, or any other agreement required hereunder to be delivered in connection herewith, shall be invalid, illegal or unenforceable in any way, the remaining provisions hereof or thereof shall not be affected or impaired thereby unless as a consequence thereof of the rights and benefits granted to the Agent are, in the discretion of the Agent, materially and adversely affected.

19. **Execution.** This Agreement may be executed in one or more counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

20. **Electronic Execution of Certain Documents.** The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept

electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

21. **Business Day.** If under the provisions of this Agreement any amount is to be paid or any act or thing is to be done or step is to be taken on a day other than a Business Day, then such amount shall be paid or such act or thing or step shall be done or taken on the next succeeding Business Day.

22. **Further Assurance.** The Borrower shall, from time to time execute, draw, endorse and deliver all such instruments and documents and do all such acts and things as the Agent may deem necessary or desirable for the purposes of carrying into effect any or all of the provisions of this Agreement or any documents delivered hereunder or of securing the fulfillment of all the obligations of the Borrower to the Agent hereunder.

23. **Costs, Expenses and Fees.** The Borrower agrees to pay all fees owing to the Agent hereunder and all of the Agent's costs incurred from time to time (including reasonable legal fees and disbursements and reasonable accountant fees and disbursements) in the preparation, negotiation and execution of this Agreement and the other Transaction Documents and all third party costs associated with bringing or attempting to bring this transaction to a close and any costs incurred in the operation or enforcement of this Agreement or any other Transaction Documents. The Agent will provide a summary of such legal fees and disbursements. All costs of insuring the Collateral will be the responsibility of the Borrower. All such costs and expenses shall be payable upon demand. The Agent shall have the right, but not the obligation, to deduct all such costs and expenses and any fees owing to the Agent, from time to time, from the proceeds of any Loan Advance.

24. **GOVERNING LAW.** THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.

25. **SUBMISSION TO JURISDICTION.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE AGENT OR ANY RELATED PARTY OF THE AGENT IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE PROVINCE OF ONTARIO SITTING IN THE CITY OF TORONTO, THE FEDERAL COURTS OF CANADA SITTING IN THE CITY OF TORONTO, AND ANY APPELLATE COURT FROM ANY THEREOF, (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ONTARIO PROVINCIAL COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES

THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER TRANSACTION DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

26. **WAIVER OF VENUE.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN SECTION 25. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

27. **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 28. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

28. **Notice.** Any notice to be given by any party hereto to any other party hereto shall be in writing and may be given by personal delivery, or except during any period when postal service is interrupted, by prepaid registered mail, or by electronic mail or by other means of instantaneous transmission that produces a permanent copy to the address noted below ("**other communication**") addressed as follows:

(a) to the Borrower:

The Green Organic Dutchman Ltd.
Suite 402 – 5520 Explorer Drive
Mississauga, ON L4W 5L1

Attention: Matt Milich
Telephone: (778) 655-6335
Email: mmilich@bzam.com

(b) to the Agent or a Lender:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: bsherk@cortlandcredit.ca

If given by registered mail shall be deemed to have been received by the party to whom it was addressed on the date falling four (4) Business Days following the date upon which it has been

deposited in the post office with postage and cost of registration prepaid, and if personally delivered to an adult during normal business hours, when so delivered, and if given by other communication, the third (3rd) business hour after transmission and confirmation of receipt. Provided that any of the above-named parties may change the address designated from time to time, by notice in writing to the other party hereto.

29. **Binding Effect.** This Agreement shall be binding upon and shall enure to the benefit of (i) the Agent and the Lenders and their respective successors and assigns, and (ii) the Borrower and its successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

30. **Lenders.**

(a) The Borrower acknowledges and agrees that the Lenders shall be determined by the Agent from time to time, provided that (i) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (without the consent of the Borrower) that is managed, affiliated with or Controlled by the Agent, (ii) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (with the consent of the Borrower) that is not an entity managed, affiliated with or Controlled by the Agent, and (iii) following the occurrence of an Event of Default a Lender may be any entity designated by the Agent in its sole and unfettered discretion.

(b) The Borrower acknowledges and agrees that the Agent is acting as administrative and collateral agent for the Lenders. The Borrower acknowledges and agrees that the Agent shall be entitled to disclose, on a confidential basis, all information received by it regarding the Borrower, any Obligor, the Collateral, this Agreement and any other Transaction Document to: (i) each Lender, each prospective Lender, any Person purchasing notes, units or otherwise providing funding, directly or indirectly, to any Lender (or any prospective Lender), each prospective assignee or participant, and the officers, directors, employees, accountants, lawyers and other professional advisors of the Agent, any Lender, any prospective Lender and any prospective assignee or participant (each a "**Receiving Party**") provided that each Receiving Party agrees to maintain the confidentiality of any such information in respect of which the Agent has any duty of confidentiality to the Borrower or any Obligor; (ii) to any rating agencies rating the indebtedness of a Lender, provided such rating agencies are bound by customary confidentiality agreements; (iii) to any agent of the Agent or any Lender to the extent necessary to enforce any rights which the Agent or such Lender may have to collect any amounts in respect of the Transaction Documents or the Collateral, provided such agent has agreed in writing to be bound by the provision of this Agreement in respect of such information; (iv) to the extent required for any registration or filing required to perfect any of the Agent's Liens contemplated any Security Agreement or other Transaction Document; and (v) as may be required by Applicable Law. The Agent and the Lenders confirm that, regardless of the number and identity of the Lenders, the Obligors will only be required to act in accordance with the instructions of the Agent, and no Lender will have an independent cause of action or remedy against the Obligors directly, it being understood that each Lender has appointed, or will appoint, the Agent as its sole and exclusive administrative and collateral agent in connection with the transactions contemplated by this Agreement.

31. **General Indemnity.** Each Obligor hereby indemnifies and holds harmless the Indemnified Parties from and against any and all claims, damages, losses, costs and expenses, that may be

incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby, or any use made or proposed to be made with the proceeds of the Loan Advances, whether or not such investigation, litigation or proceeding is brought by an Obligor, any shareholder or creditor thereof, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such losses and expenses are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's intentional or gross negligence or wilful misconduct or for breach in bad faith of such Indemnified Party's obligations hereunder or under any other Transaction Document, or where such litigation or proceeding is solely between Indemnified Parties.

32. **Claims under the Indemnity.** The Indemnified Party claiming indemnification under Section 31 shall give the Borrower prompt notice in writing of particulars of any claim asserted by third parties against it which is covered by such indemnities.

33. **Amendment and Restatement.** This Agreement is an amendment and restatement of the First ARCA, and is in full force and effect, as of and from the date hereof. This Agreement will not discharge or constitute a novation of any debt, obligation, covenant or agreement contained in the Original Credit Agreement, the First ARCA or in any other Transaction Document, agreements, certificates and other documents executed and delivered by or on behalf of any Obligor in respect thereof or in connection therewith, but the same shall remain in full force and effect as amended and restated by this Agreement and is hereby ratified and confirmed in the form of this Agreement. For greater certainty, the parties hereto agree that any obligations outstanding under or in connection with the Original Credit Agreement, the First ARCA or the Transaction Documents as of the date hereof, constitute obligations outstanding under this Agreement or the Transaction Documents (as applicable). Each reference to the "**Credit Agreement**" or other similar reference in any of the Transaction Documents and all other agreements, certificates and other documents executed and delivered by any of the Obligors or Cortland in respect thereof or in connection therewith shall mean and be a reference to this Agreement.

[Remainder of this page is intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: CFO

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

AGENT:

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.


Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per:  _____
Name: Sean Register
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

OTHER OBLIGORS:

BZAM LTD.

Per: 
Name: Matt Milich
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

MEDICAN ORGANIC INC.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: CFO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

BZAM HOLDINGS INC.

Per: 
Name: Matt Milich
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

FOLIUM LIFE SCIENCE INC.

Per: 
Name: Matt Milich
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

BZAM MANAGEMENT INC.

Per: 
Name: Matt Milich
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.


BZAM CANNABIS CORP.

Per: 
Name: Matt Milich
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

FINAL BELL CANADA INC.

Per: 
Name: Greg Boone
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

FINAL BELL CORP.

Per: 
Name: Greg Boone
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

FINAL BELL CANADA INC.

Per: _____
Name:
Title:
Per: _____
Name: Jennifer Maccarone
Title: coo

DocuSigned by:
Jennifer Maccarone

I/We have the authority to bind the Obligor.

FINAL BELL CORP.

Per: _____
Name:
Title:
Per: _____
Name: Jennifer Maccarone
Title: coo

DocuSigned by:
Jennifer Maccarone

I/We have the authority to bind the Obligor.

SCHEDULE "A"
FORM OF ADVANCE REQUEST CERTIFICATE

ADVANCE REQUEST CERTIFICATE

Pursuant to the provisions of the second amended and restated credit agreement dated January 8, 2024 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") (terms defined therein being used herein as so defined), between, *inter alia*, The Green Organic Dutchman Ltd. (the "**Borrower**") and Cortland Credit Lending Corporation, as administrative agent (the "**Agent**"), the undersigned, being an officer or director of the Borrower hereby represents, warrants and certifies in such capacity, and not in her or his personal capacity, as follows:

1. **Representations and Warranties**. The representations and warranties of the Borrower and the other Obligors set forth in the Credit Agreement, or which are contained in any certificate, document or financial or other written statement furnished pursuant to or in connection with the Credit Agreement, including the other Transaction Documents, are accurate and complete in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except to the extent specified in the Credit Agreement or Transaction Documents to be made as of a specific date.
2. **No Material Adverse Change**. Since the date of the latest financial statements of the Borrower provided to the Agent in connection with the Transaction Documents, no Material Adverse Change has occurred.
3. **No Default**. No Default or Event of Default has occurred and is continuing as of the date hereof.
4. **Conditions Precedent**. The conditions precedent to this Loan Advance in accordance with the Credit Agreement have been satisfied.
5. **Loan Advance**. The Borrower hereby requests, authorizes, and instructs the Agent to drawdown and advance under the Revolving Facility the amount of CDN \$● to the Borrower on _____, 20____. This will be the Agent's authority:
 - (a) [●]; and
 - (b) [●].

[Signature Page Follows]

DATED _____, 20____.

THE GREEN ORGANIC DUTCHMAN LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE "B"

WARRANTS

	Warrant 1	Warrant 2	Warrant 3	Warrant 4
Expiry Date	2024-06-03	2025-11-02	2026-11-29	2027-11-07
Strike	5.00	3.00	1.4	0.95
Cortland Credit Strategies LP	28,000	28,000	182,000	456,400
Cortland Credit Institutional LP	5,333	5,333	18,000	10,267
Agent	16,667	16,667	100,000	233,333
Total Current	50,000	50,000	300,000	700,000
Actual Issuance	500,000	500,000	3,000,000	700,000

SCHEDULE "C"

DEFINED TERMS

As used in this Agreement and unless otherwise stated herein, the terms set out below shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"\$" and "Dollar" each mean Canadian dollars.

"**Account Debtor**" means the account debtor in respect of any account receivable of an Obligor arising from a bona fide, fully-completed transaction in the ordinary course of business consisting of either the sale of goods or the provision of services by the Obligor.

"**Accounts Receivable**" means all debts, accounts (including all "**accounts**" as defined in the PPSA), claims, demands, monies and choses in action which are now or which may at any time hereafter be due, owing to or accruing due to or owned by a Person, together with all books, records, documents, papers and electronically recorded data and any other documents or information of any kind which in any way evidences or relates to any or all of the said debts, accounts, claims, demands, monies and choses in action.

"**Accounts Receivable Eligibility Criteria**" means, in respect of any Obligor, an Account Receivable of such Obligor (in this definition, individually called an "**account**") which satisfies all of the following eligibility criteria:

- (a) the account is subject to a first-ranking security interest held by the Agent pursuant to the Security Agreements and is not subject to any other Liens, except Permitted Encumbrances, and the Account Debtor thereof has been directed to pay the proceeds of such account to the Collections Account;
- (b) if the Account Debtor is a Governmental Authority, all requirements of Applicable Law have been satisfied in order that the assignment of such account in favour of the Agent shall be valid and enforceable;
- (c) the Account Debtor is located in an Approved Jurisdiction;
- (d) the Account Debtor is not any Obligor or any Related Person of any Obligor;
- (e) the account is not in dispute or subject to any defence, counterclaim or claim by the Account Debtor for credit, set-off, allowance or adjustment;
- (f) the Obligor does not have an obligation to hold any portion of the account in trust or as agent for any other Person (except pursuant to a statutory lien securing obligations which are not overdue);
- (g) an invoice relating to the account has been issued by the Obligor and received by the Account Debtor;
- (h) the account is not outstanding for more than [REDACTED] () days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment), unless the Account Debtor is a Governmental Authority, in which case the account shall not be outstanding for more than [REDACTED] () days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment);

- (i) the Account Debtor is not insolvent or subject to any Bankruptcy Event; and
- (j) the account is not subject to undue credit risk in the opinion of the Agent.

“**Advance Rate**” means: means: (i) with respect to Eligible Inventory, [REDACTED] percent ([REDACTED] %); and (ii) with respect to Eligible Accounts Receivable, [REDACTED] percent ([REDACTED] %).

“**Advance Request Certificate**” means a written notice, in the form attached as Schedule “A” attached hereto, pursuant to which the Borrower may request a Loan Advance in an amount not less than \$250,000.

“**Affiliate**” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“**Anti-Terrorism and Corruption Laws**” means any Applicable Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, corruption or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such laws, rules and regulations, all as amended, supplemented or replaced from time to time.

“**Applicable Law**” means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

“**Applicable Margin**” means at any time: (i) at any time there is a Positive EBDA Variance, 6.55% per annum; or (ii) at any time there is a Negative EBDA Variance, 8.05% per annum.

“**Approved Jurisdiction**” means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state, provincial, territorial and municipal basis) to undertake any Cannabis-Related Activities provided that in each case (i) such country has been approved in writing by the Agent in its discretion and (ii) if required by the Agent, the ability to undertake Cannabis-Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower’s counsel in such jurisdiction, in form and substance satisfactory to the Agent. The Agent may in its discretion from time to time (i) upon receipt of a written request by the Borrower, designate any jurisdiction an Approved Jurisdiction provided that the above criteria are satisfied; and (ii) revoke the designation of any jurisdiction as an Approved Jurisdiction by written notice to the Borrower if such criteria are not satisfied.

“**Associate**” has the meaning ascribed thereto in the *Canada Business Corporations Act*.

“**Bankruptcy Event**” means an Involuntary Bankruptcy Event or a Voluntary Bankruptcy Event.

“**Base Facility Amount**” means Twenty-Four Million Dollars (\$24,000,000), as such amount may be reduced in accordance with this Agreement;

“**Blocked Account Agreement**” means an agreement, in form and substance satisfactory to the Agent, in respect of a Collections Account in which, among other things, the financial institution maintaining such account acknowledges and agrees with the Agent and relevant Obligor that the Agent will control all disbursements from such accounts.

“**Borrowing Base Certificate**” means a written report, in form and substance satisfactory to the Agent, pursuant to which the Borrower has, among other things, calculated the Revolving Facility Margin Limit.

“Business Day” means any day other than: (a) a Saturday or Sunday; or (b) a day on which banking institutions in Toronto, Ontario, are authorized or obligated by law or executive order to be closed.

“BZAM Edmonton Property” means the real property legally described as Plan 8720213, Block 5, Lot 4, Excepting thereout all mines and minerals and municipally known as 8770 24th Street NW, Edmonton, Alberta, T6P 1X8.

“BZAM Loan” means the loans made by Stone Pine to Holdings pursuant to secured demand promissory notes on:

- (a) March 3, 2023, in the principal amount of \$2,500,000;
- (b) April 30, 2023, in the principal amount of \$1,325,000;
- (c) October 27, 2023, in the principal amount of \$1,190,000;
- (d) November 8, 2023, in the principal amount of \$600,000;
- (e) November 30, 2023, in the principal amount of \$2,000,000;
- (f) December 4, 2023, in the principal amount of \$900,000; and
- (g) such other amounts that the Agent may agree to, in writing, in its sole discretion.

“Cannabis” means:

- (a) any plant or seed, whether live or dead, from any species or subspecies of genus Cannabis, including Cannabis sativa, Cannabis indica and Cannabis ruderalis, Marijuana and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;
- (b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;
- (c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;
- (d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition;
- (e) any other meaning ascribed to the term “cannabis” under Applicable Law in any Approved Jurisdiction, including the *Cannabis Act and the Controlled Drugs and Substances Act* (Canada); and
- (f) any other meaning ascribed to the term “cannabis” under the *Controlled Substances Act* (United States).

“Cannabis Act” means An Act respecting cannabis and to amend the *Controlled Drugs and Substances Act*, the *Criminal Code* and other Acts, S.C. 2018, c. 16, as amended from time to time.

“Cannabis Regulations” means Cannabis Regulations under the Cannabis Act, as amended from time to time and all other regulations made from time to time under the Cannabis Act or any other statute in an Approved Jurisdiction with respect to Cannabis-Related Activities.

“Cannabis-Related Activities” means any activities, including advertising or promotional activities, relating to or in connection with the importation, exportation, cultivation, production, purchase, distribution or sale of Cannabis or Cannabis-related products.

“Capital Lease” means, with respect to a Person, a lease or other arrangement in respect of personal property that is required to be classified and accounted for as an obligation on a balance sheet of the Person in accordance with IFRS.

“Change of Control” means (i) if (x) Matt Milich ceases to be the chief executive officer of the Borrower, (y) Sean Bovingdon ceases to be the chief financial officer of the Borrower, or (z) Jordan Winnett ceases to be the chief commercial officer of the Borrower, and the Agent shall not have been satisfied, in its reasonable discretion, with the arrangements made with respect to the replacement of both such individuals; (ii) fifty percent (50%) or more of the ownership or Control of the voting interests of Holdings are acquired, directly or indirectly, by any Person, whether acting individually or in concert with any other Person or Persons; (iii) the sale of all or substantially all of the assets of any Obligor (other than to another Obligor); (iv) if any wholly owned, direct or indirect, subsidiary of the Borrower ceases to be wholly owned, directly or indirectly, by the Borrower; or (v) Borrower ceases to be wholly-owned, directly or indirectly, by Holdings. Notwithstanding the foregoing, BZAM International Ltd. (and its Affiliates) may own more than fifty percent (50%) of Holdings pursuant to: (i) an equity conversion relating to the BZAM Loan; or (ii) with the written consent of the Agent, in its sole discretion; provided that, in each case, Holdings shall provide, or cause to be provided to the Agent any and all documentation required in order for the Agent to comply with Applicable Law.

“Collateral” means all present and after acquired undertaking and personal property of the Obligors, including all proceeds thereof, subject to such customary exclusions as set out in the Security Agreements.

“Collateral Access Agreement” means a landlord waiver, bailee letter, or acknowledgement agreement of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in any Collateral in form and substance reasonably satisfactory to Agent.

“Collections Account” means the account established and maintained by a Schedule “I” Canadian Chartered Bank in the name of the Borrower into which all payments by Account Debtors are deposited and which account shall at all times be subject to the Blocked Account Agreement.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and **“Controlling”** and **“Controlled”** have meanings correlative thereto.

“Default” means any event, act, omission or condition which with the giving of notice or passage of time, or both, would result in an Event of Default.

“EBDA” means, at any time, EBITDA less (without duplication) interest, financing costs and taxes.

“EBITDA”, for a period, means net income of the Borrower for such period, on a consolidated basis, plus, without duplication for such period, each on a consolidated basis, interest expense,

taxes, depreciation, amortization, extraordinary or non-recurring losses and impairments, unrealized losses in the fair value of biological assets and non-cash stock based compensation, less unrealized gains in the fair value of biological assets and extraordinary or non-recurring gains.

“Eligible Accounts Receivable” means in respect of any Obligor, Accounts Receivable owned by such Obligor which complies with the Accounts Receivable Eligibility Criteria.

“Eligible Inventory” means in respect of any Obligor, Inventory owned by such Obligor which complies with the Inventory Eligibility Criteria.

“Event of Default” means:

- (a) if any Obligor at any time shall fail to pay or perform with regard to the obligation to repay the principal or interest on each Loan Advance on the date required by this Agreement for such payment;
- (b) if any Obligor at any time shall fail to pay or perform with regard to the obligation to pay any fees or other amounts payable to the Agent (which, for greater certainty, does not include amounts payable under item (i), above) within three (3) Business Days of the date required by this Agreement or any other Transaction Document for such payment;
- (c) if any Obligor ceases or threatens to cease carrying on its business or if a petition shall be filed, an order shall be made or an effective resolution shall be passed for the winding-up or liquidation of an Obligor;
- (d) if a Bankruptcy Event of any Obligor occurs;
- (e) if a Change of Control (that has not been consented to in writing by the Agent) occurs;
- (f) if any encumbrancer, lien holder or Person acting on its behalf shall take possession of the Collateral or any part thereof;
- (g) if any Obligor permits any sum which is outstanding in an aggregate principal amount exceeding \$100,000 and which has been admitted as due by such Obligor or is not disputed to be due by it and which forms or is capable of being made a charge on any Collateral in priority to the security interests granted to the Agent to remain unpaid after proceedings have been taken to enforce such charge;
- (h) if any representation or warranty made by or on behalf of any Obligor or any of its officers, employees or agents to the Agent shall be false or inaccurate, in any material respect (determined in the discretion of the Agent, acting reasonably);
- (i) if any Obligor fails to perform or comply with any of its covenants or obligations contained in any Transaction Document; provided that (other than any covenants provided for in Sections 8(j), 8(k), 8(l), 8(m), 8(n), 8(o), 8(p), 8(q), 8(r), 8(t), 8(u), 8(v), 8(w), and 8(y) or any other Event of Default provided for in any other clause of this definition), if such non-compliance is capable of being remedied within ten (10) days, such Obligor diligently attempts to remedy such non-compliance and informs the Agent of its efforts in this regard, and remedies such default within such ten (10) days, then such non-compliance shall be deemed not to constitute an Event of Default;

- (j) if any Obligor defaults in the observance or performance of any provision relating to the indebtedness or liability of such Obligor to any Person other than the Agent, in an aggregate principal amount exceeding \$100,000, subject to any cure or grace periods provided for in the documentation providing for such indebtedness or liability;
- (k) if any Material Agreement or Material Permit shall terminate, be withdrawn, suspended, revoked, cancelled or amended in contravention of this Agreement;
- (l) if a Material Adverse Change shall have occurred;
- (m) if there is a suspension of trading of the common shares of Holdings on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the Agent and such suspension is in excess of five (5) trading days on such exchange);
- (n) if the Cannabis Act is repealed and not replaced with similar legislation;
- (o) if the FBC Unsecured Promissory Note is amended in any respect;
- (p) if there is a default, event of default or other breach of the FBC Unsecured Promissory Note (without giving effect to any cure period); or
- (q) if any payment is made in respect of the FBC Unsecured Loan that is not explicitly permitted hereunder.

“Excluded Subsidiaries” means, collectively (i) The Green Organic Beverage Corp., a Delaware corporation; (ii) 102172093 Saskatchewan Ltd., a Saskatchewan corporation; and (iii) 14274261 Canada Inc., a federal corporation.

“Existing BZAM Edmonton Property Charge” means the charge on the BZAM Edmonton Property in favour of Manjinder Singh Gill, as agent, in a principal amount of \$5,000,000 with registration number 212152636.

“FBC” means Final Bell Corp. (formerly Starseed Medicinal Inc.), a federal corporation, extra-provincially registered in Ontario, Saskatchewan, British Columbia, Alberta and Quebec.

“FBC Obligors” means, collectively FBCI and FBC.

“FBC SEA” means the share exchange agreement, dated December 5, 2023 between Holdings, as purchaser, the FBC Vendor and FBCI.

“FBC Unsecured Loan” means the loan made by the FBC Vendor to FBCI pursuant to the FBC Unsecured Promissory Note in the principal amount of \$8,000,000.

“FBC Unsecured Promissory Note” means the unsecured promissory note between Final Bell Holdings Inc. and FBCI dated January 5, 2024, in the principal amount of \$8,000,000.

“FBC Vendor” Final Bell Holdings International Ltd.

“FBCI” means Final Bell Canada Inc., an Ontario corporation.

“Governmental Authority” means the government of Canada, the United States of America or any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body (including any self-regulatory body), court,

central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, and for greater certainty includes Health Canada.

“Guarantee” means any agreement by which any Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of, or provide any financial assistance to any other Person or otherwise assures any creditor of such Person against loss, and shall include any contingent liability under any letter of credit or similar document or instrument.

“Hazardous Materials” means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law.

“Health Canada Licenses” means, in respect of any Obligor, all Material Permits of such Obligor which are both related to the Cannabis-Related Activities of such Obligor and issued by Health Canada, including Material Permits to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation License Nos. LIC-CJMMLU7IUN-2022, LIC-JTUPWJZJ50-2022, LIC-2OLWTAUL3J-2022, LIC-9GRI1YRQEV-2021, LIC-J5USTB6Z3V-2022, LIC-MVXNLN8UCN-2020, LIC-E5FM5PUXBF-2020-5, LIC-ZOTV09QHPG-2022.

“Holdings” means BZAM Ltd. (formerly The Green Organic Dutchman Holdings Ltd.). For greater certainty, each reference in any other (i) Transaction Document; or (ii) document, instrument or agreement executed and/or delivered in connection with this Agreement, to the words “Holdings”, “The Green Organic Dutchman Holdings Ltd.”, or words of like import, shall mean and be a reference to BZAM Ltd.

“Indemnified Parties” refers collectively to the Agent, the Lenders, each of their affiliates as well as each of its directors, officers, employees, representatives and agents and **“Indemnified Party”** refers to any one thereof.

“Interest Rate” means the greater of (i) 12% per annum and, (ii) the TD Prime Rate, plus the Applicable Margin.

“Inventory” means finished goods (including all “goods” as defined in the PPSA) acquired or held for sale, re-sale or lease or furnished or to be furnished under contracts of rental or service, raw materials, work in progress, finished goods, returned goods, parts or equipment acquired from third parties for re-sale, and includes all Inventory in transit.

“Inventory Eligibility Criteria” means the criteria set by the Agent from time to time which identifies and sets any requirements or restrictions for the purpose of determining whether any Inventory owned by an Obligor is Eligible Inventory and includes the following eligibility criteria, which may be amended by the Agent from time to time: (i) such Inventory is not obsolete; (ii) such Inventory was not acquired by any Obligor more than 8 months from any testing date; (iii) such Inventory does not have any customer or supplier deposits applied against it; (iv) the supplier of such Inventory does not retain any title in such Inventory; (v) such Inventory is not subject to any recall or safety restrictions in any relevant jurisdiction of sale or operations of any Obligor; (vi)

such Inventory is not subject to any Potential Priority Claim or Priority Lien; (vii) such Inventory has been paid for in cash by such Obligor; (viii) such Inventory is relevant to the Obligors' business at all relevant times; and (ix) such Inventory is either: (A) located at premises owned by an Obligor; or (B) located on premises owned by any other Persons which are the subject of a duly executed Collateral Access Agreement in favour of the Agent.

"Involuntary Bankruptcy Event" means, without the consent or acquiescence of the applicable Person, the entering of an application for an order for relief or approving a petition or court order for relief or reorganization or any other petition or order seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, monitoring or other similar relief under any present or future bankruptcy, insolvency or similar process under Applicable Law, or the filing of any such petition or order against such Person or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or of all or any substantial part of the undertaking or property of such Person, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within forty-five (45) days from entry thereof.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, in each case to secure payment of a debt or performance of an obligation, including any conditional sale or any sale with recourse.

"Loan Advance" means any loan extended to the Borrower pursuant to the terms of this Agreement.

"Marijuana" has the meaning ascribed to such term (i) under the Applicable Law in any Approved Jurisdiction or (ii) under the *Controlled Substances Act* (United States).

"Material Adverse Change" means any event, circumstance or change that could be expected to result, individually or in the aggregate, in a material adverse effect, in any respect, on (a) the legality, validity or enforceability of any of the Transaction Documents or any of the security interests provided for thereunder, (b) the right or ability of an Obligor to perform any of its obligations under any of the Transaction Documents, in each case to which it is a party, or to consummate the transactions contemplated under any of the Transaction Documents, (c) the financial condition, assets, business or prospects of the Obligors, taken as a whole, (d) any Material Permit, or (e) an Obligor's ability to retain, utilize, exploit or comply with its obligations under any Material Permit.

"Material Agreement" means any contract or agreement of an Obligor (i) which involves potential revenue or expenditure in excess of \$500,000 in any fiscal year, or (ii) the loss, termination or non-renewal of which would reasonably be expected to result in a Material Adverse Change, including without limitation any agreement between an Obligor and any other Person for the supply of Cannabis.

"Material Permit" means the Health Canada Licenses and any other authorization, approval, consent, exemption, license, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval, development permit or building permit), the failure of which to be obtained or held would prohibit or reasonably be expected to materially and adversely affect the ability of any Obligor to conduct its business as presently conducted and planned to be conducted.

“Maximum Revolving Facility Limit” means Thirty Four Million Dollars (\$34,000,000).

“Negative EBDA Variance” means at any time, when there exists no Positive EBDA Variance.

“Obligors” means, collectively the Borrower, Holdings and all of Holdings’ direct and indirect subsidiaries which are organized under the federal laws of Canada (or any province thereof) or any state of the United States of America (other than Excluded Subsidiaries), and “Obligor” means any of them; for greater certainty, as of the date of this Agreement, the Obligors include the Borrower, Holdings, Medican Organic Inc., BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., FBCI and FBC.



“Permitted Encumbrances” means, collectively:

- (a) Liens granted in favour of the Agent pursuant to the Security Agreements;
- (b) Liens or deposit under workers’ compensation, social security or similar legislation or in connection with bids, tenders, leases or contracts or to secured related public or statutory obligations, surety and appeal bonds where required by law;
- (c) any builders’, mechanics’, materialman’s, carriers’, repairmen’s, warehousemen’s, landlords’ and other like Liens and privileges, in each case, which relate to obligations not yet due or delinquent or being contested in good faith;
- (d) any Liens for taxes, assessments, unpaid wages, unpaid superannuation or governmental charges or levies for the then current year and not at the time due and delinquent or are being contested in good faith;
- (e) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim or permit held or acquired by an Obligor, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;
- (f) any Lien created or assumed by any Obligor in favour of a public utility when required by the utility in connection with the operations of such Obligor that do not in the aggregate detract from the value of any of the Collateral or impair their use in the operation of the business of such Obligor;
- (g) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;
- (h) any applicable municipal and other Governmental Authority restrictions affecting the use of land or the nature of any structures which may be erected thereon, any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by any Obligor, or title defects, encroachments or irregularities, that do not detract from the value of the property or impair its use in the operation of the business of any Obligor;

- (i) any Lien that secures Permitted Indebtedness referred to under clause (e) of the definition of “Permitted Indebtedness” provided that: (i) such Lien is limited to the mobile equipment which was acquired with the proceeds of such Permitted Indebtedness and (ii) the amount of such Permitted Indebtedness secured by any such Lien at no time exceeds 100% of the original acquisition price of such mobile asset at the time it was acquired, plus interest and fees, if any;
- (j) any Lien in connection with attachments, judgments and other similar Liens arising in connection with court proceedings; provided however that: (i) the Liens are in existence for less than twenty (20) Business Days after their creation, or (ii) the execution or other enforcement of the Lien is effectively stayed or the claims so secured is being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles;
- (k) customary rights of set-off or combination of accounts with respect to deposits or accounts incurred in the ordinary course of business;
- (l) any Lien in connection with the BZAM Loan;
- (m) Liens listed in Schedule “J”; and
- (n) any Lien that secures indebtedness provided that such Lien is limited to monies paid or payable under the insurance policies together with the assigned right to cancel the insurance policies.

“Permitted Guarantees” means any Guarantee by an Obligor of any Permitted Indebtedness.

“Permitted Indebtedness” means any:

- (a) indebtedness under this Agreement;
- (b) indebtedness comprised of amounts owed to trade creditors and accruals in the ordinary course of business, which are either not overdue or, if disputed and in that case whether or not overdue, are being contested in good faith by such Obligor by appropriate proceedings diligently conducted, and provided always that: (i) the failure to pay such indebtedness could not be expected to result in a Default or Event of Default and (ii) the aggregate amount of such indebtedness does not exceed \$15,000,000;
- (c) any inter-company indebtedness between any Obligors;
- (d) any other indebtedness which the Agent agrees in writing is Permitted Indebtedness for the purposes of this Agreement;
- (e) any indebtedness under Capital Leases and Purchase Money Obligations, which indebtedness does not exceed \$10,000,000 in the aggregate for the Obligors at any time;
- (f) indebtedness owed to any Person providing or financing workers’ compensation, health, disability or other employee benefits or property, casualty or liability insurance, in each case incurred in the ordinary course of business;
- (g) the BZAM Loan;

- (h) indebtedness owing to Manjinder Singh Gill in a principal amount not to exceed \$5,000,000, secured by the Existing BZAM Edmonton Property Charge; and
- (i) the FBC Unsecured Loan.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Positive EBDA Variance**” means at any time, EBDA greater than Zero Dollars (\$0) in each month of the immediately preceding consecutive three (3) month period.

“**Potential Priority Claims**” means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any Applicable Law or otherwise, which ranks or is capable of ranking in priority to the Agent’s security or otherwise in priority to any claim by the Agent for repayment of any amounts owing under this Agreement; provided that, for the purposes of calculating the Revolving Facility Margin Limit, the portion of Potential Priority Claims relating to excise tax shall exclude any deposits made in connection with any such excise tax owing.

“**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, and to the extent relevant, equivalent statutes of the other Provinces of Canada, including the Civil Code of Quebec.

“**Priority Lien**” means any Lien that is not a Subordinated Lien.

“**Purchase Money Obligation**” means, with respect to a Person, indebtedness of the Person issued, incurred or assumed to finance all or part of the cost of acquiring any tangible asset.

“**Related Person**” in relation to any Person means a Subsidiary, Affiliate, Associate or shareholder, director, officer or employee of such Person.

“**Requirements of Environmental Law**” means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives, policies or guidelines have the force of law; (iv) permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (v) requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation of Hazardous Materials and (B) exposure to Hazardous Materials.

“**Responsible Person**” means: (i) an officer or director of any Obligor; or (ii) any other Person required to hold a security clearance pursuant to the Cannabis Act or the Cannabis Regulations.

“**Revolving Facility**” means a revolving credit facility in an amount not to exceed the Revolving Facility Limit.

“**Revolving Facility Limit**” means the Base Facility Amount at such time, plus the Revolving Facility Margin Limit at such time, provided that such aggregate amount shall not at any time exceed the Maximum Revolving Facility Limit.

“Revolving Facility Margin Limit” means, at any time: (i) the book value of Eligible Inventory at such time (which, for greater certainty, excludes any Inventory subject to any Potential Priority Claims or Priority Liens) multiplied by the Advance Rate applicable to Eligible Inventory; plus (ii) the face amount of Eligible Accounts Receivable at such time multiplied by the Advance Rate applicable to Eligible Accounts Receivable; plus (iii) [REDACTED] minus (iv) the face amount of Potential Priority Claims relating to Eligible Accounts Receivable forming (or capable of forming) Priority Liens; provided that the amount calculated in (i), above, shall not exceed Three Million Dollars (\$3,000,000).

“Security Agreements” means, collectively, (i) general security and pledge agreements (or hypothecs) delivered by each of the Obligor to the Agent; (ii) the debentures and mortgages given by the Obligor to the Agent, as applicable, in respect of the real property owned by them; (iii) security agreements in respect of intellectual property delivered by each of the Obligor to the Agent, as applicable; (iv) a subordination agreement or intercreditor as may be required by the Agent from time to time; (v) all guarantees given by any Obligor to the Agent; (vi) Blocked Account Agreements (including with respect to the Collections Accounts); (vii) assignments of insurance delivered by the Obligor in favour of the Agent, as applicable, in each case, as such agreements may be amended, amended and restated or replaced in its entirety from time to time; and (viii) Collateral Access Agreements.

“Solvent” means, with respect to any Person as of the date of determination, (i) the aggregate property of such Person is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due; (ii) the aggregate property of such Person is, at a fair valuation, sufficient to enable payment of all its obligations, due and accruing due; (iii) such Person is able to meet its obligations as they generally become due; and (iv) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due; and for purposes of this definition, the amount of any contingent obligation at such time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Stone Pine” means Stone Pine Capital Ltd.

“Subordinated Lien” means any Lien for which the holder thereof has agreed, pursuant to a subordination agreement or intercreditor agreement in form satisfactory to the Agent, that such Lien shall at all times be subordinated and postponed in favour of the Liens granted by any Obligor in favour of the Agent.

“Subsidiary” means a Person (other than a natural person) which is Controlled, directly or indirectly, by another Person (other than a natural person); and for greater certainty includes a Subsidiary of a Subsidiary.

“TD Prime Rate” means the floating annual rate of interest established from time to time by the Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to the Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its “prime rate”.

“Termination Fee” means, at any time, an amount equal to two percent (2%) of the Maximum Revolving Facility Limit.

“Total Exposure” has the meaning given to such term in Section 3(a) of this Agreement.

“Transaction Documents” means, collectively, this Agreement (including for greater certainty any amendments thereto), the Guarantees given by the Obligors (other than the Borrower) in respect of the obligations under this Agreement, the Security Agreements, the Warrants, and all other documents contemplated by this Agreement and/or delivered in connection with this Agreement (including, for greater certainty, any Advance Request Certificate and Borrowing Base Certificate).

“Utilization Fee Rate” means two and four tenths of a percent (2.40%) per annum, divided by the then current calendar year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be.

“Voluntary Bankruptcy Event” means (a) an admission in writing by a Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors, (b) the filing of any assignment, petition or consent thereto or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any present or future bankruptcy, insolvency or similar Applicable Law, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or for any substantial part of such Person’s property, or (c) corporate or other action taken by such Person to authorize any of the actions set forth above.

“Warrants” means the warrants created and issued in favour of the Agent, including those created and issued as a condition under, or pursuant to, the Original Credit Agreement and the First ARCA, as further described in Schedule “B” attached hereto.

“Warrant Shares” means the warrants to purchase freely tradeable common shares in Holdings pursuant to the Warrants, as further described in Schedule “B” attached hereto.

SCHEDULE “D”

LITIGATION

1. *1613240 Ontario Ltd. and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd.* (the prior name of Holdings), Ontario Superior Court of Justice File No. CV-18-605781. Action commenced by the former Chief Financial Officer of Holdings claiming \$3 million in damages, stemming from the termination of her consulting agreement. As of November 29, 2023, Ms. Stephenson, through counsel has put forward a settlement offer of \$325,000 plus costs.
2. BZAM Cannabis Corp. commenced a claim, by arbitration, against GO Drywall Ltd. for breach of a construction contract for failure to provide services. BZAM Cannabis Corp.’s claim is for \$248,936.25. Go Drywall Ltd. commenced a cross claim for wrongful termination of the contract seeking \$746,805.89. A final arbitration was awarded in favor of BZAM Cannabis Corp.’s for the full amount of the claim, plus legal costs. BZAM Cannabis Corp.’s is in the process of attempting to enforce judgment.
3. BZAM Management Inc. has filed an appeal from the assessments by the BC Ministry of Finance’s tax appeals division to recover approximately \$1.05 Million in BC property transfer taxes paid by it in connection with its acquisition of three properties in British Columbia. BZAM Management Inc. takes the position that the taxes were not payable as it is not in fact a “foreign corporation”, which is the basis upon which such taxes are exigible. Waiting on response from BC Ministry of Finance Tax Appeals Division.
4. British Columbia Workers’ Compensation Appeal Tribunal (“WCAT”). Employee BZAM Management Inc. has claimed workers’ compensation benefits for a workplace injury. Claim denied on review. Worker appealed to WCAT. After the appeal hearing on January 16, 2023, all claims against BZAM Cannabis Corp. were dismissed.
5. On February 1, 2021, a former BZAM Cannabis Corp. employee filed a human rights complaint with the Alberta Human Rights Commission with respect to their termination for refusal to be vaccinated for Covid-19 pursuant to BZAM’s Vaccination Policy. Waiting for hearing date.
6. *Jason Glenn c.o.b.a Frostmec Services v BZAM Management Inc.* – British Columbia Small Claims Court. Former employee filed a Notice of Claim alleging non-payment of invoices and seeking \$28,082.00. BZAM denies all allegations of fact in the Notice of Claim. The parties were unable to settle at the Settlement Conference. A trial date has yet to be set by the Court.
7. *Freyja Jorgensen v. Final Bell Canada*, HRTO File No. 2023-53071, commenced May 31, 2023. Freyja Jorgensen, a former employee of Final Bell Corp., commenced a proceeding at the Human Rights Tribunal of Canada in the amount of CAD \$123,201. Final Bell Corp. has filed a response and estimates that its exposure is between CAD \$0 and CAD \$50,000.
8. *Thanasi Tambakos, Silvia Vassileva, Christian Tambakos, by his Litigation Guardian, Silvia Vassileva, and Gabriella Tambakos by her Litigation Guardian Silvia Vassileva v. Spectrum Cannabis Canada Ltd. (F.K.A. Mettrum Ltd.), Final Bell Corp. (F.K.A. Starseed Medicinal Inc., and Mettrum (Bennett North) Ltd.), Agripharm Corp., and Canopy Growth Corporation*, CV-23-00695168-0000, issued February 23, 2023. This action claims that

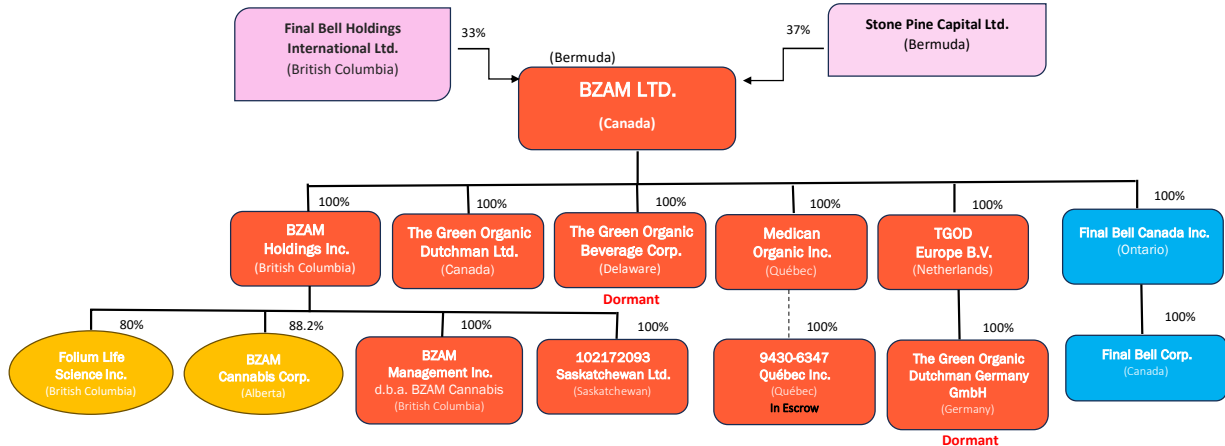
the defendants were negligent in the cultivation, production, testing, processing, manufacture, distribution, marketing and sale of the medical marijuana products affected by a recall of products produced, marketed and sold by the defendant, Mettrum Ltd. The claim is for approximately CAD \$475,000 (the "**Tambakos Litigation Matter**").

SCHEDULE "E"
ENVIRONMENTAL DISCLOSURE

Nil.

SCHEDULE "F"
CORPORATE INFORMATION

Intercorporate Relationships



The Green Organic Dutchman Ltd.

Name of Obligor:	The Green Organic Dutchman Ltd.
Prior Obligor Names:	N/A
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	Canada
Registered Office:	Suite 402 – 5520 Explorer Drive, Mississauga, ON L4W 5L1
Principal Place of Business/ Chief Executive Office:	1915 Jerseyville Road West, Jerseyville, ON L0R 1R0
Issued & Outstanding Shares:	200 common shares
List of Shareholders:	The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.) – 200 common shares

BZAM Ltd.

Name of Obligor:	BZAM Ltd.
Prior Obligor Names:	The Green Organic Dutchman Holdings Ltd.
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	Canada
Registered Office:	1570-200 Burrard Street, Vancouver, BC V6C 3L6
Principal Place of Business/ Chief Executive Office:	1570-200 Burrard Street, Vancouver, BC V6C 3L6
Issued & Outstanding Shares:	158,121,789 common shares
List of Shareholders:	N/A

Medican Organic Inc.

Name of Obligor:	Medican Organic Inc./Médican Biologique inc.
Prior Obligor Names:	N/A
Predecessor Corporations:	9371-8633 Québec Inc./9371-8633 Québec Inc.
Jurisdiction of Incorporation:	Québec
Registered Office:	311-455 Boul. Fénélon, Dorval, Québec H9S 5T8
Principal Place of Business/ Chief Executive Office:	1175 Boul. Gérard-Cadieux, Salaberry-de-Valleyfield, Québec, J6T 6M1
Issued & Outstanding Shares:	100 common shares
List of Shareholders:	The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.) – 100 common shares

BZAM Holdings Inc.

Name of Obligor:	BZAM Holdings Inc.
Prior Obligor Names:	N/A
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	British Columbia
Registered Office:	2900-550 Burrard Street, Vancouver, BC V6C 0A3
Principal Place of Business/ Chief Executive Office:	2900-550 Burrard Street, Vancouver, BC V6C 0A3
Issued & Outstanding Shares:	100 common shares
List of Shareholders:	The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.) – 100 common shares

BZAM Management Inc.

Name of Obligor:	BZAM Management Inc.
Prior Obligor Names:	N/A
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	British Columbia
Registered Office:	2900-550 Burrard Street, Vancouver, BC V6C 0A3
Principal Place of Business/ Chief Executive Office:	200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6
Issued & Outstanding Shares:	100 common shares
List of Shareholders:	BZAM Holdings Inc. – 100 common shares

BZAM Cannabis Corp.

Name of Obligor: BZAM Cannabis Corp.
 Prior Obligor Names: N/A
 Predecessor Corporations: BZAM Cannabis Corp. and Sweetgrass Inc.
 Jurisdiction of Incorporation: Alberta
 Registered Office: 3400, 350 – 7TH Avenue SW, Calgary, Alberta T2P 3N9
 Principal Place of Business/
 Chief Executive Office: 8770 24 Street NW, Edmonton, Alberta T6P 1X8
 Issued & Outstanding Shares: 884,700 Class “A” Shares
 List of Shareholders:

BZAM Holdings Inc.	780,000 Class “A” Shares
Jodi MacDonald	10,000 Class “A” Shares
Derwin Herrera	10,000 Class “A” Shares
1979073 Alberta Ltd.	10,000 Class “A” Shares
Chaucer Investments Ltd.	25,000 Class “A” Shares
2086781 Alberta Ltd.	10,000 Class “A” Shares
1237132 Alberta Ltd.	1,000 Class “A” Shares
William Rutledge	10,000 Class “A” Shares
Gail M. Burke	2,500 Class “A” Shares
Homefolio Inc.	45,000 Class “A” Shares
Ryan Murray	20,000 Class “A” Shares
All Star Ventures Ltd.	3,200 Class “A” Shares
Grant Schneider	2,150 Class “A” Shares
Patrick Leonard	500 Class “A” Shares

Folium Life Science Inc.

Name of Obligor: Folium Life Science Inc.
 Prior Obligor Names: N/A
 Predecessor Corporations: Folium Life Science Inc. and 1137773 B.C. Ltd.
 Jurisdiction of Incorporation: British Columbia
 Registered Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3
 Principal Place of Business/
 Chief Executive Office: 107/109 – 1761 Sean Heights, Saanichton, BC V8M 0A5
 Issued & Outstanding Shares: 3,600 Class “A” Shares
 List of Shareholders:

BZAM Holdings Inc.	2,880 Class "A" Shares
Fonda Betts	91.2 Class "A" Shares
Sheldon Kales	54 Class "A" Shares
1244780 B.C. Ltd.	574.8 Class "A" Shares

Final Bell Canada Inc.

Name of Obligor: Final Bell Canada Inc.
 Prior Obligor Names: N/A
 Predecessor Corporations: N/A
 Jurisdiction of Incorporation: Ontario
 Registered Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7
 Principal Place of Business/
 Chief Executive Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7
 Issued & Outstanding Shares: 1,000 (see breakdown among classes in chart below)
 List of Shareholders:

BZAM Ltd.	295 class A (voting) common shares
	295 class B (non-voting) common shares
	30 class C (non-voting) common shares
	100 class D (non-voting) common shares
	100 class E (non-voting) common shares
	30 class F (non-voting) common shares
	100 class G (non-voting) common shares
	20 class H (non-voting) common shares
	30 class I (non-voting) common shares

Final Bell Corp.

Name of Obligor: Final Bell Corp.
 Prior Obligor Names: Starseed Medicinal Inc. and Mettrum (Bennett North) Ltd.
 Predecessor Corporations: N/A
 Jurisdiction of Incorporation: Canada
 Registered Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7
 Principal Place of Business/
 Chief Executive Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7

Issued & Outstanding Shares: 100 common shares
List of Shareholders: Final Bell Canada Inc. – 100 common shares

SCHEDULE “G”

PENDING CORPORATE CHANGES

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) under the indenture dated October 23, 2020 and trading on the CSE under the symbol “BZAM.WA”.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) under the indenture dated December 10, 2020 and trading on the CSE under the symbol “BZAM.WB”.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) under the indenture dated June 12, 2020 and trading on the CSE under the symbol “BZAM.WR”.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) to Maynbridge Capital Inc. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) to Cortland Credit Lending Corporation. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) to Canaccord Genuity Corp. in connection with its financings of The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings).

Escrowed share units, contingent share units, RSUs, and incentive stock options and ESPP issued under BZAM Ltd.’s incentive compensation plans

Common shares to be issued pursuant to a non-brokered private placement announced on May 19 for the issuance of up to 22,222,223 units, consisting of one common share and one warrant to purchase one common share.

The purchase of 9430-6347 Quebec Inc. by Médican Biologique Inc., by way of Share Purchase Agreement between, among others, Médican Biologique Inc. and the Vendors (as defined therein) (the “**Medican SPA**”) dated November 11, 2022. The Medican SPA is currently held in escrow until such time as all purchase conditions are met including receipt of a municipal permit.

Amendment to the articles of incorporation for each of the FBC Obligors to remove any reference to the term “Final Bell” within the name of such entity.

SCHEDULE "H"

MATERIAL AGREEMENTS AND MATERIAL PERMITS

Material Agreements

1. Standing Offer Contract 1631 between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Alberta Gaming, Liquor and Cannabis Commission dated May 20, 2019
2. Master Cannabis Supply Agreement between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Ontario Cannabis Retail Corporation dated February 6, 2019
3. Data Subscription Agreement between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Ontario Cannabis Retail Corporation dated February 25, 2019
4. Licensed Producer Supply Agreement for Non-Medical Cannabis between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act dated November 7, 2019
5. NLC Cannabis and Cannabis Related Product Supply Agreement between The Green Organic Dutchman Ltd. and Newfoundland and Labrador Liquor Corporation dated November 19, 2019
6. Lettre D'Intention between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Societe Quebecoise du Cannabis dated March 26, 2020
7. Supplier Agreement – Cannabis Products between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Loblaws Inc. dated March 3, 2020
8. Unanimous Shareholder Agreement (between BZAM LTD., Northwest Confections Canada Inc. and Wyld Glx Corp.
9. Intellectual Property Licence Agreement dated April 15, 2021 between BZAM LTD. and Wyld Glx Corp.
10. Intellectual Property Licence Agreement dated April 15, 2021 between Northwest Confections Canada Inc. and Wyld Glx Corp.
11. Amended and Restated Manufacturing and Distribution Agreement dated August 24, 2021 between BZAM Management Inc. and Wyld Glx Corp.
12. Amending Agreement dated October 18, 2021 between Northwest Confections Canada Inc. and BZAM LTD.
13. Joint Venture between Northwest Confections Canada Inc. (subsidiary of Northwest Commonwealth LLC) and BZAM LTD.
14. Amended and Restated Joint Venture Agreement dated August 24, 2021 between Northwest Confections Canada Inc. and BZAM Management Inc.
15. Contract Grow Agreement dated April 27, 2021 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Pure Sunfarms Corp., as seller

16. Purchase Agreement dated May 25, 2022 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Medisun Inc., as seller
17. Supply and Purchase Agreement dated April 28, 2023 between BZAM LTD. (d/b/a BZAM Cannabis), as seller, and 4C LABS LTD., as buyer.
18. Supply and Purchase Agreement dated January 4, 2022, between The Green Organic Dutchman LTD., as seller, and Oxygen Handel GmbH., as buyer
19. The Medican SPA
20. The Trademark License and Manufacturing Agreement dated November 2, 2021 and Amending Agreement to the Trademark License and Manufacturing Agreement dated May 5, 2022 between Final Bell Canada Inc. and Aphaea, LLC. (Sherbinskis)
21. The Trademark License and Manufacturing Agreement dated June 17, 2021 between Final Bell Canada Inc. and Little Farma Inc.
22. The Brand License and Manufacturing Agreement dated February 9, 2023 between Final Bell Corp. and Cookies Creative Consulting, LLC.
23. The License and Services Agreement dated November 16, 2023 between Dreamfields Canada Operations Inc. and Final Bell Corp. (Jeeter)
24. The Offtake Supply Agreement dated February 9, 2023 between Final Bell Corp. and Noya Cannabis Inc.
25. The Preroll Input Supply Agreement dated December 22, 2022 between Final Bell Corp. and Noya Cannabis Inc.
26. The License and Services Agreement dated July 14, 2022 between Final Bell Corp. and PAX Labs (Canada) Inc.
27. The Fourth Amended and Restated Manufacturing Services Agreement dated August 25, 2023 between Final Bell Corp. and The Peace Naturals Project Inc.
28. The Amended and Restated Manufacturing Services Agreement dated April 29, 2022 between Final Bell Corp. and Greentec Holdings Ltd.
29. The Contract Manufacturing Agreement dated August 28, 2023 between Final Bell Corp. and Tweed Inc.
30. The Manufacturing Services Agreement dated December 12, 2022 between Final Bell Corp. and Organigram Inc.
31. The Manufacturing Services Agreement dated June 26, 2023 between Atlas Global Brands and Final Bell Corp.
32. The First Amended Manufacturing Services Agreement dated October 24, 2023 between Final Bell Corp. and Bzam Management Inc.
33. The Distribution agreement dated September 26, 2023 between Final Bell Corp. and Maqabim Distributors Ltd.
34. The Distribution Agreement dated July 4 2023 between Final Bell Corp. and Valiant Distribution Canada Inc.

35. The Distribution Agreement dated January 1, 2023 between Final Bell Corp. and 10926671 Canada Ltd. (Open Fields Distribution) (Manitoba)
36. The Distribution Agreement dated January 17, 2023 between Final Bell Corp. and Open Fields Distribution (Saskatchewan)
37. The Cannabis Product Supply Agreement dated April 4, 2022 between Final Bell Corp. and 9374-2187 Qc Inc. dba Medicibis.
38. The Sales, Distribution and Marketing Agreement dated November 11, 2022 between Final Bell Corp. and Rose Lifescience Inc.
39. The Genetic Purchase and Laboratory Services Agreement dated May 5, 2022 between Final Bell Corp. and 101265496 Saskatchewan Ltd. (Mother Labs).
40. The Offtake Supply Agreement dated March 1, 2023 between Final Bell Corp. and Lyonleaf Cannabis Inc.
41. The Processing Services Agreement dated September 17, 2021 between Final Bell Corp. and Cannapiece Corp.
42. The Final Bell Data Sharing Agreement dated July 1, 2022 between Final Bell Corp. and Cannabolic Marketing Corp. (CMC)
43. The Cabanalytics Data License Agreement dated May 1, 2022 between Final Bell Corp. and High Tide Inc.
44. The Data License Agreement dated October 1, 2022 between Final Bell Corp. and TS Programs Ltd.
45. The Amending Agreement to Data License Agreement dated January 1, 2023 between Final Bell Corp. and Hifyre Inc.
46. The Data License Agreement dated May 1, 2023 between Final Bell Corp. and Nova Cannabis Analytics Limited Partnership.
47. The Business Data License Agreement dated May 5, 2023 between Final Bell Corp. and Sparq Retail Cannabis Dispensary & Delivery.
48. Licensed Producer Supply Agreement for Non-Medical Cannabis between Final Bell Corp. and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act, SBC 2018, c 28 (BCLDB) dated March 31, 2021.
49. The Master Cannabis Supply Agreement dated June 22, 2021 and Amending Agreement to Master Cannabis Supply Agreement re Insurance Requirements dated March 7, 2023 between Ontario Cannabis Retail Corporation, as purchaser, and Final Bell Corp., as supplier.
50. Cannabis Purchase and Sale Agreement dated September 27, 2022 between Final Bell Corp. and the Yukon Liquor Corporation.
51. The Term Sheet dated October 7, 2023 between Final Bell Corp. and Wagner Dimas.
52. The Leases with respect to the leased real property in Schedule "I".

53. The share purchase agreement dated March 15, 2021 among Starseed Holdings Inc., WeedMD Inc. and Final Bell Canada Inc.

Material Permits

1. Health Canada Licence No LIC-CJMMLU7IJN-2022 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. Expiring July 20, 2027
2. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
3. BZAM Management Inc. Licence LIC-JTUPWJZJ50-2022 under the Cannabis Act (Canada)
4. BZAM Management Inc. Licence LIC-G27V6VI0UJ-2022 under the Cannabis Act (Canada)
5. BZAM Management Inc. Licence LIC-HU7CU4DYAO-2020-5 under the Cannabis Act (Canada)
6. BZAM Cannabis Corp. Licence LIC-J5USTB6Z3V-2022 under the Cannabis Act (Canada)
7. Folium Life Science Inc. Licence LIC-9GRI1YRQEV-2021 under the Cannabis Act (Canada)
8. BZAM Management Inc. Research License LIC-TNCAPN24J9-2022 under the Cannabis Act (Canada)
9. The Green Organic Dutchman Ltd. EUGMP – DE_BW_01_GMP_2023_0085 For Ancaster, Jerseyville.
10. Health Canada Licence No. LIC-ZOTV09QHPG-2022 issued to Final Bell Corp., expiring October 27, 2027
11. Health Canada Licence No. LIC-E5FM5PUXBF-2020-5 (Research) issued to Final Bell Corp., expiring February 7, 2025
12. Final Bell Corp. Canada Revenue Agency Cannabis License No. 780639324 RD0001 issued under the Excise Act (Canada) on November 22, 2023
13. AGLC Cannabis Representative Registration issued to Final Bell Corp. on February 13, 2023

SCHEDULE "I"

REAL PROPERTY

1. Owned:
 - a. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0 owned by The Green Organic Dutchman Ltd.
 - b. 8770 24th Street NW, Edmonton, Alberta, T6P 1X8 owned by BZAM Cannabis Corp.
2. Leased:
 - a. 402, 5520 Explorer Drive Mississauga, ON L4W 5L1 leased by The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.)
 - b. 311-455 BOUL., Fenelon, Dorval, Quebec H9S 578 leased by Medican Organic Inc.
 - c. 19100 Airport Way, Units 518/519, Pitt Meadows, BC V3Y 0E2 leased by BZAM Management Inc.
 - d. Unit 107/109, 1759 Sean Heights, Saanichton BC, V8M 1X6 leased by BZAM Cannabis Corp.
 - e. 5000 Chemin Murphy, Vaudeuil-Dorion QC, J7V 8P2 leased by 9430-6347 Quebec Inc.¹
 - f. 1100 Bennett Road North, Units 1-3, Bowmanville, ON L1C 0Y7 subleased by Final Bell Canada Inc.
 - g. 1100 Bennett Road North, Unit 4, Bowmanville, ON L1C 0Y7 leased by Final Bell Corp.
 - h. 1100 Bennett Road North, Unit 5, Bowmanville, ON L1C 0Y7 leased by Final Bell Canada Inc.
3. Warehoused:
 - a. 250 Baseline Road, Bowmanville, ON L1C 1A4, subject to a warehouse agreement by Final Bell Canada Inc.

¹ Although the Medican SPA remains in escrow pending receipt of a municipal permit and is not yet in effect, Medican Organic Inc. is paying the rent for this leased property on behalf of 9430-6347 Quebec Inc.

SCHEDULE "J"

PERMITTED ENCUMBRANCES

1. Lien with registration number 20170906 1631 1862 3892 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to assignment of term deposits and credit balances.
2. Lien with registration number 20180410 1610 1532 1077 in favour of Bank of Montreal as against The Green Organic Dutchman Holdings Ltd. with respect to a short-term investment certificate n/o 0002-9631-033 in the principal amount of \$100,000.
3. Lien with registration number 20191025 1616 1626 1771 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to a term deposits #8 and #9 for letters of credit in the amount of \$35,000 and \$455,500, plus interest accrued on such term deposits.
4. Existing BZAM Edmonton Property Charge.

SCHEDULE "K"

ACCREDITED INVESTOR CERTIFICATE

TO: BZAM Ltd. (the "Corporation")

You (the undersigned accredited investor) represent and warrant to the Corporation that you are an "**accredited investor**" as defined in section 73.3 of the *Securities Act* (Ontario), on the basis that you fit within the category of accredited investor which you have indicated below.

You represent and warrant that you are: {please initial the applicable item, complete the relevant information and sign this certificate}

- _____ (a) a Schedule I, II or III bank, or a Canadian financial institution
- _____ (b) the Business Development Bank of Canada
- _____ (c) a subsidiary of any person referred to in paragraph (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary
- _____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d)
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador)
- _____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada
- _____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec
- _____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government
- _____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada
- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000

{Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of "financial assets" later in this certificate. Financial assets are generally liquid or relatively easy to liquidate.

You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of “related liabilities”. Financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you.

_____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000

{Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1).}

_____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year

_____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000

{Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the subscription.}

_____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements

_____ (n) an investment fund that distributes or has distributed its securities only to:

- (i) a person that is or was an accredited investor at the time of the distribution;
- (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 (Minimum amount investment), or 2.19 (Additional investment in investment funds) of NI 45-106; or
- (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 (Investment fund reinvestment) of NI 45-106

_____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt

_____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction,

acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be

- _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction
- _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded
- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function
- _____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors

{Note: If you have initialed this paragraph (t), name each owner of an interest, and indicate the category of accredited investor into which that person fits (by reference to the paragraph numbers in this ●). If a person named below is a director required by law to own a voting security, and that person is not an accredited investor, indicate "director" under Category.}

Name	Category
_____	_____
_____	_____
_____	_____
_____	_____

- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser
- _____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor
- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse

{Note: If you have initialed this paragraph (w), name the person who established the trust and each trustee, and indicate the category of accredited investor into which that person fits (by reference to the paragraph numbers in this ●.). If a person named below is not an accredited investor, indicate "N/A" under Category.}

	Name	Category
Person who established trust:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____

Signatures	
Name of accredited investor:	CORTLAND CREDIT LENDING CORPORATION
Signature of authorized signatory/agent on behalf of accredited investor:	
Name and official capacity or title of authorized signatory/agent:	
Date:	

As used in this certificate, the following terms have the following meanings.

“Canadian financial institution” means:

- (a) an association governed by the *Cooperative Credit Associations Act (Canada)* or a central cooperative credit society for which an order has been made under section 473(1) of that Act; and
- (b) in Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be; and
- (c) outside of Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada.

“eligibility adviser” means:

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and
- (b) in Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a

member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:

- (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons; and
- (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months.

“executive officer” means, for an issuer, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer.

“financial assets” means:

- (a) cash;
- (b) securities; or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation.

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada.

“founder” means, in respect of an issuer, a person who:

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer; and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer.

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction.

“investment fund” has the same meaning as in National Instrument 81-106 — Investment Fund Continuous Disclosure and means a mutual fund or a non-redeemable investment fund.

“jurisdiction of Canada” means a province or territory of Canada.

“non-redeemable investment fund” means an issuer:

- (a) whose primary purpose is to invest money provided by its securityholders;
- (b) that does not invest:

- (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund; or
 - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund; and
- (c) that is not a mutual fund.

“person” includes:

- (a) an individual;
- (b) a corporation;
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative.

“related liabilities” means:

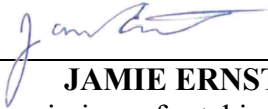
- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or
- (b) liabilities that are secured by financial assets.

“spouse” means an individual who:

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual;
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta).

“subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

THIS IS **EXHIBIT "AA"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.

A handwritten signature in blue ink, appearing to read "Jamie Ernst", is positioned above a horizontal line.

JAMIE ERNST
A Commissioner for taking Affidavits
(or as may be)

TO: CORTLAND CREDIT LENDING CORPORATION, in its capacity as administrative agent (the "**Agent**")

DATE: January 8, 2024

GUARANTEE AND SECURITY CONFIRMATION AGREEMENT

WHEREAS The Green Organic Dutchman Ltd. (the "**Borrower**"), BZAM Ltd., Medican Organic Inc., BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., and Folium Life Science Inc. (collectively, the "**Existing Guarantors**") and the Agent are party to an amended and restated credit agreement dated September 29, 2021, as amended by a first amendment dated November 30, 2021, a second amendment dated March 9, 2022, a third amendment dated April 29, 2022, a fourth amendment dated November 3, 2022, a fifth amendment dated June 30, 2023, and a sixth amendment dated August 30, 2023 (collectively, the "**Original Credit Agreement**");

AND WHEREAS each of the Existing Guarantors previously delivered certain guarantees to the Agent guaranteeing the present and future indebtedness, liabilities and obligations owing under or pursuant to the Original Credit Agreement (collectively, the "**Existing Guarantees**");

AND WHEREAS the Borrower and each of the Existing Guarantors (collectively, the "**Obligors**") previously delivered certain security documents in favour of the Agent as security for the direct and indirect, present and future indebtedness, liabilities and obligations owing to the Agent under or in respect of the Original Credit Agreement and the Existing Guarantees, as applicable (collectively, the "**Existing Security**");

AND WHEREAS the Borrower, and the Agent, among others, have entered into a second amended and restated credit agreement dated on or about the date hereof (as it be amended, amended and restated, restated, modified, renewed, or replaced from time to time, collectively, the "**Credit Agreement**") to, among other things, add Final Bell Corp. and Final Bell Corp. as obligors thereunder and make certain amendments to the Original Credit Agreement, on the condition that, among other things, this Guarantee and Security Confirmation Agreement (this "**Confirmation**") be executed and delivered by the Obligors.

NOW THEREFORE FOR VALUABLE CONSIDERATION, each Obligor hereby agrees with the Agent and the Lenders as follows:

1. Capitalized terms used herein, including the recitals hereto, shall have the meanings ascribed to them in the Credit Agreement unless otherwise defined or specified herein.
2. Each of the Obligors acknowledges that the recitals set out above are true and correct in fact and substance.
3. Each of the Existing Guarantors hereby confirms to the Agent and the Lenders and agrees that it continues to be bound by the provisions of the Existing Guarantees to which it is a party (as the Existing Guarantees may be amended, restated, revised, renewed, replaced, supplemented or otherwise modified from time to time) and that the Existing Guarantees remain in full force and effect as a continuing guarantee of all present and future, direct and indirect, absolute or contingent, indebtedness, liabilities and obligations owing by the Borrower to the Agent and the Lenders from time to time (including, without limitation, any additional indebtedness, liability or

obligations arising under or as a result of the Credit Agreement), enforceable against such Existing Guarantor in accordance with its terms.

4. Each of the Obligors hereby confirms to the Agent and the Lenders and agrees that it continues to be bound by the provisions of the Existing Security to which it is a party (as the Existing Security may be amended, restated, revised, renewed, replaced, supplemented or otherwise modified from time to time) and that the Existing Security remains in full force and effect and secures payment of all present and future, direct and indirect, absolute or contingent, indebtedness, liabilities and obligations owing by each of the Obligors to the Agent and the Lenders from time to time including, without limitation, under or pursuant to the Credit Agreement, and the Existing Guarantees (collectively, the "**Obligations**"), enforceable against such Obligor in accordance with its terms.
5. Each of the Obligors hereby acknowledges and confirms that the Existing Security to which it is a party and all other assignments, guarantees, agreements, filings and registrations with respect to the Existing Security to which it is a party and all other interests granted by it in favour of the Agent, in each case as same may have been amended, restated, modified, renewed or replaced from time to time, shall remain in place and continue to be binding and effective as against it and shall without limitation, stand as continuing security for the performance of the Obligations.
6. Each of the Obligors further confirms to the Agent that the representations, warranties and covenants contained in the Existing Guarantees and the Existing Security are true and correct as of the date hereof.
7. All filings and registrations with respect to the Existing Security and all security and other interests granted pursuant to the Existing Security remain in place and continues to be binding and effective against each of the Obligors, as applicable.
8. Each of the Obligors agrees to execute and deliver all such further documents and assurances from time to time as the Agent may reasonably require in connection with the foregoing.
9. This Confirmation shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. For the purpose of legal proceedings, this Confirmation shall be deemed to have been made in the said province and to be performed there and the courts of that province shall have jurisdiction over all disputes which may arise under this Confirmation.
10. This Confirmation shall be binding on each of the Obligors and their respective successors and permitted assigns and shall enure to the benefit of the Agent and its successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the undersigned has duly executed this Confirmation as of the date first written above.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: CFO

Per: _____
Name:
Title:

I/We have the authority to bind the Borrower.

OTHER OBLIGORS:

BZAM LTD.

Per: 
Name: Matt Milich
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

MEDICAN ORGANIC INC.

Per: Sean Bovingdon
Name: Sean Bovingdon
Title: CFO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

BZAM HOLDINGS INC.

Per: 

Name: Matt Milich
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

FOLIUM LIFE SCIENCE INC.

Per: 

Name: Matt Milich
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

BZAM MANAGEMENT INC.

Per: 

Name: Matt Milich
Title: CEO

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

BZAM CANNABIS CORP.

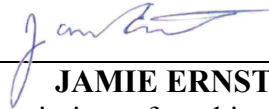
Per: 

Name: Matt Milich
Title: President

Per: _____
Name:
Title:

I/We have the authority to bind the Obligor.

THIS IS **EXHIBIT "BB"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

GENERAL SECURITY AGREEMENT

This Agreement is made this 8 day of January, 2024

BETWEEN:

FINAL BELL CORP.
(the "Debtor")

- and -

CORTLAND CREDIT LENDING CORPORATION, as Administrative Agent
(the "Agent")

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor hereby agrees with the Agent as follows:

1. Interpretation

Reference is made to the second amended and restated credit agreement among The Green Organic Dutchman Ltd. (the "Borrower"), the Agent and the lenders from time to time party thereto dated on or about the date hereof (as it may be amended, amended and restated, supplemented or otherwise modified from time to time, collectively, the "Credit Agreement"). Terms used herein as defined terms shall have the respective meanings ascribed in the Credit Agreement, unless otherwise defined herein. In addition, the following terms shall have the respective meanings set forth below:

"**Acceleration Date**" means the delivery by the Agent to an Obligor of a written notice that the Obligations (as hereinafter defined) are immediately due and payable, following the occurrence and during the continuation of an Event of Default.

"**Collateral**" means the present and after-acquired real and personal property of the Debtor and all Inventory, Equipment, Accounts, Intangibles, Documents of Title, Chattel Paper, Instruments, Money, Securities, Documents, Undertaking and Proceeds (as such terms are defined herein), subject to any exceptions identified in Section 6 of this Agreement. Any reference in this Agreement to Collateral shall mean Collateral or any part thereof, unless the context otherwise requires.

"**PPSA**" means the *Personal Property Security Act* (Ontario), including the regulations thereto and related Minister's Orders, provided that if perfection or the effect of or non-perfection or the priority of any Lien created hereunder or under any other Security Agreement on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in any applicable jurisdiction in Canada, "**PPSA**" means the *Personal Property Security Act* or such other applicable legislation (including, the Civil Code of Quebec) in effect from time to time in such other jurisdiction in Canada for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"**Security Interest**" means the grants, mortgages, charges, transfers, assignments and security interests herein created.

2. **Creation of Security Interest; Obligations Secured**

The Debtor hereby grants to and in favour of the Agent, as continuing security for the payment and performance of (i) all present and future, direct and indirect, contingent and absolute obligations and liabilities of the Debtor to the Agent and the Lenders arising under or in connection with the Credit Agreement and all Guarantees provided by the Debtor from time to time in respect of the indebtedness and liabilities of the Borrower thereunder, and (ii) all obligations of the Debtor to the Agent and the Lenders arising under this Agreement (collectively, the "**Obligations**"), a security interest in, and hereby mortgages, charges and assigns to and in favour of the Agent, all present and after-acquired real and personal property of the Debtor, including the following:

Equipment

- (a) all present and after-acquired equipment of the Debtor, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto (collectively, "**Equipment**");

Inventory

- (b) all present and after-acquired inventory of the Debtor, including all raw materials, materials used or consumed in the business of the Debtor, work-in-progress, finished goods, goods used for packing, materials used in the business of the Debtor not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service (collectively, "**Inventory**");

Accounts

- (c) all present and after-acquired debts, demands and amounts due or accruing due to the Debtor whether or not earned by performance, including without limitation its book debts, accounts receivable, and claims under policies of insurance; and all contracts, security interests and other rights and benefits in respect thereof and all other present and after-acquired accounts receivable and amounts due or accruing due to the Debtor evidenced by any deposit receipts, term deposits, guaranteed investment certificates or other evidence of debt obligations issued by a bank, trust company or other financial institution, and all replacements, renewals and substitutions therefor (collectively, "**Accounts**");

Intangibles

- (d) all present and future intangible personal property of the Debtor, including all contract rights, goodwill, and Intellectual Property (as hereinafter defined), and all other choses in action of the Debtor of every kind, whether due at the present time or hereafter to become due or owing, that are not "goods" (as such term is defined in the PPSA) (collectively, "**Goods**"), Chattel Paper (as hereinafter defined), Documents of Title (as

hereinafter defined), Instruments (as hereinafter defined), Money (as hereinafter defined) or Investment Property (as hereinafter defined) (collectively, "**Intangibles**"); as used herein, "**Intellectual Property**" means all of the Debtor's present and future intellectual property including without limitation, (i) copyrights, (ii) patents, (iii) trademarks, trade names, business names, trade styles, logos and all other forms of business identifiers, and (iv) trade secrets and other confidential information and data in any form or format, including without limitation, all know-how obtained, developed or used in or contemplated at any time for use in the business, affairs, undertaking and operations of the Debtor now or hereafter owned generated or acquired, including in each instance all related additions, improvements and accessories thereto and replacements thereof (whether registered or unregistered) including without limitation, the intellectual property described in Schedule B attached hereto;

Documents of Title

- (e) all present and after-acquired "documents of title" (as such term is defined in the PPSA) of the Debtor, whether negotiable or otherwise including all warehouse receipts and bills of lading (collectively, "**Documents of Title**");

Chattel Paper

- (f) all present and after-acquired agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific Goods (collectively, "**Chattel Paper**");

Instruments

- (g) all present and after-acquired bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)), and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment (collectively, "**Instruments**");

Money

- (h) all present and after-acquired "money" (as such term is defined in the PPSA) of the Debtor, whether authorized or adopted by the Parliament of Canada as part of its currency or any foreign government as part of its currency (collectively, "**Money**");

Securities

- (i) all present and after-acquired securities held by the Debtor, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures, "financial assets" (as such term is defined in the *Securities Transfer Act, 2006* (Ontario)) and "investment property" (as such term is defined in the PPSA) (collectively, "**Investment Property**") and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and dividends and income derived therefrom (collectively,

"Securities"); and for greater certainty, specifically including, without limitation, the Securities listed in Schedule "A" attached hereto or otherwise acknowledged in writing by the Debtor as comprising part of the Collateral;

Documents

- (j) all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating to collateral subject to the Security Interest (collectively, "**Documents**");

Undertaking

- (k) all present and after-acquired real and personal property, business, and undertaking of the Debtor not being Inventory, Equipment, Accounts, Intangibles, Documents of Title, Chattel Paper, Instruments, Money, Securities or Documents (collectively, "**Undertaking**"); and

Proceeds

- (l) all personal property in any form derived directly or indirectly from any dealing with collateral subject to the Security Interest or the proceeds therefrom, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto or the proceeds therefrom (collectively, "**Proceeds**").

3. Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2, for greater certainty the Collateral shall include all present and after-acquired real and personal property in which the Debtor may have an interest which may be specifically described in any schedule which may be attached hereto. The Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Agent in order that the Security Interest shall attach to such real and personal property.

4. Attachment

The Debtor acknowledges that value has been given, the parties have not agreed to postpone the time for attachment of the Security Interest and the Debtor has rights in the Collateral which exists as at the date of this Agreement. In respect of Collateral in which the Debtor obtains an interest after the execution and delivery of this Agreement, the Security Interest shall attach thereto immediately upon the Debtor obtaining such rights.

5. Dealings with Collateral

The Debtor may sell Inventory and collect Accounts in the ordinary course of its business until on or after the Acceleration Date. After the Acceleration Date, the Debtor's entitlement to sell Inventory and collect Accounts shall cease, and any Accounts thereafter collected by the Debtor shall be held by in trust for the Agent and shall be paid to the Agent immediately upon receipt.

6. Exception re Leasehold Interests, Contractual Rights and Consumer Goods

(a) The last day of the term of any lease or sublease of any real property or agreement therefor is specifically excluded from the Collateral and the related Security Interest, but the Debtor agrees to stand possessed of such last day in trust for any Person acquiring such interest of the Debtor.

(b) To the extent that the granting of the Security Interest in respect of any agreement, right, licence or permit to which the Debtor is a party would constitute a breach thereof, cause the acceleration thereof, cause the automatic termination thereof or would be terminable at the option of the other party, the Debtor hereby agrees to use commercially reasonable efforts to obtain from the parties to any such lease, agreement, right, licence or permit (except as otherwise provided in the Credit Agreement) any necessary consents (to the extent requested by the Agent) to the charging and assignment thereof in favour of the Agent, and the attachment of the Security Interest thereto shall be postponed until such consent is provided. Upon the provision of such consent, the Security Interest shall immediately attach thereto. Until such attachment, the Debtor shall hold its interest therein in trust for the Agent, unless the holding of such interest by the Debtor in trust for the Agent would constitute a breach thereof, cause the acceleration thereof or result in any of the other aforementioned effects.

(c) "Consumer goods" (as such term is defined in the PPSA) ("**Consumer Goods**") are specifically excluded from the Collateral and the related Security Interest.

7. Additional Provisions re Securities

The Debtor shall duly endorse for transfer all certificates evidencing the Securities, or execute in blank any stock transfer powers of attorney in respect thereof, in either case with signatures guaranteed if so requested by the Agent, acting reasonably. From and after the Acceleration Date, the Debtor shall cause any or all of the Securities to be registered in the name of the Agent or its nominee, and the Agent is hereby appointed the irrevocable attorney of the Debtor with full power of substitution to cause any or all of the Securities to be registered in the name of the Agent or its nominee. Until on or after the Acceleration Date:

- (a) the Debtor shall be entitled to exercise all voting rights attached to the Securities and give consents, waivers and ratifications in respect thereof; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which would impose any restriction on the transferability of the Securities or otherwise adversely affect the Security Interest or impair the value of the Securities; and
- (b) the Debtor shall not exercise its voting rights attached to the Securities in connection with any matter which would result in a contravention of the Credit Agreement.

All such rights of the Debtor to vote and give consents, waivers and ratifications shall cease immediately on the Acceleration Date.

8. Representations and Warranties

The Debtor hereby represents and warrants as follows to the Agent and the Lenders, and acknowledges that the Agent and the Lenders are relying thereon:

- (a) the Debtor has the capacity and authority to create the Security Interest and perform its obligations under this Agreement;

- (b) the execution and delivery of this Agreement and the performance by the Debtor of its obligations hereunder has been duly authorized by all necessary proceedings;
- (c) the Collateral is owned by the Debtor free from all Liens except for Permitted Encumbrances;
- (d) the chief executive office of the Debtor is set out in Schedule "F" to the Credit Agreement;
- (e) the Collateral does not include any Consumer Goods; and
- (f) the Securities do not include any certificated securities (other than those set out in Schedule A hereto) and shall not hereafter become certificated without the prior written consent of the Agent. Without limiting the foregoing, all certificates, agreements or instruments representing or evidencing the Securities in existence on the date hereof have been delivered to the Agent in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank.

9. Covenants

The Debtor covenants and agrees as follows:

- (a) not to grant or suffer to exist any Lien in respect of any of its property, except Permitted Encumbrances;
- (b) to prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property other than real property which is subject to a first-ranking Security Interest in favour of the Agent or a landlord agreement in favour of the Agent;
- (c) to deliver to the Agent from time to time upon request of the Agent all items of Collateral comprising Chattel Paper, Instruments, Securities and those Documents of Title which are negotiable;
- (d) to do, make, execute and deliver such further and other assignments, transfers, deeds, security agreements and other documents as may be reasonably required by the Agent to establish in favour of the Agent the Security Interest intended to be created hereby and to accomplish the intention of this Agreement; and
- (e) to pay all reasonable expenses, including reasonable solicitors' and receivers' fees and disbursements, incurred by the Agent or its agents (including any Receiver, as hereinafter defined) in connection with the preparation, perfection, preservation, and enforcement of this Agreement; including all reasonable expenses incurred by the Agent or such agents in dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the Security Interest; all of which expenses shall be payable promptly upon demand and shall form part of the Obligations.

10. Enforcement

On or after the Acceleration Date, in addition to exercising any other remedies available at law or equity or contained in any other agreement between the Debtor and the Agent, all of which remedies shall be independent and cumulative, the Agent may:

- (a) enter any premises where Collateral may be located;
- (b) take possession of Collateral by any method permitted by law;
- (c) occupy and use any premises occupied by the Debtor and use all or any of such premises and the Equipment and other Collateral located thereon;
- (d) take such steps and expend such monies as it considers necessary or desirable in its sole discretion to maintain, preserve and protect the Collateral, including payments on account of other security interests affecting the Collateral; provided that the Agent shall have no obligation to take any such actions or make any such expenditures; but any such amounts paid by the Agent shall comprise part of the Obligations and shall be secured hereby;
- (e) sell, lease, license or otherwise dispose of Collateral;
- (f) collect, sell or otherwise deal with Accounts, including notifying any person obligated to the Debtor in respect of an Account, Chattel Paper or an Instrument to make payment to the Agent of all such present and future amounts due thereon;
- (g) collect any rents, income, and profits received in connection with the business of the Debtor or the Collateral, without carrying on such business;
- (h) exercise all voting rights attached to the Securities (whether or not registered in the name of the Agent or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof and otherwise act with respect thereto as though it were the absolute owner thereof;
- (i) exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Securities as if it were the absolute owner thereof including, without limitation, the right to exchange at its discretion any and all of the Securities upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any of the Securities, and in connection therewith, to deposit and deliver any of the Securities with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it;
- (j) comply with any limitation or restriction in connection with any proposed sale or other disposition of the Securities as may be necessary in order to comply with applicable laws and regulations, and policies imposed by any stock exchange, securities commission or other Governmental Authority, and the Debtor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Agent be liable or accountable to the

Debtor for any discount in the sale price of the Securities which may be given by reason of the fact that such Securities are sold in compliance with any such limitation or restriction;

- (k) carry on the business of the Debtor or any portion thereof;
- (l) demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the Accounts or any other obligation of any third party to the Debtor;
- (m) borrow money for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Debtor, and charge and grant further security interests in the Collateral in priority to the Security Interest, as security for the money so borrowed;
- (n) apply to any court of competent jurisdiction for the appointment of a receiver or a receiver and manager in respect of the Debtor and/or the Collateral or any portion thereof;
- (o) appoint a receiver or a receiver and manager by private appointment (each of which together is herein called a **“Receiver”**) in respect of the Debtor and/or the Collateral or any portion thereof;
- (p) accept the Collateral in satisfaction of the Obligations; and
- (q) file proofs of claim and other documents in order to have the claims of the Agent and the Lenders lodged in any bankruptcy, winding-up, or other judicial proceeding relating to the Debtor or the Collateral.

11. Receiver

Any Receiver appointed by the Agent may be any person or persons, and the Agent may remove any Receiver so appointed and appoint another or others instead. The Receiver may exercise all powers of the Agent as provided in this Agreement. The Receiver shall act as agent for the Agent for the purposes of taking possession of the Collateral, and (except as provided below) as agent for the Debtor for all other purposes, including without limitation the occupation of any premises of the Debtor and in carrying on the Debtor's business. For the purposes of realizing upon the Security Interest, the Receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Agent as it may determine in its discretion, acting reasonably. The Debtor agrees to ratify and confirm all actions of the Receiver acting as agent for the Debtor, and to release and indemnify the Receiver in respect of all such actions, except that such ratification, confirmation, release and indemnity shall not apply to any gross negligence or wilful misconduct on the part of the Receiver.

12. Standards of Sale

The Debtor agrees that it shall be commercially reasonable for the Agent to dispose of Collateral by private sale or public sale, in the Agent's reasonable discretion. If Collateral is disposed of by public

sale, the sale may be held following one advertisement in a newspaper having general circulation in the location of the Collateral to be sold at least seven days prior to such sale, and the Agent may establish a reserve bid in respect of all or any portion of the Collateral. Collateral may be disposed of in whole or in part, for cash or credit, or part cash and part credit. The purchaser or lessee of such Collateral may be a customer of the Agent or any Lender. No purchaser shall be bound to enquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety and no lack of default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale hereunder. The Agent may sell any Collateral without entering into or taking actual possession of any part thereof, and while in possession the Agent shall only be accountable for monies actually received by it. The Agent may commence and continue any sale proceedings notwithstanding that other sale proceedings by other persons have been taken or are then pending.

13. Failure of Agent to Exercise Remedies

The Agent shall not be liable for any delay or failure to enforce any remedies available to it or to institute any proceedings for such purposes.

14. Application of Payments

From and after the Acceleration Date, all payments made in respect of the Obligations and all monies received by the Agent or any Receiver appointed by the Agent in respect of the enforcement of the Security Interest (including the receipt of any Money) may be held as security for the Obligations or applied in such manner as may be determined in the discretion of the Agent or the Receiver, as the case may be, and the Agent may at any time apply or change any such appropriation of such payments or monies to such part or parts of the Obligations as the Agent may determine in its discretion. The Debtor shall remain liable to the Agent for any deficiency; and any surplus funds realized after the satisfaction of all Obligations shall be paid in accordance with applicable law.

15. Dealings by Agent

Until the Obligations have been satisfied in full, the Agent may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, and otherwise deal with the Collateral, the Debtor, debtors of the Debtor, sureties of the Debtor, and others as the Agent may see fit, acting reasonably, without prejudice to the Obligations and the rights of the Agent to hold and realize upon the Security Interest. The Agent has no obligation to keep Collateral identifiable, or to preserve rights against prior secured creditors in respect of any Collateral which includes Chattel Paper or Instruments.

16. Payment of Liens

The Agent may pay and satisfy the whole or any part of any Liens now or hereafter existing in respect of any of the Collateral, and such payments together with all reasonable and documented costs, charges and expenses which may be incurred in connection with making such payments shall form part of the Obligations. In the event of the Agent satisfying any such Lien, it shall be entitled to all the equities and securities of the Person or Persons so paid and is hereby authorized to obtain any discharge thereof and hold such discharge without registration for so long as it may deem advisable to do so, acting reasonably.

17. Notice

Without prejudice to any other method of giving notice, any notice by the Agent to the Debtor pursuant to this Agreement shall be effective if made in writing and given to the Debtor at the address of the Debtor and in the manner set out in the Guarantee.

18. Separate Security

This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Agent or the Lenders in respect of the Debtor, the Obligations or the Collateral.

19. Lenders Not Obligated to Extend Credit

Nothing in this Agreement shall obligate the Lenders to make any loan or other extension of credit to the Borrower, or extend the time for payment or satisfaction of any Obligations.

20. Severability

If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

21. Time of Essence

Time shall be of the essence of this Agreement.

22. Inconsistencies with Credit Agreement

To the extent that there is any inconsistency between a provision of this Agreement and a provision of the Credit Agreement, the said provision in the Credit Agreement shall govern.

23. Entire Agreement

Except as aforesaid, this Agreement and any other documents or instruments contemplated hereby shall constitute the entire agreement and understanding between the Debtor and the Agent relating to the subject-matter hereof. No provision of this Agreement, or any other document or instrument in existence among the parties may be modified, waived or terminated except by an instrument in writing executed by the party against whom such modification, waiver or termination is sought to be enforced. There are no representations, warranties or collateral agreements in effect between the Debtor and the Agent relating to the subject-matter hereof; and possession of an executed copy of this Agreement by the Agent constitutes conclusive evidence that it was executed and delivered by the Debtor free of all conditions.

24. Grammatical Changes

This Agreement is to be read as if all changes in grammar, number and gender rendered necessary by the context had been made, specifically including a reference to a person as a corporation and vice-versa.

25. Governing Law; Submission to Jurisdiction

This Agreement shall be interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Agent to enforce this Agreement in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the jurisdiction of the courts of the Province of Ontario.

26. Power of Attorney

The Debtor hereby constitutes and appoints the Agent or any officer thereof, at any time and from time to time on or after the Acceleration Date, as its true, lawful and irrevocable attorney, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of the Debtor arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of the Debtor whenever and wherever it may be considered necessary or expedient. The foregoing power of attorney is coupled with an interest and is irrevocable.

27. Successors and Assigns

This Agreement is binding upon the parties hereto, and their respective successors and permitted assigns.

28. Amalgamation of Debtor

If the Debtor amalgamates with any other corporation or corporations, it is the intention of the parties that this Agreement shall continue in full force and effect and shall be binding upon the amalgamated corporation, and for greater certainty, that:

- (a) the Security Interest shall: (i) continue to secure the Obligations; (ii) secure all obligations of each other amalgamating corporation to the Agent and the Lenders (which obligations shall constitute Obligations of the amalgamated corporation); and (iii) secure all obligations of the amalgamated corporation to the Agent and the Lenders arising after the amalgamation; and the term "Obligations" shall include all such obligations of the Debtor, the other amalgamating corporations and the amalgamated corporation;
- (b) the Security Interest shall: (i) continue to attach to all property and assets of the Debtor; (ii) attach to all property and assets of each other amalgamating corporation (which property and assets shall be the property and assets of the amalgamated corporation); and (iii) attach to all property and assets of the amalgamated corporation acquired after the amalgamation; and the term "Collateral" shall include all such property and assets of the Debtor, the other amalgamating corporations and the amalgamated corporation;
- (c) all defined terms and other provisions of this Agreement shall be deemed to have been amended to reflect such amalgamation, to the extent required by the context; and
- (d) the amalgamated corporation shall execute and deliver all such further documents and assurances as may be necessary or desirable in connection with the foregoing.

29. Execution by Facsimile or PDF; Execution in Counterparts

This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement. This Agreement may be executed by facsimile or electronic transmission of a printable image in 'pdf' or other file format of a signature or signatures applied to this Agreement, and any such signature or signatures shall be treated as original for all purposes.

30. Acknowledgment and Waiver

The Debtor:

- (a) acknowledges receipt of an executed copy of this Agreement; and
- (b) waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement filed or issued, as the case may be, at any time in respect of this Agreement or any amendments hereto.

[The remainder of this page is intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the Debtor has executed this Agreement effective as of the day and year first above written.

FINAL BELL CORP.

By:  _____
Name: Greg Boone
Title: CEO

By: _____
Name:
Title:

I/we have authority to bind the corporation.

IN WITNESS WHEREOF, the Debtor has executed this Agreement effective as of the day and year first above written.

FINAL BELL CORP.

By: _____

Name:

Title:

DocuSigned by:

Jennifer Maccarone

By: _____

Name: Jennifer Maccarone

Title: COO

I/we have authority to bind the corporation.

SCHEDULE "A"
PLEDGED SECURITIES

N/A

SCHEDULE "B"

INTELLECTUAL PROPERTY

Owned Intellectual Property

N/A

Licensed Intellectual Property

N/A

GENERAL SECURITY AGREEMENT

This Agreement is made this 8 day of January, 2024

BETWEEN:

FINAL BELL CANADA INC.
(the "Debtor")

- and -

CORTLAND CREDIT LENDING CORPORATION, as Administrative Agent
(the "Agent")

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor hereby agrees with the Agent as follows:

1. Interpretation

Reference is made to the second amended and restated credit agreement among The Green Organic Dutchman Ltd. (the "Borrower"), the Agent and the lenders from time to time party thereto dated on or about the date hereof (as it may be amended, amended and restated, supplemented or otherwise modified from time to time, collectively, the "Credit Agreement"). Terms used herein as defined terms shall have the respective meanings ascribed in the Credit Agreement, unless otherwise defined herein. In addition, the following terms shall have the respective meanings set forth below:

"**Acceleration Date**" means the delivery by the Agent to an Obligor of a written notice that the Obligations (as hereinafter defined) are immediately due and payable, following the occurrence and during the continuation of an Event of Default.

"**Collateral**" means the present and after-acquired real and personal property of the Debtor and all Inventory, Equipment, Accounts, Intangibles, Documents of Title, Chattel Paper, Instruments, Money, Securities, Documents, Undertaking and Proceeds (as such terms are defined herein), subject to any exceptions identified in Section 6 of this Agreement. Any reference in this Agreement to Collateral shall mean Collateral or any part thereof, unless the context otherwise requires.

"**PPSA**" means the *Personal Property Security Act* (Ontario), including the regulations thereto and related Minister's Orders, provided that if perfection or the effect of or non-perfection or the priority of any Lien created hereunder or under any other Security Agreement on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in any applicable jurisdiction in Canada, "**PPSA**" means the *Personal Property Security Act* or such other applicable legislation (including, the Civil Code of Quebec) in effect from time to time in such other jurisdiction in Canada for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"**Security Interest**" means the grants, mortgages, charges, transfers, assignments and security interests herein created.

2. **Creation of Security Interest; Obligations Secured**

The Debtor hereby grants to and in favour of the Agent, as continuing security for the payment and performance of (i) all present and future, direct and indirect, contingent and absolute obligations and liabilities of the Debtor to the Agent and the Lenders arising under or in connection with the Credit Agreement and all Guarantees provided by the Debtor from time to time in respect of the indebtedness and liabilities of the Borrower thereunder, and (ii) all obligations of the Debtor to the Agent and the Lenders arising under this Agreement (collectively, the "**Obligations**"), a security interest in, and hereby mortgages, charges and assigns to and in favour of the Agent, all present and after-acquired real and personal property of the Debtor, including the following:

Equipment

- (a) all present and after-acquired equipment of the Debtor, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto (collectively, "**Equipment**");

Inventory

- (b) all present and after-acquired inventory of the Debtor, including all raw materials, materials used or consumed in the business of the Debtor, work-in-progress, finished goods, goods used for packing, materials used in the business of the Debtor not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service (collectively, "**Inventory**");

Accounts

- (c) all present and after-acquired debts, demands and amounts due or accruing due to the Debtor whether or not earned by performance, including without limitation its book debts, accounts receivable, and claims under policies of insurance; and all contracts, security interests and other rights and benefits in respect thereof and all other present and after-acquired accounts receivable and amounts due or accruing due to the Debtor evidenced by any deposit receipts, term deposits, guaranteed investment certificates or other evidence of debt obligations issued by a bank, trust company or other financial institution, and all replacements, renewals and substitutions therefor (collectively, "**Accounts**");

Intangibles

- (d) all present and future intangible personal property of the Debtor, including all contract rights, goodwill, and Intellectual Property (as hereinafter defined), and all other choses in action of the Debtor of every kind, whether due at the present time or hereafter to become due or owing, that are not "goods" (as such term is defined in the PPSA) (collectively, "**Goods**"), Chattel Paper (as hereinafter defined), Documents of Title (as

hereinafter defined), Instruments (as hereinafter defined), Money (as hereinafter defined) or Investment Property (as hereinafter defined) (collectively, "**Intangibles**"); as used herein, "**Intellectual Property**" means all of the Debtor's present and future intellectual property including without limitation, (i) copyrights, (ii) patents, (iii) trademarks, trade names, business names, trade styles, logos and all other forms of business identifiers, and (iv) trade secrets and other confidential information and data in any form or format, including without limitation, all know-how obtained, developed or used in or contemplated at any time for use in the business, affairs, undertaking and operations of the Debtor now or hereafter owned generated or acquired, including in each instance all related additions, improvements and accessories thereto and replacements thereof (whether registered or unregistered) including without limitation, the intellectual property described in Schedule B attached hereto;

Documents of Title

- (e) all present and after-acquired "documents of title" (as such term is defined in the PPSA) of the Debtor, whether negotiable or otherwise including all warehouse receipts and bills of lading (collectively, "**Documents of Title**");

Chattel Paper

- (f) all present and after-acquired agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific Goods (collectively, "**Chattel Paper**");

Instruments

- (g) all present and after-acquired bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)), and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment (collectively, "**Instruments**");

Money

- (h) all present and after-acquired "money" (as such term is defined in the PPSA) of the Debtor, whether authorized or adopted by the Parliament of Canada as part of its currency or any foreign government as part of its currency (collectively, "**Money**");

Securities

- (i) all present and after-acquired securities held by the Debtor, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures, "financial assets" (as such term is defined in the *Securities Transfer Act, 2006* (Ontario)) and "investment property" (as such term is defined in the PPSA) (collectively, "**Investment Property**") and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and dividends and income derived therefrom (collectively,

"Securities"); and for greater certainty, specifically including, without limitation, the Securities listed in Schedule "A" attached hereto or otherwise acknowledged in writing by the Debtor as comprising part of the Collateral;

Documents

- (j) all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating to collateral subject to the Security Interest (collectively, "**Documents**");

Undertaking

- (k) all present and after-acquired real and personal property, business, and undertaking of the Debtor not being Inventory, Equipment, Accounts, Intangibles, Documents of Title, Chattel Paper, Instruments, Money, Securities or Documents (collectively, "**Undertaking**"); and

Proceeds

- (l) all personal property in any form derived directly or indirectly from any dealing with collateral subject to the Security Interest or the proceeds therefrom, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto or the proceeds therefrom (collectively, "**Proceeds**").

3. Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2, for greater certainty the Collateral shall include all present and after-acquired real and personal property in which the Debtor may have an interest which may be specifically described in any schedule which may be attached hereto. The Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Agent in order that the Security Interest shall attach to such real and personal property.

4. Attachment

The Debtor acknowledges that value has been given, the parties have not agreed to postpone the time for attachment of the Security Interest and the Debtor has rights in the Collateral which exists as at the date of this Agreement. In respect of Collateral in which the Debtor obtains an interest after the execution and delivery of this Agreement, the Security Interest shall attach thereto immediately upon the Debtor obtaining such rights.

5. Dealings with Collateral

The Debtor may sell Inventory and collect Accounts in the ordinary course of its business until on or after the Acceleration Date. After the Acceleration Date, the Debtor's entitlement to sell Inventory and collect Accounts shall cease, and any Accounts thereafter collected by the Debtor shall be held by in trust for the Agent and shall be paid to the Agent immediately upon receipt.

6. Exception re Leasehold Interests, Contractual Rights and Consumer Goods

(a) The last day of the term of any lease or sublease of any real property or agreement therefor is specifically excluded from the Collateral and the related Security Interest, but the Debtor agrees to stand possessed of such last day in trust for any Person acquiring such interest of the Debtor.

(b) To the extent that the granting of the Security Interest in respect of any agreement, right, licence or permit to which the Debtor is a party would constitute a breach thereof, cause the acceleration thereof, cause the automatic termination thereof or would be terminable at the option of the other party, the Debtor hereby agrees to use commercially reasonable efforts to obtain from the parties to any such lease, agreement, right, licence or permit (except as otherwise provided in the Credit Agreement) any necessary consents (to the extent requested by the Agent) to the charging and assignment thereof in favour of the Agent, and the attachment of the Security Interest thereto shall be postponed until such consent is provided. Upon the provision of such consent, the Security Interest shall immediately attach thereto. Until such attachment, the Debtor shall hold its interest therein in trust for the Agent, unless the holding of such interest by the Debtor in trust for the Agent would constitute a breach thereof, cause the acceleration thereof or result in any of the other aforementioned effects.

(c) "Consumer goods" (as such term is defined in the PPSA) ("**Consumer Goods**") are specifically excluded from the Collateral and the related Security Interest.

7. Additional Provisions re Securities

The Debtor shall duly endorse for transfer all certificates evidencing the Securities, or execute in blank any stock transfer powers of attorney in respect thereof, in either case with signatures guaranteed if so requested by the Agent, acting reasonably. From and after the Acceleration Date, the Debtor shall cause any or all of the Securities to be registered in the name of the Agent or its nominee, and the Agent is hereby appointed the irrevocable attorney of the Debtor with full power of substitution to cause any or all of the Securities to be registered in the name of the Agent or its nominee. Until on or after the Acceleration Date:

- (a) the Debtor shall be entitled to exercise all voting rights attached to the Securities and give consents, waivers and ratifications in respect thereof; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which would impose any restriction on the transferability of the Securities or otherwise adversely affect the Security Interest or impair the value of the Securities; and
- (b) the Debtor shall not exercise its voting rights attached to the Securities in connection with any matter which would result in a contravention of the Credit Agreement.

All such rights of the Debtor to vote and give consents, waivers and ratifications shall cease immediately on the Acceleration Date.

8. Representations and Warranties

The Debtor hereby represents and warrants as follows to the Agent and the Lenders, and acknowledges that the Agent and the Lenders are relying thereon:

- (a) the Debtor has the capacity and authority to create the Security Interest and perform its obligations under this Agreement;

- (b) the execution and delivery of this Agreement and the performance by the Debtor of its obligations hereunder has been duly authorized by all necessary proceedings;
- (c) the Collateral is owned by the Debtor free from all Liens except for Permitted Encumbrances;
- (d) the chief executive office of the Debtor is set out in Schedule "F" to the Credit Agreement;
- (e) the Collateral does not include any Consumer Goods; and
- (f) the Securities do not include any certificated securities (other than those set out in Schedule A hereto) and shall not hereafter become certificated without the prior written consent of the Agent. Without limiting the foregoing, all certificates, agreements or instruments representing or evidencing the Securities in existence on the date hereof have been delivered to the Agent in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank.

9. Covenants

The Debtor covenants and agrees as follows:

- (a) not to grant or suffer to exist any Lien in respect of any of its property, except Permitted Encumbrances;
- (b) to prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property other than real property which is subject to a first-ranking Security Interest in favour of the Agent or a landlord agreement in favour of the Agent;
- (c) to deliver to the Agent from time to time upon request of the Agent all items of Collateral comprising Chattel Paper, Instruments, Securities and those Documents of Title which are negotiable;
- (d) to do, make, execute and deliver such further and other assignments, transfers, deeds, security agreements and other documents as may be reasonably required by the Agent to establish in favour of the Agent the Security Interest intended to be created hereby and to accomplish the intention of this Agreement; and
- (e) to pay all reasonable expenses, including reasonable solicitors' and receivers' fees and disbursements, incurred by the Agent or its agents (including any Receiver, as hereinafter defined) in connection with the preparation, perfection, preservation, and enforcement of this Agreement; including all reasonable expenses incurred by the Agent or such agents in dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the Security Interest; all of which expenses shall be payable promptly upon demand and shall form part of the Obligations.

10. Enforcement

On or after the Acceleration Date, in addition to exercising any other remedies available at law or equity or contained in any other agreement between the Debtor and the Agent, all of which remedies shall be independent and cumulative, the Agent may:

- (a) enter any premises where Collateral may be located;
- (b) take possession of Collateral by any method permitted by law;
- (c) occupy and use any premises occupied by the Debtor and use all or any of such premises and the Equipment and other Collateral located thereon;
- (d) take such steps and expend such monies as it considers necessary or desirable in its sole discretion to maintain, preserve and protect the Collateral, including payments on account of other security interests affecting the Collateral; provided that the Agent shall have no obligation to take any such actions or make any such expenditures; but any such amounts paid by the Agent shall comprise part of the Obligations and shall be secured hereby;
- (e) sell, lease, license or otherwise dispose of Collateral;
- (f) collect, sell or otherwise deal with Accounts, including notifying any person obligated to the Debtor in respect of an Account, Chattel Paper or an Instrument to make payment to the Agent of all such present and future amounts due thereon;
- (g) collect any rents, income, and profits received in connection with the business of the Debtor or the Collateral, without carrying on such business;
- (h) exercise all voting rights attached to the Securities (whether or not registered in the name of the Agent or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof and otherwise act with respect thereto as though it were the absolute owner thereof;
- (i) exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Securities as if it were the absolute owner thereof including, without limitation, the right to exchange at its discretion any and all of the Securities upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any of the Securities, and in connection therewith, to deposit and deliver any of the Securities with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it;
- (j) comply with any limitation or restriction in connection with any proposed sale or other disposition of the Securities as may be necessary in order to comply with applicable laws and regulations, and policies imposed by any stock exchange, securities commission or other Governmental Authority, and the Debtor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Agent be liable or accountable to the

Debtor for any discount in the sale price of the Securities which may be given by reason of the fact that such Securities are sold in compliance with any such limitation or restriction;

- (k) carry on the business of the Debtor or any portion thereof;
- (l) demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the Accounts or any other obligation of any third party to the Debtor;
- (m) borrow money for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Debtor, and charge and grant further security interests in the Collateral in priority to the Security Interest, as security for the money so borrowed;
- (n) apply to any court of competent jurisdiction for the appointment of a receiver or a receiver and manager in respect of the Debtor and/or the Collateral or any portion thereof;
- (o) appoint a receiver or a receiver and manager by private appointment (each of which together is herein called a “Receiver”) in respect of the Debtor and/or the Collateral or any portion thereof;
- (p) accept the Collateral in satisfaction of the Obligations; and
- (q) file proofs of claim and other documents in order to have the claims of the Agent and the Lenders lodged in any bankruptcy, winding-up, or other judicial proceeding relating to the Debtor or the Collateral.

11. Receiver

Any Receiver appointed by the Agent may be any person or persons, and the Agent may remove any Receiver so appointed and appoint another or others instead. The Receiver may exercise all powers of the Agent as provided in this Agreement. The Receiver shall act as agent for the Agent for the purposes of taking possession of the Collateral, and (except as provided below) as agent for the Debtor for all other purposes, including without limitation the occupation of any premises of the Debtor and in carrying on the Debtor's business. For the purposes of realizing upon the Security Interest, the Receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Agent as it may determine in its discretion, acting reasonably. The Debtor agrees to ratify and confirm all actions of the Receiver acting as agent for the Debtor, and to release and indemnify the Receiver in respect of all such actions, except that such ratification, confirmation, release and indemnity shall not apply to any gross negligence or wilful misconduct on the part of the Receiver.

12. Standards of Sale

The Debtor agrees that it shall be commercially reasonable for the Agent to dispose of Collateral by private sale or public sale, in the Agent's reasonable discretion. If Collateral is disposed of by public

sale, the sale may be held following one advertisement in a newspaper having general circulation in the location of the Collateral to be sold at least seven days prior to such sale, and the Agent may establish a reserve bid in respect of all or any portion of the Collateral. Collateral may be disposed of in whole or in part, for cash or credit, or part cash and part credit. The purchaser or lessee of such Collateral may be a customer of the Agent or any Lender. No purchaser shall be bound to enquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety and no lack of default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale hereunder. The Agent may sell any Collateral without entering into or taking actual possession of any part thereof, and while in possession the Agent shall only be accountable for monies actually received by it. The Agent may commence and continue any sale proceedings notwithstanding that other sale proceedings by other persons have been taken or are then pending.

13. Failure of Agent to Exercise Remedies

The Agent shall not be liable for any delay or failure to enforce any remedies available to it or to institute any proceedings for such purposes.

14. Application of Payments

From and after the Acceleration Date, all payments made in respect of the Obligations and all monies received by the Agent or any Receiver appointed by the Agent in respect of the enforcement of the Security Interest (including the receipt of any Money) may be held as security for the Obligations or applied in such manner as may be determined in the discretion of the Agent or the Receiver, as the case may be, and the Agent may at any time apply or change any such appropriation of such payments or monies to such part or parts of the Obligations as the Agent may determine in its discretion. The Debtor shall remain liable to the Agent for any deficiency; and any surplus funds realized after the satisfaction of all Obligations shall be paid in accordance with applicable law.

15. Dealings by Agent

Until the Obligations have been satisfied in full, the Agent may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, and otherwise deal with the Collateral, the Debtor, debtors of the Debtor, sureties of the Debtor, and others as the Agent may see fit, acting reasonably, without prejudice to the Obligations and the rights of the Agent to hold and realize upon the Security Interest. The Agent has no obligation to keep Collateral identifiable, or to preserve rights against prior secured creditors in respect of any Collateral which includes Chattel Paper or Instruments.

16. Payment of Liens

The Agent may pay and satisfy the whole or any part of any Liens now or hereafter existing in respect of any of the Collateral, and such payments together with all reasonable and documented costs, charges and expenses which may be incurred in connection with making such payments shall form part of the Obligations. In the event of the Agent satisfying any such Lien, it shall be entitled to all the equities and securities of the Person or Persons so paid and is hereby authorized to obtain any discharge thereof and hold such discharge without registration for so long as it may deem advisable to do so, acting reasonably.

17. Notice

Without prejudice to any other method of giving notice, any notice by the Agent to the Debtor pursuant to this Agreement shall be effective if made in writing and given to the Debtor at the address of the Debtor and in the manner set out in the Guarantee.

18. Separate Security

This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Agent or the Lenders in respect of the Debtor, the Obligations or the Collateral.

19. Lenders Not Obligated to Extend Credit

Nothing in this Agreement shall obligate the Lenders to make any loan or other extension of credit to the Borrower, or extend the time for payment or satisfaction of any Obligations.

20. Severability

If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

21. Time of Essence

Time shall be of the essence of this Agreement.

22. Inconsistencies with Credit Agreement

To the extent that there is any inconsistency between a provision of this Agreement and a provision of the Credit Agreement, the said provision in the Credit Agreement shall govern.

23. Entire Agreement

Except as aforesaid, this Agreement and any other documents or instruments contemplated hereby shall constitute the entire agreement and understanding between the Debtor and the Agent relating to the subject-matter hereof. No provision of this Agreement, or any other document or instrument in existence among the parties may be modified, waived or terminated except by an instrument in writing executed by the party against whom such modification, waiver or termination is sought to be enforced. There are no representations, warranties or collateral agreements in effect between the Debtor and the Agent relating to the subject-matter hereof; and possession of an executed copy of this Agreement by the Agent constitutes conclusive evidence that it was executed and delivered by the Debtor free of all conditions.

24. Grammatical Changes

This Agreement is to be read as if all changes in grammar, number and gender rendered necessary by the context had been made, specifically including a reference to a person as a corporation and vice-versa.

25. Governing Law; Submission to Jurisdiction

This Agreement shall be interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Agent to enforce this Agreement in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the jurisdiction of the courts of the Province of Ontario.

26. Power of Attorney

The Debtor hereby constitutes and appoints the Agent or any officer thereof, at any time and from time to time on or after the Acceleration Date, as its true, lawful and irrevocable attorney, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of the Debtor arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of the Debtor whenever and wherever it may be considered necessary or expedient. The foregoing power of attorney is coupled with an interest and is irrevocable.

27. Successors and Assigns

This Agreement is binding upon the parties hereto, and their respective successors and permitted assigns.

28. Amalgamation of Debtor

If the Debtor amalgamates with any other corporation or corporations, it is the intention of the parties that this Agreement shall continue in full force and effect and shall be binding upon the amalgamated corporation, and for greater certainty, that:

- (a) the Security Interest shall: (i) continue to secure the Obligations; (ii) secure all obligations of each other amalgamating corporation to the Agent and the Lenders (which obligations shall constitute Obligations of the amalgamated corporation); and (iii) secure all obligations of the amalgamated corporation to the Agent and the Lenders arising after the amalgamation; and the term "Obligations" shall include all such obligations of the Debtor, the other amalgamating corporations and the amalgamated corporation;
- (b) the Security Interest shall: (i) continue to attach to all property and assets of the Debtor; (ii) attach to all property and assets of each other amalgamating corporation (which property and assets shall be the property and assets of the amalgamated corporation); and (iii) attach to all property and assets of the amalgamated corporation acquired after the amalgamation; and the term "Collateral" shall include all such property and assets of the Debtor, the other amalgamating corporations and the amalgamated corporation;
- (c) all defined terms and other provisions of this Agreement shall be deemed to have been amended to reflect such amalgamation, to the extent required by the context; and
- (d) the amalgamated corporation shall execute and deliver all such further documents and assurances as may be necessary or desirable in connection with the foregoing.

29. Execution by Facsimile or PDF; Execution in Counterparts

This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement. This Agreement may be executed by facsimile or electronic transmission of a printable image in 'pdf' or other file format of a signature or signatures applied to this Agreement, and any such signature or signatures shall be treated as original for all purposes.

30. Acknowledgment and Waiver


The Debtor:

- (a) acknowledges receipt of an executed copy of this Agreement; and
- (b) waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement filed or issued, as the case may be, at any time in respect of this Agreement or any amendments hereto.

[The remainder of this page is intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the Debtor has executed this Agreement effective as of the day and year first above written.

FINAL BELL CANADA INC.

By: 
Name: Greg Boone
Title: President

By: _____
Name:
Title:

I/we have authority to bind the corporation.

IN WITNESS WHEREOF, the Debtor has executed this Agreement effective as of the day and year first above written.

FINAL BELL CANADA INC.

By: _____

Name:

Title:

DocuSigned by:

Jennifer Maccarone

By: _____

Name: Jennifer Maccarone

Title: COO

I/we have authority to bind the corporation.

SCHEDULE "A"
PLEDGED SECURITIES

<u>Issuer</u>	<u>Certificate Number</u>	<u>Number and Class of Shares</u>
Final Bell Corp.	No. C-4	100 common shares

SCHEDULE "B"

INTELLECTUAL PROPERTY

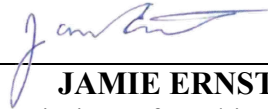
Owned Intellectual Property

N/A

Licensed Intellectual Property

Mark	Registration / Application #	Jurisdictions	Owner
SHERBINSKIS	1987175	Canada	APHAEA, LLC
MOCHI	1868158	Canada	APHAEA, LLC
COOKIES	1881704	Canada	Cookies Creative Consulting & Promotions, LLC
COOKIES DESIGN	1881708	Canada	Cookies Creative Consulting & Promotions, LLC
C. BITE DESIGN	1881714	Canada	Cookies Creative Consulting & Promotions, LLC
BEURRE BLANC	2098405	Canada	Final Bell Holdings, LLC
FINAL BELL	2098408	Canada	Final Bell Holdings, LLC
PAX	1937404	Canada	Pax Labs, Inc.
PAX DESIGN	2142108	Canada	Pax Labs, Inc.
ERA PRO	1989692	Canada	Pax Labs, Inc.
ANIMAL	N/A	Canada	Final Bell Holdings International
SEV7N	1977922	Canada	Seven Leaf Canada
SOVEREIGN		Canada	Seven Leaf Canada

THIS IS **EXHIBIT "CC"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$2,500,000.00

March 3, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), BZAM Ltd. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Stone Pine Capital Ltd. (the "**Lender**"), in immediately available funds, at Suite 1507, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 or such other location as the Lender shall designate in writing, two million and five hundred thousand dollars (\$2,500,000.00) to be advanced by the Lender to the Borrower on March 1, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of Canada.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until at least June 3, 2023.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to 10% per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder.

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). The Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness. For the purposes of this Note, "**Senior Indebtedness**" shall mean all amounts due in connection with indebtedness of The Green Organic Dutchman Ltd. to Cortland Credit Lending Corporation, as agent and lender, and the other lenders parties thereto, under the amended and restated credit agreement dated September 29, 2021 (as amended), including

without limitation, the obligations of the Borrower to Cortland Credit Lending Corporation thereunder and pursuant to the documents delivered in connection therewith.

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Company under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By:  _____

Name: Matt Milich

Title: CEO

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By: _____

Name: Bassam Alghanim

Title: Director

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

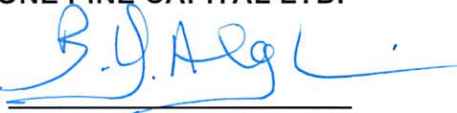
By: _____

Name: Matt Milich

Title: CEO

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By:  _____

Name: Bassam Alghanim

Title: Director

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$1,325,000.00

August ____, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), BZAM Ltd. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Stone Pine Capital Ltd. (the "**Lender**"), in immediately available funds, at Suite 1507, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 or such other location as the Lender shall designate in writing, one million and three hundred twenty five thousand dollars (\$1,325,000.00) to be advanced by the Lender to the Borrower on the date hereof (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of Canada.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until at least March 31, 2024, provided that, subsequent to the Edmonton Sale (as defined in the Consent Agreement, as hereinafter defined), the Lender may request that the Borrower repay such amount of net proceeds (if any) that may be remaining after repayment is made to Cortland Credit Lending Corporation ("**CCLC**") in accordance with Section 3(b) of the consent agreement between, among others, CCLC and BZAM dated on or about the date hereof (the "**Consent Agreement**") in each case, subject to the terms of the postponement and subordination agreement dated on or about the date hereof between CCLC and the Lender.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to 10% per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder.

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). The Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior

Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness. For the purposes of this Note, “**Senior Indebtedness**” shall mean all amounts due in connection with indebtedness of The Green Organic Dutchman Ltd. to CCLC, as agent and lender, and the other lenders parties thereto, under the amended and restated credit agreement dated September 29, 2021 (as amended), including, without limitation, the obligations of the Borrower to CCLC thereunder and pursuant to the documents delivered in connection therewith.

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Company under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original

counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By:  _____

Name: Matthew Milich

Title: CEO

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By:  _____

Name: Bassem Abkhar

Title: Director

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$1,190,000.00

October 27, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), BZAM Ltd. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Stone Pine Capital Ltd. (the "**Lender**"), in immediately available funds, at Suite 1507, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 or such other location as the Lender shall designate in writing, one million and one hundred ninety thousand dollars (\$1,190,000.00) to be advanced by the Lender to the Borrower on October 27, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of Canada.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until the later of: (i) the Maturity Date (as such term is defined in the Cortland Credit Agreement (as hereinafter defined)); and (ii) January 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to the Prime Rate (as hereinafter defined) plus 8% per annum, such interest to be calculated monthly and accruing on the last day of each calendar month (collectively, the "**Interest**"). The advanced and unpaid Principal Amount, together with all Interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount or Interest shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder. For the purposes of this Note, "**Prime Rate**" means the floating annual rate of interest established from time to time by The Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to The Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its "prime rate".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). The Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior

Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness. For the purposes of this Note, “**Senior Indebtedness**” shall mean all amounts due in connection with indebtedness of The Green Organic Dutchman Ltd. to CCLC, as agent and lender, and the other lenders parties thereto, under the amended and restated credit agreement dated September 29, 2021 (as subsequently amended and as it may be further amended, amended and restated, extended, modified or replaced from time to time, the “**Cortland Credit Agreement**”).

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Company under this Note shall begin to accrue interest at a rate of the Prime Rate plus 10% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original

counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By:  _____

Name: Matt Milich

Title: CEO

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By: _____

Name: Bassam Alghanim

Title: Director

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By: _____

Name: Matt Milich

Title: CEO

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By:  _____

Name: Bassam Alghanim

Title: Director

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$600,000.00

November 8, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), BZAM Ltd. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Stone Pine Capital Ltd. (the "**Lender**"), in immediately available funds, at Suite 1507, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 or such other location as the Lender shall designate in writing, six hundred thousand dollars (\$600,000.00) to be advanced by the Lender to the Borrower on November 8, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of Canada.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until the later of: (i) the Maturity Date (as such term is defined in the Cortland Credit Agreement (as hereinafter defined)); and (ii) January 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to the Prime Rate (as hereinafter defined) plus 8% per annum, such interest to be calculated monthly and accruing on the last day of each calendar month (collectively, the "**Interest**"). The advanced and unpaid Principal Amount, together with all Interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount or Interest shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder. For the purposes of this Note, "**Prime Rate**" means the floating annual rate of interest established from time to time by The Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to The Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its "prime rate".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). The Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior

Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness. For the purposes of this Note, “**Senior Indebtedness**” shall mean all amounts due in connection with indebtedness of The Green Organic Dutchman Ltd. to CCLC, as agent and lender, and the other lenders parties thereto, under the amended and restated credit agreement dated September 29, 2021 (as subsequently amended and as it may be further amended, amended and restated, extended, modified or replaced from time to time, the “**Cortland Credit Agreement**”).

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Company under this Note shall begin to accrue interest at a rate of the Prime Rate plus 10% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original

counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By:  _____

Name: Matt Milich

Title: CEO

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By: _____

Name:

Title:

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By: B. Y. Alghamdi

Name: Baroun Y. Alghamdi

Title: Director

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$2,000,000.00

November 30, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), BZAM Ltd. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Stone Pine Capital Ltd. (the "**Lender**"), in immediately available funds, at Suite 1507, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 or such other location as the Lender shall designate in writing, two million dollars (\$2,000,000.00) to be advanced by the Lender to the Borrower on November 30, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of Canada.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until the later of: (i) the Maturity Date (as such term is defined in the Cortland Credit Agreement (as hereinafter defined)); and (ii) January 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to the Prime Rate (as hereinafter defined) plus 8% per annum, such interest to be calculated monthly and accruing on the last day of each calendar month (collectively, the "**Interest**"). The advanced and unpaid Principal Amount, together with all Interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount or Interest shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder. For the purposes of this Note, "**Prime Rate**" means the floating annual rate of interest established from time to time by The Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to The Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its "prime rate".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). The Security Agreement and Indebtedness are hereby postponed

and subordinated in right of payment to the prior payment in full of any and all Senior Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness. For the purposes of this Note, “**Senior Indebtedness**” shall mean all amounts due in connection with indebtedness of The Green Organic Dutchman Ltd. to CCLC, as agent and lender, and the other lenders parties thereto, under the amended and restated credit agreement dated September 29, 2021 (as subsequently amended and as it may be further amended, amended and restated, extended, modified or replaced from time to time, the “**Cortland Credit Agreement**”).

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Company under this Note shall begin to accrue interest at a rate of the Prime Rate plus 10% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in

original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By:  _____

Name: Matt Milich

Title: CEO

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By: _____

Name:

Title:

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By: B.Y. Alghal

Name: BRIAN Y. ALGHAL

Title: Director

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$900,000.00

December 4, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), BZAM Ltd. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Stone Pine Capital Ltd. (the "**Lender**"), in immediately available funds, at Suite 1507, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 or such other location as the Lender shall designate in writing, nine hundred thousand dollars (\$900,000.00) to be advanced by the Lender to the Borrower on December 4, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of Canada.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until the later of: (i) the Maturity Date (as such term is defined in the Cortland Credit Agreement (as hereinafter defined)); and (ii) January 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to the Prime Rate (as hereinafter defined) plus 8% per annum, such interest to be calculated monthly and accruing on the last day of each calendar month (collectively, the "**Interest**"). The advanced and unpaid Principal Amount, together with all Interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount or Interest shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder. For the purposes of this Note, "**Prime Rate**" means the floating annual rate of interest established from time to time by The Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to The Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its "prime rate".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). The Security Agreement and Indebtedness are hereby postponed

and subordinated in right of payment to the prior payment in full of any and all Senior Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness. For the purposes of this Note, “**Senior Indebtedness**” shall mean all amounts due in connection with indebtedness of The Green Organic Dutchman Ltd. to CCLC, as agent and lender, and the other lenders parties thereto, under the amended and restated credit agreement dated September 29, 2021 (as subsequently amended and as it may be further amended, amended and restated, extended, modified or replaced from time to time, the “**Cortland Credit Agreement**”).

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Company under this Note shall begin to accrue interest at a rate of the Prime Rate plus 10% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in

original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By:  _____

Name: Matt Milich

Title: CEO

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By: _____

Name:

Title:

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

BZAM LTD.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By: B. Y. Algl

Name: BASAM Y. ALGHANIM

Title: DIRECTOR

THIS IS **EXHIBIT "DD"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

Amendment Agreement

This Amendment Agreement is made as of January 4, 2024.

Between:

BZAM LTD.

(the "Borrower")

And:

STONE PINE CAPITAL LTD.

(the "Lender")

(each of the Borrower and Lender Being a "Party" and collectively, the "Parties")

WHEREAS the Parties entered into the Secured Demand Promissory Notes (collectively, the "Notes") as of the dates and in the amounts set out below:

Date	Amount
March 3, 2023	CAD \$2,500,000
August 30, 2023	CAD \$1,325,000
October 27, 2023	CAD \$1,190,000
November 8, 2023	CAD \$600,000
November 30, 2023	CAD \$2,000,000
December 4, 2023	CAD \$900,000

AND WHEREAS the Parties wish to amend the Notes as set forth herein;

NOW THEREFORE, in consideration of the mutual promises hereinafter made by the Parties and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The second paragraph in each of the Notes shall be deleted and replaced with:

"The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until the later of: (i) the Maturity Date (as such term is defined in the Cortland Credit Agreement (as hereinafter defined)); and (ii) March 31, 2025."

[Signatures to follow on next page.]

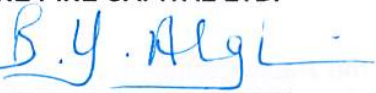
IN WITNESS WHEREOF, the undersigned has executed this Amentment Agreement as of the date first written above.

BZAM LTD.

By: 
Name: Matthew Milich
Title: CEO

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

STONE PINE CAPITAL LTD.

By: 
Name: Bassam Alghanim
Title: Director

THIS IS **EXHIBIT "EE"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

GENERAL SECURITY AGREEMENT

This GENERAL SECURITY AGREEMENT, dated as of March 3, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by **BZAM LTD.** (the "**Borrower**") in favour of **STONE PINE CAPITAL LTD.** (the "**Lender**").

WHEREAS the Borrower has executed and delivered, or intends to execute and deliver, a certain secured demand promissory note dated on or about the date hereof (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Secured Note**") in favour of the Lender whereby the Lender will establish certain loans or extensions of credit in favour of the Borrower (the "**Loans**").

AND WHEREAS to secure the payment and performance of the Secured Obligations (this term, and other capitalized terms used in this Agreement have the meanings set forth in Section 1.01 below), the Borrower has agreed to grant to the Lender security interests over the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE BE IT RESOLVED THAT in consideration of the Lender entering into the Secured Note and agreeing to make the Loans available to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions.

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) "**Act**" means the *Personal Property Security Act* of British Columbia and the regulations thereunder, as amended, restated or replaced by successor legislation of comparable effect.
- (b) "**Business Day**" means "Business Day" as defined in the Secured Note.
- (c) "**Change of Control**" means the occurrence of any transaction or related series of transactions (a) by which any Person, by means of takeover bid, tender offer, amalgamation, purchase of assets or otherwise (i) acquires the business or substantially all of the assets of the Borrower or (ii) acquires control of equity interests in the Borrower representing more than 50% of the ordinary voting power for the election of directors or other governing positions as manage the business affairs of the Borrower, or (b) that would have the effect of bringing about a change in the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Borrower, whether through the ability to exercise voting power, by contract or otherwise.
- (d) "**Collateral**" is defined in Section 2.01.
- (e) "**Debt**" means "Indebtedness" as defined in the Secured Note.
- (f) "**Equity Interests**" means, with respect to any Person, all of the securities, investment property, units, trust units, partnership, membership and other equity interests,

participations, investment certificates, notes (or other ownership or profit interests in) in or of such Person (collectively, "**ownership interests**"), all of the warrants, options or other rights for the purchase or acquisition from such Person of ownership interests in such Person, all of the securities convertible into or exchangeable for ownership interests in such Person or warrants, rights or options for the purchase or acquisition from such Person of ownership interests, and all of the other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such ownership interests are outstanding on any date of determination.

- (g) "**Event of Default**" means any material breach of any obligation, representation or agreement in a Loan Document, or any event of default under or described in a Loan Document.
- (h) "**Excluded Asset**" is defined in Section 2.03(a).
- (i) "**Intellectual Property**" means any and all intellectual property, including licences, copyrights, copyright licences, patents, patent licences, patent applications, service marks, trademarks, trademark licences, trademark applications, trade styles, trade names, technology, know-how and processes, trade secrets, inventions, industrial designs, all rights therein, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.
- (j) "**Lien**" means any mortgage, pledge, lien, assignment by way of security, charge, security interest, trust arrangement in the nature of a security interest, conditional sale or other title retention agreement, equipment trusts, lease financings including by way of sale and lease-back, hypothec, levy, execution, seizure, attachment, garnishment, any option, preferential right or adverse claim constituting an interest in such property, or any other encumbrance in respect of such property.
- (k) "**Loan Document**" means, collectively, the Secured Note, this Agreement, and any other agreement, note, certificate, or agreement from time to time entered into between the Borrower and the Lender in connection with the transactions set out in the Secured Note and this Agreement.
- (l) "**Permitted Debt**" means Debt of the Borrower consented to in writing by Lender, which the Lender may, in its sole discretion, require to be postponed and subordinated to the Secured Obligations on terms acceptable to the Lender.
- (m) "**Permitted Liens**" means:
 - (i) Liens for taxes, assessments, governmental charges or other statutory Liens or security interests not at such date due or delinquent, or the validity of which the Borrower is contesting in good faith and in respect of which, or where the failure to pay or discharge same could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;

- (ii) Liens in connection with any judgment rendered, or claim filed, against the Borrower where the payment of any amount to satisfy such judgement or claim could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iii) any Lien or trust or deposit arising in connection with workers' compensation, employment insurance, pension and employment laws or regulations, so long as the existence of such Lien, trust or deposit could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iv) Liens in favour of the Lender pursuant to the Loan Documents;
 - (v) Liens created in connection Permitted Debt; and
 - (vi) All other Liens consented to in writing by the Lender, acting reasonably.
- (n) "**Pledged Securities**" means all of the issued and outstanding Equity Interests of each issuer described in Schedule A hereto that are now or from time to time hereafter held by the Borrower.
 - (o) "**Persons**" or "**Person**" means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
 - (p) "**Proceeds**" means "proceeds" as such term is defined in section 1(1) of the Act and, in any event, shall include, without limitation, all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.
 - (q) "**Receiver**" is defined in Section 12.03(i).
 - (r) "**Secured Obligations**" means all present and future debts, liabilities and obligations of the of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Borrower to the Lender under, in connection with or with respect to the Loan Documents.
 - (s) "**STA**" means the *Securities Transfer Act*, as in effect from time to time in the Province of British Columbia.

Section 1.02 Application of Act

Words used in this Agreement that are defined in the Act will have the respective meanings ascribed to them in the Act, unless otherwise defined herein.

Section 1.03 Interpretation.

- (a) Unless otherwise specified herein, all references to Sections and Schedules herein are to Sections and Schedules of this Agreement.
- (b) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision of this Agreement;
- (ii) the word "including", when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto but rather refers to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
- (iii) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein); and
- (iv) a reference to a statute or a section of a statute shall include and shall be deemed to be a reference to such statute or section and to the regulations made pursuant thereto, with all amendments made thereto and in force at the relevant time, and to any statute, section of a statute or regulation that may be passed which has the effect of supplementing or superseding the statute or section so referred to or the regulations made pursuant thereto.

ARTICLE II GRANT OF SECURITY INTEREST

Section 2.01 Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Borrower hereby grants, assigns, transfers, sets over, mortgages, charges, and pledges to the Lender, and hereby creates a general and continuing security interest in favour of the Lender in and to all of the Borrower's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

- (a) all present and after-acquired property, assets and undertaking of the Borrower of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property, Chattel Paper, Documents of Title, Instruments, Securities and all other Investment Property (including the Pledged Securities and the securities accounts), Money, and any other contract rights or rights to the payment of money;
- (b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Borrower from time to time with respect to any of the foregoing;
- (c) all books and records relating to the foregoing, including in any form or medium;
- (d) all supporting obligations relating to the foregoing;
- (e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing; and

- (f) the last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Borrower is hereby excepted out of the security interests hereby created, but should the Lender need to enforce against the Collateral, the Borrower shall hold the last date in trust for the Lender and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, the Collateral does not include any Consumer Goods.

Section 2.02 Attachment of Security Interest. The Borrower acknowledges that value has been given, that the Borrower has rights in the Collateral, and that the parties have agreed not to postpone the time for attachment of any security interest in this Agreement. The Borrower acknowledges that any security interest created by this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Borrower acquires rights in such after-acquired Collateral.

Section 2.03 Limitation on Grant of Security Interest.

- (a) To the extent the grant of the security interest in respect of any contract, permit, lease, licence, instrument, document or other agreement entered into by the Borrower would result in the breach or termination of or cause a default under such contract, permit, lease, licence, instrument, or other agreement (each an "**Excluded Asset**"), each such Excluded Asset shall not be subject to the security interest created hereby while such restriction applies but shall be held in trust by the Borrower in favour of the Lender, but only for so long as such prohibition or requirement for consent is not terminated, rendered unenforceable or otherwise deemed ineffective by the Act or any other applicable law; provided however that Excluded Assets shall not include any Proceeds, products, substitutions or replacements of any Excluded Asset (unless such Proceeds, products, substitutions, or replacements would themselves otherwise constitute Excluded Assets) and provided further that if any Excluded Asset would have otherwise constituted Collateral, when such asset shall cease to be an Excluded Asset, such asset shall be deemed at all times from and after the date hereof to constitute Collateral subject to the security interest created hereby. The Borrower will use all commercially reasonable efforts to obtain the consent of each other party to any and all Excluded Assets to the assignment of such Excluded Assets to the Lender in accordance with this Agreement. The Borrower will also use all commercially reasonable efforts to ensure that no material agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Lender.
- (b) The security interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Lender, but does not constitute an assignment of such Collateral to the Lender.

ARTICLE III
PERFECTION OF SECURITY INTEREST AND FURTHER ASSURANCES

Section 3.01 Perfection. The Borrower shall, from time to time, and at its expense, take all actions as may be requested by the Lender to perfect the security interest of the Lender in the Collateral.

Section 3.02 Intellectual Property. The Borrower hereby further authorizes the Lender to file with the *Canadian Intellectual Property Office* this Agreement and other required documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in Intellectual Property granted by the Borrower hereunder.

Section 3.03 Tangible Chattel Paper, Documents of Title, Instruments. If the Borrower shall at any time hold or acquire any promissory notes, tangible chattel paper, negotiable documents of title or warehouse receipts relating to the Collateral, the Borrower shall immediately endorse, assign and deliver possession of the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

Section 3.04 Control.

- (a) **Certificates.** The Borrower shall promptly, at the request of the Lender and in a manner satisfactory to the Lender: (i) cause a security certificate to be issued for any Investment Property that is in the form of an uncertificated security to the extent that such request can be accommodated by the issuer thereof; (ii) duly endorse all share certificates at any time held or acquired by it relating to the Collateral in blank for transfer or execute stock powers of attorney in blank in form and substance satisfactory to the Lender; (iii) deliver such share certificates and stock powers to the Lender; and (iv) take all other steps to give exclusive control over such certificated securities to the Lender.
- (b) **Electronic Chattel Paper.** Where Collateral includes electronic chattel paper, the Borrower shall take all commercially reasonable efforts to cause the record comprising such chattel paper to be created, stored and transferred in a manner satisfactory to the Lender and which will provide the Lender with control of the electronic chattel paper.

Section 3.05 Copy of Verification Statement. To the extent permitted by law, the Borrower hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or received by or on behalf of the Lender in connection with the Lender's interest in the Collateral.

Section 3.06 Further Assurances. The Borrower agrees that, at any time and from time to time, at the expense of the Borrower, the Borrower will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Lender may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby (including, without limitation, providing the Lender with a fixed and specific mortgage) or to enable the Lender to exercise and enforce their rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES**

Section 4.01 Representations and Warranties. The Borrower represents and warrants as follows:

- (a) **Borrower Information.** All information set out in **Schedule A** is accurate and complete.
- (b) **Ownership and Title.** The Borrower is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and Permitted Liens.
- (c) **Existence and Capacity.** The Borrower has been duly incorporated, amalgamated or formed and validly exists under the laws of its jurisdiction of incorporation, amalgamation, or formation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement.
- (d) **Binding Obligation.** Each of this Agreement and the other Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).
- (e) **No Governmental or Regulatory Approvals.** No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the borrowing of the Loans and the pledge by the Borrower of the Collateral under this Agreement or for the execution and delivery of the other Loan Documents by the Borrower or the performance by the Borrower of its obligations thereunder.
- (f) **Compliance with Laws.** The Borrower is in compliance with, and operates its business in compliance with, all applicable laws and regulations (including environmental, labour and employment, tax, health and safety, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (g) **Litigation.** There is no material litigation, investigation, claim or proceeding pending, or to the knowledge of the Borrower, threatened, by or against it or its assets.
- (h) **Insurance.** The Borrower has in full force and effect policies of insurance with sound and reputable insurance companies in such amounts, with such deductibles, and covering such risks as are customarily carried by companies engaged in similar businesses. All premiums with respect to such policies that are due and payable have been paid.
- (i) **No Violation of Laws, Constatng Documents, Agreements.** The execution and delivery of the Loan Documents by the Borrower and the performance by the Borrower of its obligations thereunder, will not violate any provision of any applicable laws or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority,

domestic or foreign, applicable to the Borrower or any of its property, or the constating or governing documents of the Borrower or any agreement or instrument to which the Borrower is party or by which it or its property is bound.

- (j) **Pledged Securities Validly Issued.** The Pledged Securities and other Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No person (other than the Borrower) has any right to acquire or cause to be issued to them any of the Collateral.
- (k) **Certificated Securities.** The Collateral does not include any Investment Property that have not been certificated. The Collateral does not include any certificated securities that the Borrower has not delivered to the Lender.
- (l) **Perfection by Control.** The Borrower has taken all action required on its part for control to have been obtained by the Lender over all Collateral with respect to which such control may be obtained pursuant to the Act and the STA. No person other than the Lender has control or possession of all or any part of the Collateral.

ARTICLE V VOTING AND RECEIVABLES

Section 5.01 Voting. Unless a Default or an Event of Default shall have occurred and be continuing, the Borrower may, to the extent the Borrower has such right as a holder of the Collateral consisting of Investment Property, other Equity Interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that any such vote, consent, ratification or waiver could detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of the Secured Note or this Agreement.

Section 5.02 Receivables. If a Default or an Event of Default has occurred and is continuing, the Lender may, or at the request and option of the Lender, the Borrower shall: (i) notify account Borrowers of the Lender's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Lender.

ARTICLE VI COVENANTS

Section 6.01 Covenants. The Borrower covenants as follows:

- (a) **Consent re: Change of Legal Name and Place of Business.** The Borrower will not, except with the prior written consent of the Lender, change its legal name, jurisdiction of incorporation, corporate structure, or the province or territory in which its registered office, chief executive office or its principal place of business is located. The Borrower will, prior to any change described in the preceding sentence, take all actions requested by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.
- (b) **Consent re: Change of Location of Collateral.** The Collateral, to the extent not delivered to the Lender under ARTICLE III, will be kept at those locations listed in Schedule A and, except for Inventory sold or leased in the ordinary course of business, the Borrower will not remove the Collateral from such locations except as permitted in with Lender's prior written consent. The Borrower will, before any change described in the preceding sentence,

take all actions required by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.

- (c) **Dealing with Collateral: No Sale or Encumbrances.** The Borrower will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except in the ordinary course of business, or with the prior written consent of the Lender.
- (d) **Maintenance and Protection of Collateral.** The Borrower will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Lender. The Borrower will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any applicable law. The Borrower will keep all licences, permits, agreements, registrations and applications relating to intellectual property used by Borrower in good standing. The Borrower shall register all existing and future trademarks, patents, copyrights and industrial designs. The Borrower shall, at its own cost and expense, defend title to the Collateral and the security interests of the Lender therein against the claim or demand of any person claiming against or through the Borrower and shall maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.
- (e) **Compliance with Laws.** The Borrower will comply with all applicable laws, regulations, permits and approvals (including, without limitation, environmental, health and safety, labour and employment, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (f) **Performance of Obligations.** The Borrower will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement. The Borrower shall perform all of its obligations under material agreements, leases, licences, arrangements to obtain and preserve its rights, powers, licences, privileges and goodwill thereunder and comply with all applicable law, by-laws, rules and regulations so as to preserve and protect the Collateral and the Borrower's business.
- (g) **Access to Collateral, Inspection.** The Borrower will permit the Lender, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Borrower shall, upon request by the Lender, provide the Lender with any information concerning the Collateral, the Borrower and its business, as the Lender may reasonably request, including financial statements or other financial information and access to the Borrower's senior executives, accountants and auditors to discuss any information concerning the Collateral, the Borrower or its business and affairs.
- (h) **Debt.** The Borrower will not create, incur, assume, permit to exist or make any payments with respect to any Debt other than Permitted Debt.
- (i) **Liens.** The Borrower will not grant, create, permit or suffer to exist any Liens or other restriction or limitation of any nature whatsoever on the Collateral except for Permitted Liens. The Borrower shall ensure that the Liens created pursuant to this Agreement are at all times first ranking Liens.

- (j) **Corporate, Business Changes.** The Borrower will not, without the prior written consent of the Lender:
 - (i) permit any Change of Control;
 - (ii) amalgamate or merge, consolidate, reorganize or restructure, continue in another jurisdiction, enter into a joint venture or partnership, liquidate, dissolve, wind-up, become bankrupt, initiate insolvency proceedings, or engage in other fundamental changes;
 - (iii) issue any Equity Interest in the Borrower to any person other than owner of any Equity Interests in the Borrower as of the date of this Agreement; or
 - (iv) engage in any business other than the businesses of the type conducted by on the date hereof and businesses reasonably related thereto.
- (k) **Insurance.** The Borrower shall maintain adequate insurance with respect to its business and the Collateral in such amounts and covering such risks as are acceptable to the Lender, with the Lender noted as loss payee on property insurance policies and additional insured on liability insurance policies, and provide the Lender with not less than 30 days' prior written notice of any cancellation or change in insurance.
- (l) **Intellectual Property.** The Borrower will make and maintain all filings, registrations and recordings necessary to maintain its rights in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.
- (m) **Notification.** The Borrower shall notify the Lender within five Business Days of: (i) the details of any material acquisition of Collateral; (ii) the details of any material litigation in connection with the Borrower, the Collateral or the Borrower's business; (iii) any loss or damage to the Collateral or the value of the Collateral; (iv) any default by any account Borrower in the payment or performance of its obligations; (v) any material adverse change in the financial condition, business, operations or assets, property and undertaking of the Borrower; and (vi) if any representation, warranty or statement made or deemed to be made by the Borrower under or in connection with the Loan Documents is or becomes incorrect or misleading.

ARTICLE VII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 7.01 Survival of Representations and Warranties and Covenants. All representations, warranties and covenants made by the Borrower shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

ARTICLE VIII

LENDER POWER OF ATTORNEY

Section 8.01 Lender Power of Attorney. The Borrower hereby irrevocably constitutes and appoints the Lender and any officer or employee of the Lender as the Borrower's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time, during the continuance of an Event of Default, in the Lender's discretion to take any action and to execute any instrument which the Lender may deem necessary or

advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Borrower representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Borrower any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Lender shall not be obligated to and shall have no liability to the Borrower or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Borrower hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

ARTICLE IX EXPENSES AND INDEMNITY

Section 9.01 Expenses and Indemnity.

- (a) The Borrower hereby agrees to indemnify and hold harmless the Lender and each officer, director, employee, contractor and advisor of the Lender (each such person being called an "**Indemnified Party**") from any losses, damages, liabilities, claims and related expenses (including the fees and expenses of legal counsel) incurred by the Indemnified Party or asserted against any Indemnified Party by any person (including the Borrower) other than such Indemnified Party and its officers, directors, employees, contractors and advisors arising out of, in connection with or resulting from this Agreement and other Loan Documents (including, without limitation, enforcement of this Agreement or any other Loan Document) or any failure of any Secured Obligations to be the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, whether brought by a third party or by the Borrower, and regardless of whether any Indemnified Party is a party thereto.
- (b) To the fullest extent permitted by applicable law, the Borrower hereby agrees not to assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement, transaction or instrument contemplated hereby or thereby.
- (c) The Borrower agrees to pay or reimburse the Lender for all its costs and expenses incurred in collecting the Secured Obligations or otherwise protecting, enforcing or preserving any rights or remedies under this Agreement and the other Loan Documents, including the fees and other charges of counsel to the Lender.
- (d) All amounts due under this Section shall be payable promptly after demand therefor and shall constitute Secured Obligations.
- (e) Without prejudice to the survival of any other agreement of the Borrower under this Agreement or any other Loan Documents, the agreements and obligations of the Borrower contained in this Section shall survive termination of the Loan Documents and payment in full of the Secured Obligations and all other amounts payable under this Agreement and the Loan Documents.

**ARTICLE X
LENDER MAY PERFORM**

Section 10.01 Lender May Perform. If the Borrower fails to perform any obligation contained in this Agreement, the Lender may itself perform, or cause performance of, such obligation, and the costs and expenses of the Lender incurred in connection therewith shall be payable by the Borrower; provided that the Lender shall not be required to perform or discharge any obligation of the Borrower and the performance by the Lender shall not waive the rights of the Lender to enforce this Agreement.

**ARTICLE XI
SET-OFF**

Section 11.01 Set-Off. Upon the occurrence of an Event of Default, the Lender may, without notice to the Borrower or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Borrower from the Lender or any of the Lender's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, all as the Lender may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Lender's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Lender will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Lender.

**ARTICLE XII
REMEDIES UPON DEFAULT**

Section 12.01 Right to Accelerate Payment. Upon the occurrence of an Event of Default that is continuing, the Lender may, by notice, declare any or all of the Secured Obligations to be immediately due and payable, whereupon, all of the Secured Obligations shall become and be immediately due and payable without presentment, demand, protest or further notice, all of which are hereby expressly waived by the Borrower.

Section 12.02 Enforcement of Security Interest. Upon the occurrence of an Event of Default that is continuing, the Lender may proceed to realize upon the Collateral and immediately enforce its rights and remedies.

Section 12.03 Remedies upon Default. Upon the occurrence of an Event of Default that is continuing, the Lender may exercise, without any other notice to or demand upon the Borrower, in addition to the other rights and remedies provided herein or in any other Loan Document or otherwise available to it, the following rights and remedies (which rights and remedies may be exercised independently or in combination):

- (a) the Lender may assert all rights and remedies of a Lender under the Act or other applicable law;
- (b) the Lender may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) the Lender may take possession of the Collateral by requiring the Borrower to assemble the Collateral or any part thereof and deliver the Collateral, or make the Collateral available, to the Lender at a place and time to be designated by the Lender;

- (d) the Lender may take possession of the Collateral by carrying on all or any part of the business of the Borrower, and may to the exclusion of all others, including the Borrower, enter upon, occupy and use any of the premises; buildings, plant and undertaking owned, occupied or used by the Borrower and may use any of the tools, machinery, equipment and intangibles (including Intellectual Property) of the Borrower for such time as the Lender sees fit, free of charge and without liability, in order to carry on the business of the Borrower or to manufacture or complete the manufacture of Inventory and to pack and ship finished products;
- (e) the Lender may enter upon and occupy any land and premises owned, leased or occupied by the Borrower where the Collateral or any part thereof is assembled or located in order to effectuate its rights and remedies hereunder or under law, without obligation whatsoever to the Borrower;
- (f) the Lender may borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Security Agreement;
- (g) the Lender may exercise and enforce all rights and remedies of the Borrower with respect to the Collateral, including collecting or compromising all or any of the Borrower's Accounts;
- (h) the Lender may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions (including as to credit, upset or reserve bid or price) as the Lender may deem commercially reasonable;
- (i) the Lender may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Lender or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any person so appointed. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (j) the Lender may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (k) all rights of the Borrower to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.01; and (ii) receive the dividends and other distributions which it would otherwise be entitled to receive and retain pursuant to this Agreement, shall immediately cease, and all such rights shall thereupon become vested in the Lender, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and
- (l) the Lender may retain the Collateral in satisfaction of the Secured Obligations.

Section 12.04 Receiver Agent of Borrower. In exercising any powers, any such Receiver so appointed shall act as agent of the Borrower and not the Lender and the Lender shall not in any way be responsible

for any of the actions of the Receiver, its employees, agents and contractors. The Lender may from time to time remove and appoint replacements for, any Receiver, and appoint another or others in their stead from time to time.

Section 12.05 Distribution of Proceeds. Any cash held by the Lender as Collateral and all cash Proceeds received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Lender to the payment of expenses incurred by the Lender in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Lender hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set-off against all or any part of the Secured Obligations in such order as the Lender shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Lender and remaining after payment in full of all the Secured Obligations shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus. The Borrower shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Lender to collect such deficiency.

Section 12.06 Borrower Pays Expenses. The Borrower agrees to pay all reasonable expenses incurred by the Lender or any Receiver in the preparation, perfection and enforcement of this Agreement, whether directly incurred or for services rendered, including legal and auditor's fees and expenses and remuneration of any Receiver.

ARTICLE XIII MISCELLANEOUS

Section 13.01 No Waiver and Cumulative Remedies. The Lender shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

Section 13.02 Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Borrower therefrom shall be effective unless the same shall be in writing and signed by the Lender and the Borrower, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

Section 13.03 Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Secured Note and shall be given in the manner and become effective as set forth in the Secured Note.

Section 13.04 Continuing Security Interest; Further Actions. This Agreement shall create a general and continuing security interest in the Collateral and shall (a) subject to Section 13.06, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Borrower, its successors and permitted assigns, and (c) enure to the benefit of the Lender and its successors, transferees and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender. Without limiting the generality of the foregoing clause (c), any assignee of the Lender's interest in any agreement or document which includes all or any of the Secured Obligations shall become vested with all the benefits granted to the Lender herein with respect to such Secured Obligations.

Section 13.05 Assignment. The Lender may assign or transfer any of its rights under this Agreement without the consent of the Borrower. The Borrower may not assign its obligations under this Agreement without the prior written consent of the Lender.

Section 13.06 Termination; Release. On the date on which all Secured Obligations have been paid and performed in full (as determined by the Lender in its sole discretion), the Lender will, at the request and sole expense of the Borrower (a) duly assign, transfer and deliver to or at the direction of the Borrower (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Lender, together with any monies at the time held by the Lender hereunder, and (b) execute and deliver to the Borrower a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

Section 13.07 Acknowledgement. The Borrower acknowledges receipt of a fully executed copy of this Agreement.

Section 13.08 Amalgamation. The Borrower acknowledges that, if it amalgamates with another person, the term Borrower, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Lender thereafter arising.

Section 13.09 Governing Law. All matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.


Section 13.10 Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 13.11 Conflict with Secured Note. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Secured Note, the terms of the Secured Note shall govern to the extent necessary to remove the conflict or inconsistency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has executed this Agreement as of the date first written above.

BZAM LTD.

By  _____

Name: Matt Milich

Title: CEO

SCHEDULE A

Full legal name: BZAM Ltd.

Prior names: The Green Organic Dutchman Holdings Ltd.

Predecessor companies: N/A

Address of chief executive office: 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6

Address of all places where business is carried on or where tangible personal property is kept:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. 518 - 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 13325 Cedar Way. Maple Ridge, BC, Canada, V4R 2T4
5. 2775 Myers Creek Road E. Midway, BC, Canada, V0H 1M0
6. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8
7. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5
8. 780 Concession 8 W, Puslinch, ON N0B 2J0
9. 1915 Jerseyville Rd. W. Jerseyville, ON, L0R 1R0
10. 875 Corydon Ave #3, Winnipeg, MB R3M 0W7
11. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
12. 5000 Chemin Murphy, Vaudeuil-Dorion QC, J7V 8P2
13. 6082 Russ Baker Way, Richmond BC V7B 1B4
14. 150 Mohawk St, Brantford, ON N3S 7G5

Addresses of all owned real property:

1. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0, owned by the Green Organic Dutchman Ltd.
2. 13325 Cedar Way. Maple Ridge, BC, Canada, V4R 2T4
3. 2775 Myers Creek Road E. Midway, BC, Canada, V0H 1M0
4. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8

Addresses of all lease real property:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. 518 - 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 311-455 Boul. Fenelon, Dorval, QC H9S 5T8, leased by Medican Organic Inc.
5. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
6. 780 Concession 8 W, Puslinch, ON N0B 2J0.
7. 875 Corydon Ave #3, Winnipeg, MB R3M 0W7
8. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5

Description of all 'serial numbered goods' (i.e. motor vehicle, manufactured home, boat, outboard motor, trailer or aircraft):

All owned equipment.

List of all material permits:

1. Health Canada Licence No LIC-CJMMLU7IIN-2019-1 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. expiring July 20, 2027
2. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
3. Health Canada Licence No LIC-JTUPWJZJ50-2022 issued to BZAM Management Inc.
4. Health Canada Licence No LIC-G27V6VI0UJ-2022 issued to BZAM Management Inc.
5. Health Canada Licence No LIC- HU7CU4DYAO-2020-5 issued to BZAM Management Inc.
6. Health Canada Licence No LIC- J5USTB6Z3V-2022 issued to BZAM Management Inc.
7. Health Canada Licence No LIC- 9GRI1YRQEV-2021 issued to BZAM Management Inc.
8. Health Canada Licence No LIC- LIC-TNCAPN24J9-2022 issued to BZAM Management Inc.
9. The Green Organic Dutchman Ltd. No. 83013 4847 RD0001 under the Excise Act, 2001 (Canada)
10. Galaxie Brands Corporation Cannabis Licence No. 82993 7846 RD0001 under the Excise Act, 2001 (Canada)
11. Galaxie Brands Corporation Licence No. LIC-DOAXL5IINX-2020-10 under the Cannabis Act (Canada)

12. Galaxie Brands Corporation Licence No. 9JHRW8LW under the Safe Food For Canadians Act (Canada)

13. The Green Organic Dutchman Ltd. Licence No. 3PFXVKNM under the Safe Food For Canadians Act (Canada)

List of subsidiaries for BZAM Ltd:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Ltd.	Canada	100%
*TGOD Europe B.V.	Netherlands	100%
Medican Organic Inc.	Quebec	100%
Galaxie Brands Corporation.	Ontario	100%
14274261 Canada Inc.	Canada	100%
The Green Organic Beverage Corp.	Delaware	100%
*BZAM Holdings Inc.	British Columbia	100%

***List of subsidiaries for BZAM Holdings Inc.:**

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
BZAM Management Inc.	British Columbia	100%
1005099 Manitoba Ltd.	Manitoba	100%
Folium Life Science Inc.	British Columbia	80%
BZAM Cannabis Corp.	Alberta	58%

***List of subsidiaries for TGOD Europe B.V.**

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Germany GmbH.	Germany	100%

PLEDGED SECURITIES

Issuer	Class/Type of Security	Certificate Number (if certified)	Number of Securities
Nil.	N/A	N/A	N/A

GENERAL SECURITY AGREEMENT

This GENERAL SECURITY AGREEMENT, dated as of August ___, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by **BZAM LTD.** (the "**Borrower**") in favour of **STONE PINE CAPITAL LTD.** (the "**Lender**").

WHEREAS the Borrower has executed and delivered, or intends to execute and deliver, a certain secured demand promissory note dated on or about the date hereof (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Secured Note**") in favour of the Lender whereby the Lender will establish certain loans or extensions of credit in favour of the Borrower (the "**Loans**").

AND WHEREAS to secure the payment and performance of the Secured Obligations (this term, and other capitalized terms used in this Agreement have the meanings set forth in Section 1.01 below), the Borrower has agreed to grant to the Lender security interests over the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE BE IT RESOLVED THAT in consideration of the Lender entering into the Secured Note and agreeing to make the Loans available to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions.

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) "**Act**" means the *Personal Property Security Act* of British Columbia and the regulations thereunder, as amended, restated or replaced by successor legislation of comparable effect.
- (b) "**Business Day**" means "Business Day" as defined in the Secured Note.
- (c) "**Change of Control**" means the occurrence of any transaction or related series of transactions (a) by which any Person, by means of takeover bid, tender offer, amalgamation, purchase of assets or otherwise (i) acquires the business or substantially all of the assets of the Borrower or (ii) acquires control of equity interests in the Borrower representing more than 50% of the ordinary voting power for the election of directors or other governing positions as manage the business affairs of the Borrower, or (b) that would have the effect of bringing about a change in the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Borrower, whether through the ability to exercise voting power, by contract or otherwise.
- (d) "**Collateral**" is defined in Section 2.01.
- (e) "**Debt**" means "Indebtedness" as defined in the Secured Note.
- (f) "**Equity Interests**" means, with respect to any Person, all of the securities, investment property, units, trust units, partnership, membership and other equity interests,

participations, investment certificates, notes (or other ownership or profit interests in) in or of such Person (collectively, "**ownership interests**"), all of the warrants, options or other rights for the purchase or acquisition from such Person of ownership interests in such Person, all of the securities convertible into or exchangeable for ownership interests in such Person or warrants, rights or options for the purchase or acquisition from such Person of ownership interests, and all of the other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such ownership interests are outstanding on any date of determination.

- (g) "**Event of Default**" means any material breach of any obligation, representation or agreement in a Loan Document, or any event of default under or described in a Loan Document.
- (h) "**Excluded Asset**" is defined in Section 2.03(a).
- (i) "**Intellectual Property**" means any and all intellectual property, including licences, copyrights, copyright licences, patents, patent licences, patent applications, service marks, trademarks, trademark licences, trademark applications, trade styles, trade names, technology, know-how and processes, trade secrets, inventions, industrial designs, all rights therein, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.
- (j) "**Lien**" means any mortgage, pledge, lien, assignment by way of security, charge, security interest, trust arrangement in the nature of a security interest, conditional sale or other title retention agreement, equipment trusts, lease financings including by way of sale and lease-back, hypothec, levy, execution, seizure, attachment, garnishment, any option, preferential right or adverse claim constituting an interest in such property, or any other encumbrance in respect of such property.
- (k) "**Loan Document**" means, collectively, the Secured Note, this Agreement, and any other agreement, note, certificate, or agreement from time to time entered into between the Borrower and the Lender in connection with the transactions set out in the Secured Note and this Agreement.
- (l) "**Permitted Debt**" means Debt of the Borrower consented to in writing by Lender, which the Lender may, in its sole discretion, require to be postponed and subordinated to the Secured Obligations on terms acceptable to the Lender.
- (m) "**Permitted Liens**" means:
 - (i) Liens for taxes, assessments, governmental charges or other statutory Liens or security interests not at such date due or delinquent, or the validity of which the Borrower is contesting in good faith and in respect of which, or where the failure to pay or discharge same could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;

- (ii) Liens in connection with any judgment rendered, or claim filed, against the Borrower where the payment of any amount to satisfy such judgement or claim could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iii) any Lien or trust or deposit arising in connection with workers' compensation, employment insurance, pension and employment laws or regulations, so long as the existence of such Lien, trust or deposit could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iv) Liens in favour of the Lender pursuant to the Loan Documents;
 - (v) Liens created in connection Permitted Debt; and
 - (vi) All other Liens consented to in writing by the Lender, acting reasonably.
- (n) "**Pledged Securities**" means all of the issued and outstanding Equity Interests of each issuer described in Schedule A hereto that are now or from time to time hereafter held by the Borrower.
- (o) "**Persons**" or "**Person**" means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (p) "**Proceeds**" means "proceeds" as such term is defined in section 1(1) of the Act and, in any event, shall include, without limitation, all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.
- (q) "**Receiver**" is defined in Section 12.03(i).
- (r) "**Secured Obligations**" means all present and future debts, liabilities and obligations of the of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Borrower to the Lender under, in connection with or with respect to the Loan Documents.
- (s) "**STA**" means the *Securities Transfer Act*, as in effect from time to time in the Province of British Columbia.

Section 1.02 Application of Act

Words used in this Agreement that are defined in the Act will have the respective meanings ascribed to them in the Act, unless otherwise defined herein.

Section 1.03 Interpretation.

- (a) Unless otherwise specified herein, all references to Sections and Schedules herein are to Sections and Schedules of this Agreement.
- (b) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision of this Agreement;
- (ii) the word "including", when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto but rather refers to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
- (iii) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein); and
- (iv) a reference to a statute or a section of a statute shall include and shall be deemed to be a reference to such statute or section and to the regulations made pursuant thereto, with all amendments made thereto and in force at the relevant time, and to any statute, section of a statute or regulation that may be passed which has the effect of supplementing or superseding the statute or section so referred to or the regulations made pursuant thereto.

ARTICLE II GRANT OF SECURITY INTEREST

Section 2.01 Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Borrower hereby grants, assigns, transfers, sets over, mortgages, charges, and pledges to the Lender, and hereby creates a general and continuing security interest in favour of the Lender in and to all of the Borrower's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

- (a) all present and after-acquired property, assets and undertaking of the Borrower of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property, Chattel Paper, Documents of Title, Instruments, Securities and all other Investment Property (including the Pledged Securities and the securities accounts), Money, and any other contract rights or rights to the payment of money;
- (b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Borrower from time to time with respect to any of the foregoing;
- (c) all books and records relating to the foregoing, including in any form or medium;
- (d) all supporting obligations relating to the foregoing;
- (e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing; and

- (f) the last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Borrower is hereby excepted out of the security interests hereby created, but should the Lender need to enforce against the Collateral, the Borrower shall hold the last date in trust for the Lender and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, the Collateral does not include any Consumer Goods.

Section 2.02 Attachment of Security Interest. The Borrower acknowledges that value has been given, that the Borrower has rights in the Collateral, and that the parties have agreed not to postpone the time for attachment of any security interest in this Agreement. The Borrower acknowledges that any security interest created by this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Borrower acquires rights in such after-acquired Collateral.

Section 2.03 Limitation on Grant of Security Interest.

- (a) To the extent the grant of the security interest in respect of any contract, permit, lease, licence, instrument, document or other agreement entered into by the Borrower would result in the breach or termination of or cause a default under such contract, permit, lease, licence, instrument, or other agreement (each an "**Excluded Asset**"), each such Excluded Asset shall not be subject to the security interest created hereby while such restriction applies but shall be held in trust by the Borrower in favour of the Lender, but only for so long as such prohibition or requirement for consent is not terminated, rendered unenforceable or otherwise deemed ineffective by the Act or any other applicable law; provided however that Excluded Assets shall not include any Proceeds, products, substitutions or replacements of any Excluded Asset (unless such Proceeds, products, substitutions, or replacements would themselves otherwise constitute Excluded Assets) and provided further that if any Excluded Asset would have otherwise constituted Collateral, when such asset shall cease to be an Excluded Asset, such asset shall be deemed at all times from and after the date hereof to constitute Collateral subject to the security interest created hereby. The Borrower will use all commercially reasonable efforts to obtain the consent of each other party to any and all Excluded Assets to the assignment of such Excluded Assets to the Lender in accordance with this Agreement. The Borrower will also use all commercially reasonable efforts to ensure that no material agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Lender.
- (b) The security interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Lender, but does not constitute an assignment of such Collateral to the Lender.

**ARTICLE III
PERFECTION OF SECURITY INTEREST AND FURTHER ASSURANCES**

Section 3.01 Perfection. The Borrower shall, from time to time, and at its expense, take all actions as may be requested by the Lender to perfect the security interest of the Lender in the Collateral.

Section 3.02 Intellectual Property. The Borrower hereby further authorizes the Lender to file with the *Canadian Intellectual Property Office* this Agreement and other required documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in Intellectual Property granted by the Borrower hereunder.

Section 3.03 Tangible Chattel Paper, Documents of Title, Instruments. If the Borrower shall at any time hold or acquire any promissory notes, tangible chattel paper, negotiable documents of title or warehouse receipts relating to the Collateral, the Borrower shall immediately endorse, assign and deliver possession of the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

Section 3.04 Control.

- (a) **Certificates.** The Borrower shall promptly, at the request of the Lender and in a manner satisfactory to the Lender: (i) cause a security certificate to be issued for any Investment Property that is in the form of an uncertificated security to the extent that such request can be accommodated by the issuer thereof; (ii) duly endorse all share certificates at any time held or acquired by it relating to the Collateral in blank for transfer or execute stock powers of attorney in blank in form and substance satisfactory to the Lender; (iii) deliver such share certificates and stock powers to the Lender; and (iv) take all other steps to give exclusive control over such certificated securities to the Lender.
- (b) **Electronic Chattel Paper.** Where Collateral includes electronic chattel paper, the Borrower shall take all commercially reasonable efforts to cause the record comprising such chattel paper to be created, stored and transferred in a manner satisfactory to the Lender and which will provide the Lender with control of the electronic chattel paper.

Section 3.05 Copy of Verification Statement. To the extent permitted by law, the Borrower hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or received by or on behalf of the Lender in connection with the Lender's interest in the Collateral.

Section 3.06 Further Assurances. The Borrower agrees that, at any time and from time to time, at the expense of the Borrower, the Borrower will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Lender may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby (including, without limitation, providing the Lender with a fixed and specific mortgage) or to enable the Lender to exercise and enforce their rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES**

Section 4.01 Representations and Warranties. The Borrower represents and warrants as follows:

- (a) **Borrower Information.** All information set out in **Schedule A** is accurate and complete.
- (b) **Ownership and Title.** The Borrower is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and Permitted Liens.
- (c) **Existence and Capacity.** The Borrower has been duly incorporated, amalgamated or formed and validly exists under the laws of its jurisdiction of incorporation, amalgamation, or formation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement.
- (d) **Binding Obligation.** Each of this Agreement and the other Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).
- (e) **No Governmental or Regulatory Approvals.** No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the borrowing of the Loans and the pledge by the Borrower of the Collateral under this Agreement or for the execution and delivery of the other Loan Documents by the Borrower or the performance by the Borrower of its obligations thereunder.
- (f) **Compliance with Laws.** The Borrower is in compliance with, and operates its business in compliance with, all applicable laws and regulations (including environmental, labour and employment, tax, health and safety, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (g) **Litigation.** There is no material litigation, investigation, claim or proceeding pending, or to the knowledge of the Borrower, threatened, by or against it or its assets.
- (h) **Insurance.** The Borrower has in full force and effect policies of insurance with sound and reputable insurance companies in such amounts, with such deductibles, and covering such risks as are customarily carried by companies engaged in similar businesses. All premiums with respect to such policies that are due and payable have been paid.
- (i) **No Violation of Laws, Constating Documents, Agreements.** The execution and delivery of the Loan Documents by the Borrower and the performance by the Borrower of its obligations thereunder, will not violate any provision of any applicable laws or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority,

domestic or foreign, applicable to the Borrower or any of its property, or the constating or governing documents of the Borrower or any agreement or instrument to which the Borrower is party or by which it or its property is bound.

- (j) **Pledged Securities Validly Issued.** The Pledged Securities and other Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No person (other than the Borrower) has any right to acquire or cause to be issued to them any of the Collateral.
- (k) **Certificated Securities.** The Collateral does not include any Investment Property that have not been certificated. The Collateral does not include any certificated securities that the Borrower has not delivered to the Lender.
- (l) **Perfection by Control.** The Borrower has taken all action required on its part for control to have been obtained by the Lender over all Collateral with respect to which such control may be obtained pursuant to the Act and the STA. No person other than the Lender has control or possession of all or any part of the Collateral.

ARTICLE V VOTING AND RECEIVABLES

Section 5.01 Voting. Unless a Default or an Event of Default shall have occurred and be continuing, the Borrower may, to the extent the Borrower has such right as a holder of the Collateral consisting of Investment Property, other Equity Interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that any such vote, consent, ratification or waiver could detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of the Secured Note or this Agreement.

Section 5.02 Receivables. If a Default or an Event of Default has occurred and is continuing, the Lender may, or at the request and option of the Lender, the Borrower shall: (i) notify account Borrowers of the Lender's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Lender.

ARTICLE VI COVENANTS

Section 6.01 Covenants. The Borrower covenants as follows:

- (a) **Consent re: Change of Legal Name and Place of Business.** The Borrower will not, except with the prior written consent of the Lender, change its legal name, jurisdiction of incorporation, corporate structure, or the province or territory in which its registered office, chief executive office or its principal place of business is located. The Borrower will, prior to any change described in the preceding sentence, take all actions requested by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.
- (b) **Consent re: Change of Location of Collateral.** The Collateral, to the extent not delivered to the Lender under ARTICLE III, will be kept at those locations listed in Schedule A and, except for Inventory sold or leased in the ordinary course of business, the Borrower will not remove the Collateral from such locations except as permitted in with Lender's prior written consent. The Borrower will, before any change described in the preceding sentence,

take all actions required by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.

- (c) **Dealing with Collateral: No Sale or Encumbrances.** The Borrower will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except in the ordinary course of business, or with the prior written consent of the Lender.
- (d) **Maintenance and Protection of Collateral.** The Borrower will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Lender. The Borrower will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any applicable law. The Borrower will keep all licences, permits, agreements, registrations and applications relating to intellectual property used by Borrower in good standing. The Borrower shall register all existing and future trademarks, patents, copyrights and industrial designs. The Borrower shall, at its own cost and expense, defend title to the Collateral and the security interests of the Lender therein against the claim or demand of any person claiming against or through the Borrower and shall maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.
- (e) **Compliance with Laws.** The Borrower will comply with all applicable laws, regulations, permits and approvals (including, without limitation, environmental, health and safety, labour and employment, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (f) **Performance of Obligations.** The Borrower will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement. The Borrower shall perform all of its obligations under material agreements, leases, licences, arrangements to obtain and preserve its rights, powers, licences, privileges and goodwill thereunder and comply with all applicable law, by-laws, rules and regulations so as to preserve and protect the Collateral and the Borrower's business.
- (g) **Access to Collateral, Inspection.** The Borrower will permit the Lender, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Borrower shall, upon request by the Lender, provide the Lender with any information concerning the Collateral, the Borrower and its business, as the Lender may reasonably request, including financial statements or other financial information and access to the Borrower's senior executives, accountants and auditors to discuss any information concerning the Collateral, the Borrower or its business and affairs.
- (h) **Debt.** The Borrower will not create, incur, assume, permit to exist or make any payments with respect to any Debt other than Permitted Debt.
- (i) **Liens.** The Borrower will not grant, create, permit or suffer to exist any Liens or other restriction or limitation of any nature whatsoever on the Collateral except for Permitted Liens. The Borrower shall ensure that the Liens created pursuant to this Agreement are at all times first ranking Liens.

- (j) **Corporate, Business Changes.** The Borrower will not, without the prior written consent of the Lender:
 - (i) permit any Change of Control;
 - (ii) amalgamate or merge, consolidate, reorganize or restructure, continue in another jurisdiction, enter into a joint venture or partnership, liquidate, dissolve, wind-up, become bankrupt, initiate insolvency proceedings, or engage in other fundamental changes;
 - (iii) issue any Equity Interest in the Borrower to any person other than owner of any Equity Interests in the Borrower as of the date of this Agreement; or
 - (iv) engage in any business other than the businesses of the type conducted by on the date hereof and businesses reasonably related thereto.
- (k) **Insurance.** The Borrower shall maintain adequate insurance with respect to its business and the Collateral in such amounts and covering such risks as are acceptable to the Lender, with the Lender noted as loss payee on property insurance policies and additional insured on liability insurance policies, and provide the Lender with not less than 30 days' prior written notice of any cancellation or change in insurance.
- (l) **Intellectual Property.** The Borrower will make and maintain all filings, registrations and recordings necessary to maintain its rights in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.
- (m) **Notification.** The Borrower shall notify the Lender within five Business Days of: (i) the details of any material acquisition of Collateral; (ii) the details of any material litigation in connection with the Borrower, the Collateral or the Borrower's business; (iii) any loss or damage to the Collateral or the value of the Collateral; (iv) any default by any account Borrower in the payment or performance of its obligations; (v) any material adverse change in the financial condition, business, operations or assets, property and undertaking of the Borrower; and (vi) if any representation, warranty or statement made or deemed to be made by the Borrower under or in connection with the Loan Documents is or becomes incorrect or misleading.

ARTICLE VII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 7.01 Survival of Representations and Warranties and Covenants. All representations, warranties and covenants made by the Borrower shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

ARTICLE VIII

LENDER POWER OF ATTORNEY

Section 8.01 Lender Power of Attorney. The Borrower hereby irrevocably constitutes and appoints the Lender and any officer or employee of the Lender as the Borrower's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time, during the continuance of an Event of Default, in the Lender's discretion to take any action and to execute any instrument which the Lender may deem necessary or

advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Borrower representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Borrower any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Lender shall not be obligated to and shall have no liability to the Borrower or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Borrower hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

ARTICLE IX EXPENSES AND INDEMNITY

Section 9.01 Expenses and Indemnity.

- (a) The Borrower hereby agrees to indemnify and hold harmless the Lender and each officer, director, employee, contractor and advisor of the Lender (each such person being called an "**Indemnified Party**") from any losses, damages, liabilities, claims and related expenses (including the fees and expenses of legal counsel) incurred by the Indemnified Party or asserted against any Indemnified Party by any person (including the Borrower) other than such Indemnified Party and its officers, directors, employees, contractors and advisors arising out of, in connection with or resulting from this Agreement and other Loan Documents (including, without limitation, enforcement of this Agreement or any other Loan Document) or any failure of any Secured Obligations to be the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, whether brought by a third party or by the Borrower, and regardless of whether any Indemnified Party is a party thereto.
- (b) To the fullest extent permitted by applicable law, the Borrower hereby agrees not to assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement, transaction or instrument contemplated hereby or thereby.
- (c) The Borrower agrees to pay or reimburse the Lender for all its costs and expenses incurred in collecting the Secured Obligations or otherwise protecting, enforcing or preserving any rights or remedies under this Agreement and the other Loan Documents, including the fees and other charges of counsel to the Lender.
- (d) All amounts due under this Section shall be payable promptly after demand therefor and shall constitute Secured Obligations.
- (e) Without prejudice to the survival of any other agreement of the Borrower under this Agreement or any other Loan Documents, the agreements and obligations of the Borrower contained in this Section shall survive termination of the Loan Documents and payment in full of the Secured Obligations and all other amounts payable under this Agreement and the Loan Documents.

**ARTICLE X
LENDER MAY PERFORM**

Section 10.01 Lender May Perform. If the Borrower fails to perform any obligation contained in this Agreement, the Lender may itself perform, or cause performance of, such obligation, and the costs and expenses of the Lender incurred in connection therewith shall be payable by the Borrower; provided that the Lender shall not be required to perform or discharge any obligation of the Borrower and the performance by the Lender shall not waive the rights of the Lender to enforce this Agreement.

**ARTICLE XI
SET-OFF**

Section 11.01 Set-Off. Upon the occurrence of an Event of Default, the Lender may, without notice to the Borrower or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Borrower from the Lender or any of the Lender's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, all as the Lender may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Lender's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Lender will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Lender.

**ARTICLE XII
REMEDIES UPON DEFAULT**

Section 12.01 Right to Accelerate Payment. Upon the occurrence of an Event of Default that is continuing, the Lender may, by notice, declare any or all of the Secured Obligations to be immediately due and payable, whereupon, all of the Secured Obligations shall become and be immediately due and payable without presentment, demand, protest or further notice, all of which are hereby expressly waived by the Borrower.

Section 12.02 Enforcement of Security Interest. Upon the occurrence of an Event of Default that is continuing, the Lender may proceed to realize upon the Collateral and immediately enforce its rights and remedies.

Section 12.03 Remedies upon Default. Upon the occurrence of an Event of Default that is continuing, the Lender may exercise, without any other notice to or demand upon the Borrower, in addition to the other rights and remedies provided herein or in any other Loan Document or otherwise available to it, the following rights and remedies (which rights and remedies may be exercised independently or in combination):

- (a) the Lender may assert all rights and remedies of a Lender under the Act or other applicable law;
- (b) the Lender may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) the Lender may take possession of the Collateral by requiring the Borrower to assemble the Collateral or any part thereof and deliver the Collateral, or make the Collateral available, to the Lender at a place and time to be designated by the Lender;

- (d) the Lender may take possession of the Collateral by carrying on all or any part of the business of the Borrower, and may to the exclusion of all others, including the Borrower, enter upon, occupy and use any of the premises; buildings, plant and undertaking owned, occupied or used by the Borrower and may use any of the tools, machinery, equipment and intangibles (including Intellectual Property) of the Borrower for such time as the Lender sees fit, free of charge and without liability, in order to carry on the business of the Borrower or to manufacture or complete the manufacture of Inventory and to pack and ship finished products;
- (e) the Lender may enter upon and occupy any land and premises owned, leased or occupied by the Borrower where the Collateral or any part thereof is assembled or located in order to effectuate its rights and remedies hereunder or under law, without obligation whatsoever to the Borrower;
- (f) the Lender may borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Security Agreement;
- (g) the Lender may exercise and enforce all rights and remedies of the Borrower with respect to the Collateral, including collecting or compromising all or any of the Borrower's Accounts;
- (h) the Lender may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions (including as to credit, upset or reserve bid or price) as the Lender may deem commercially reasonable;
- (i) the Lender may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Lender or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any person so appointed. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (j) the Lender may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (k) all rights of the Borrower to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.01; and (ii) receive the dividends and other distributions which it would otherwise be entitled to receive and retain pursuant to this Agreement, shall immediately cease, and all such rights shall thereupon become vested in the Lender, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and
- (l) the Lender may retain the Collateral in satisfaction of the Secured Obligations.

Section 12.04 Receiver Agent of Borrower. In exercising any powers, any such Receiver so appointed shall act as agent of the Borrower and not the Lender and the Lender shall not in any way be responsible

for any of the actions of the Receiver, its employees, agents and contractors. The Lender may from time to time remove and appoint replacements for, any Receiver, and appoint another or others in their stead from time to time.

Section 12.05 Distribution of Proceeds. Any cash held by the Lender as Collateral and all cash Proceeds received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Lender to the payment of expenses incurred by the Lender in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Lender hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set-off against all or any part of the Secured Obligations in such order as the Lender shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Lender and remaining after payment in full of all the Secured Obligations shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus. The Borrower shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Lender to collect such deficiency.

Section 12.06 Borrower Pays Expenses. The Borrower agrees to pay all reasonable expenses incurred by the Lender or any Receiver in the preparation, perfection and enforcement of this Agreement, whether directly incurred or for services rendered, including legal and auditor's fees and expenses and remuneration of any Receiver.

ARTICLE XIII MISCELLANEOUS

Section 13.01 No Waiver and Cumulative Remedies. The Lender shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

Section 13.02 Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Borrower therefrom shall be effective unless the same shall be in writing and signed by the Lender and the Borrower, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

Section 13.03 Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Secured Note and shall be given in the manner and become effective as set forth in the Secured Note.

Section 13.04 Continuing Security Interest; Further Actions. This Agreement shall create a general and continuing security interest in the Collateral and shall (a) subject to Section 13.06, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Borrower, its successors and permitted assigns, and (c) enure to the benefit of the Lender and its successors, transferees and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender. Without limiting the generality of the foregoing clause (c), any assignee of the Lender's interest in any agreement or document which includes all or any of the Secured Obligations shall become vested with all the benefits granted to the Lender herein with respect to such Secured Obligations.

Section 13.05 Assignment. The Lender may assign or transfer any of its rights under this Agreement without the consent of the Borrower. The Borrower may not assign its obligations under this Agreement without the prior written consent of the Lender.

Section 13.06 Termination; Release. On the date on which all Secured Obligations have been paid and performed in full (as determined by the Lender in its sole discretion), the Lender will, at the request and sole expense of the Borrower (a) duly assign, transfer and deliver to or at the direction of the Borrower (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Lender, together with any monies at the time held by the Lender hereunder, and (b) execute and deliver to the Borrower a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

Section 13.07 Acknowledgement. The Borrower acknowledges receipt of a fully executed copy of this Agreement.

Section 13.08 Amalgamation. The Borrower acknowledges that, if it amalgamates with another person, the term Borrower, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Lender thereafter arising.

Section 13.09 Governing Law. All matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.


Section 13.10 Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 13.11 Conflict with Secured Note. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Secured Note, the terms of the Secured Note shall govern to the extent necessary to remove the conflict or inconsistency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has executed this Agreement as of the date first written above.

BZAM LTD.

By  _____

Name: Matt Milich

Title: President

SCHEDULE A

Full legal name: BZAM Ltd.

Prior names: The Green Organic Dutchman Holdings Ltd.

Predecessor companies: N/A

Address of chief executive office: 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6

Address of all places where business is carried on or where tangible personal property is kept:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 13325 Cedar Way, Maple Ridge, BC, Canada, V4R 2T4
5. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8
6. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5
7. 1915 Jerseyville Rd. W. Jerseyville, ON, L0R 1R0
8. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
9. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2
10. 6082 Russ Baker Way, Richmond BC V7B 1B4
11. 150 Mohawk St, Brantford, ON N3S 7G5

Addresses of all owned real property:

1. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0.
2. 13325 Cedar Way, Maple Ridge, BC, Canada, V4R 2T4
3. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8

Addresses of all leased real property:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 311-455 Boul. Fenelon, Dorval, QC H9S 5T8, leased by Medican Organic Inc., and sub-leased to 3rd party.
5. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
6. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5

7. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2

Description of all 'serial numbered goods' (i.e. motor vehicle, manufactured home, boat, outboard motor, trailer or aircraft):

All owned equipment.

List of all material permits:

1. Health Canada Licence No LIC-CJMMLU7IJN-2019-1 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. expiring July 20, 2027
2. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
3. Health Canada Licence No LIC-JTUPWJZJ50-2022 issued to BZAM Management Inc.
4. Health Canada Licence No LIC-G27V6VI0UJ-2022 issued to BZAM Management Inc.
5. Health Canada Licence No LIC- HU7CU4DYAO-2020-5 issued to BZAM Management Inc.
6. Health Canada Licence No LIC- J5USTB6Z3V-2022 issued to BZAM Management Inc.
7. Health Canada Licence No LIC- 9GRI1YRQEV-2021 issued to BZAM Management Inc.
8. Health Canada Licence No LIC- LIC-TNCAPN24J9-2022 issued to BZAM Management Inc.
9. The Green Organic Dutchman Ltd. No. 83013 4847 RD0001 under the Excise Act, 2001 (Canada)
10. The Green Organic Dutchman Ltd. Licence No. 3PFVXKNM under the Safe Food For Canadians Act (Canada)

List of subsidiaries:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Ltd.	Canada	100%
TGOD Europe B.V.	Netherlands	100%
Medican Organic Inc.	Quebec	100%
14274261 Canada Inc.	Canada	100%
*BZAM Holdings Inc.	British Columbia	100%

List of subsidiaries for BZAM Holdings Inc.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
BZAM Management Inc.	British Columbia	100%
Folium Life Science Inc.	British Columbia	80%
BZAM Cannabis Corp.	Alberta	88.2%
102172093 Saskatchewan Ltd.	Saskatchewan	100%

List of subsidiaries for TGOD Europe B.V.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Germany GmbH	Germany	100%

PLEDGED SECURITIES

Issuer	Class/Type of Security	Certificate Number (if certificated)	Number of Securities
Nil.	N/A	N/A	N/A

GENERAL SECURITY AGREEMENT

This GENERAL SECURITY AGREEMENT, dated as of October 27, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by **BZAM LTD.** (the "**Borrower**") in favour of **STONE PINE CAPITAL LTD.** (the "**Lender**").

WHEREAS the Borrower has executed and delivered, or intends to execute and deliver, a certain secured demand promissory note dated on or about the date hereof (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Secured Note**") in favour of the Lender whereby the Lender will establish certain loans or extensions of credit in favour of the Borrower (the "**Loans**").

AND WHEREAS to secure the payment and performance of the Secured Obligations (this term, and other capitalized terms used in this Agreement have the meanings set forth in Section 1.01 below), the Borrower has agreed to grant to the Lender security interests over the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE BE IT RESOLVED THAT in consideration of the Lender entering into the Secured Note and agreeing to make the Loans available to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions.

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) "**Act**" means the *Personal Property Security Act* of British Columbia and the regulations thereunder, as amended, restated or replaced by successor legislation of comparable effect.
- (b) "**Business Day**" means "Business Day" as defined in the Secured Note.
- (c) "**Change of Control**" means the occurrence of any transaction or related series of transactions (a) by which any Person, by means of takeover bid, tender offer, amalgamation, purchase of assets or otherwise (i) acquires the business or substantially all of the assets of the Borrower or (ii) acquires control of equity interests in the Borrower representing more than 50% of the ordinary voting power for the election of directors or other governing positions as manage the business affairs of the Borrower, or (b) that would have the effect of bringing about a change in the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Borrower, whether through the ability to exercise voting power, by contract or otherwise.
- (d) "**Collateral**" is defined in Section 2.01.
- (e) "**Debt**" means "Indebtedness" as defined in the Secured Note.
- (f) "**Equity Interests**" means, with respect to any Person, all of the securities, investment property, units, trust units, partnership, membership and other equity interests,

participations, investment certificates, notes (or other ownership or profit interests in) in or of such Person (collectively, "**ownership interests**"), all of the warrants, options or other rights for the purchase or acquisition from such Person of ownership interests in such Person, all of the securities convertible into or exchangeable for ownership interests in such Person or warrants, rights or options for the purchase or acquisition from such Person of ownership interests, and all of the other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such ownership interests are outstanding on any date of determination.

- (g) "**Event of Default**" means any material breach of any obligation, representation or agreement in a Loan Document, or any event of default under or described in a Loan Document.
- (h) "**Excluded Asset**" is defined in Section 2.03(a).
- (i) "**Intellectual Property**" means any and all intellectual property, including licences, copyrights, copyright licences, patents, patent licences, patent applications, service marks, trademarks, trademark licences, trademark applications, trade styles, trade names, technology, know-how and processes, trade secrets, inventions, industrial designs, all rights therein, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.
- (j) "**Lien**" means any mortgage, pledge, lien, assignment by way of security, charge, security interest, trust arrangement in the nature of a security interest, conditional sale or other title retention agreement, equipment trusts, lease financings including by way of sale and lease-back, hypothec, levy, execution, seizure, attachment, garnishment, any option, preferential right or adverse claim constituting an interest in such property, or any other encumbrance in respect of such property.
- (k) "**Loan Document**" means, collectively, the Secured Note, this Agreement, and any other agreement, note, certificate, or agreement from time to time entered into between the Borrower and the Lender in connection with the transactions set out in the Secured Note and this Agreement.
- (l) "**Permitted Debt**" means Debt of the Borrower consented to in writing by Lender, which the Lender may, in its sole discretion, require to be postponed and subordinated to the Secured Obligations on terms acceptable to the Lender.
- (m) "**Permitted Liens**" means:
 - (i) Liens for taxes, assessments, governmental charges or other statutory Liens or security interests not at such date due or delinquent, or the validity of which the Borrower is contesting in good faith and in respect of which, or where the failure to pay or discharge same could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;

- (ii) Liens in connection with any judgment rendered, or claim filed, against the Borrower where the payment of any amount to satisfy such judgement or claim could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iii) any Lien or trust or deposit arising in connection with workers' compensation, employment insurance, pension and employment laws or regulations, so long as the existence of such Lien, trust or deposit could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iv) Liens in favour of the Lender pursuant to the Loan Documents;
 - (v) Liens created in connection Permitted Debt; and
 - (vi) All other Liens consented to in writing by the Lender, acting reasonably.
- (n) "**Pledged Securities**" means all of the issued and outstanding Equity Interests of each issuer described in Schedule A hereto that are now or from time to time hereafter held by the Borrower.
 - (o) "**Persons**" or "**Person**" means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
 - (p) "**Proceeds**" means "proceeds" as such term is defined in section 1(1) of the Act and, in any event, shall include, without limitation, all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.
 - (q) "**Receiver**" is defined in Section 12.03(i).
 - (r) "**Secured Obligations**" means all present and future debts, liabilities and obligations of the of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Borrower to the Lender under, in connection with or with respect to the Loan Documents.
 - (s) "**STA**" means the *Securities Transfer Act*, as in effect from time to time in the Province of British Columbia.

Section 1.02 Application of Act

Words used in this Agreement that are defined in the Act will have the respective meanings ascribed to them in the Act, unless otherwise defined herein.

Section 1.03 Interpretation.

- (a) Unless otherwise specified herein, all references to Sections and Schedules herein are to Sections and Schedules of this Agreement.
- (b) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision of this Agreement;
- (ii) the word "including", when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto but rather refers to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
- (iii) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein); and
- (iv) a reference to a statute or a section of a statute shall include and shall be deemed to be a reference to such statute or section and to the regulations made pursuant thereto, with all amendments made thereto and in force at the relevant time, and to any statute, section of a statute or regulation that may be passed which has the effect of supplementing or superseding the statute or section so referred to or the regulations made pursuant thereto.

ARTICLE II GRANT OF SECURITY INTEREST

Section 2.01 Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Borrower hereby grants, assigns, transfers, sets over, mortgages, charges, and pledges to the Lender, and hereby creates a general and continuing security interest in favour of the Lender in and to all of the Borrower's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

- (a) all present and after-acquired property, assets and undertaking of the Borrower of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property, Chattel Paper, Documents of Title, Instruments, Securities and all other Investment Property (including the Pledged Securities and the securities accounts), Money, and any other contract rights or rights to the payment of money;
- (b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Borrower from time to time with respect to any of the foregoing;
- (c) all books and records relating to the foregoing, including in any form or medium;
- (d) all supporting obligations relating to the foregoing;
- (e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing; and

- (f) the last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Borrower is hereby excepted out of the security interests hereby created, but should the Lender need to enforce against the Collateral, the Borrower shall hold the last date in trust for the Lender and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, the Collateral does not include any Consumer Goods.

Section 2.02 Attachment of Security Interest. The Borrower acknowledges that value has been given, that the Borrower has rights in the Collateral, and that the parties have agreed not to postpone the time for attachment of any security interest in this Agreement. The Borrower acknowledges that any security interest created by this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Borrower acquires rights in such after-acquired Collateral.

Section 2.03 Limitation on Grant of Security Interest.

- (a) To the extent the grant of the security interest in respect of any contract, permit, lease, licence, instrument, document or other agreement entered into by the Borrower would result in the breach or termination of or cause a default under such contract, permit, lease, licence, instrument, or other agreement (each an "**Excluded Asset**"), each such Excluded Asset shall not be subject to the security interest created hereby while such restriction applies but shall be held in trust by the Borrower in favour of the Lender, but only for so long as such prohibition or requirement for consent is not terminated, rendered unenforceable or otherwise deemed ineffective by the Act or any other applicable law; provided however that Excluded Assets shall not include any Proceeds, products, substitutions or replacements of any Excluded Asset (unless such Proceeds, products, substitutions, or replacements would themselves otherwise constitute Excluded Assets) and provided further that if any Excluded Asset would have otherwise constituted Collateral, when such asset shall cease to be an Excluded Asset, such asset shall be deemed at all times from and after the date hereof to constitute Collateral subject to the security interest created hereby. The Borrower will use all commercially reasonable efforts to obtain the consent of each other party to any and all Excluded Assets to the assignment of such Excluded Assets to the Lender in accordance with this Agreement. The Borrower will also use all commercially reasonable efforts to ensure that no material agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Lender.
- (b) The security interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Lender, but does not constitute an assignment of such Collateral to the Lender.

ARTICLE III
PERFECTION OF SECURITY INTEREST AND FURTHER ASSURANCES

Section 3.01 Perfection. The Borrower shall, from time to time, and at its expense, take all actions as may be requested by the Lender to perfect the security interest of the Lender in the Collateral.

Section 3.02 Intellectual Property. The Borrower hereby further authorizes the Lender to file with the *Canadian Intellectual Property Office* this Agreement and other required documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in Intellectual Property granted by the Borrower hereunder.

Section 3.03 Tangible Chattel Paper, Documents of Title, Instruments. If the Borrower shall at any time hold or acquire any promissory notes, tangible chattel paper, negotiable documents of title or warehouse receipts relating to the Collateral, the Borrower shall immediately endorse, assign and deliver possession of the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

Section 3.04 Control.

- (a) **Certificates.** The Borrower shall promptly, at the request of the Lender and in a manner satisfactory to the Lender: (i) cause a security certificate to be issued for any Investment Property that is in the form of an uncertificated security to the extent that such request can be accommodated by the issuer thereof; (ii) duly endorse all share certificates at any time held or acquired by it relating to the Collateral in blank for transfer or execute stock powers of attorney in blank in form and substance satisfactory to the Lender; (iii) deliver such share certificates and stock powers to the Lender; and (iv) take all other steps to give exclusive control over such certificated securities to the Lender.
- (b) **Electronic Chattel Paper.** Where Collateral includes electronic chattel paper, the Borrower shall take all commercially reasonable efforts to cause the record comprising such chattel paper to be created, stored and transferred in a manner satisfactory to the Lender and which will provide the Lender with control of the electronic chattel paper.

Section 3.05 Copy of Verification Statement. To the extent permitted by law, the Borrower hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or received by or on behalf of the Lender in connection with the Lender's interest in the Collateral.

Section 3.06 Further Assurances. The Borrower agrees that, at any time and from time to time, at the expense of the Borrower, the Borrower will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Lender may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby (including, without limitation, providing the Lender with a fixed and specific mortgage) or to enable the Lender to exercise and enforce their rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES**

Section 4.01 Representations and Warranties. The Borrower represents and warrants as follows:

- (a) **Borrower Information.** All information set out in **Schedule A** is accurate and complete.
- (b) **Ownership and Title.** The Borrower is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and Permitted Liens.
- (c) **Existence and Capacity.** The Borrower has been duly incorporated, amalgamated or formed and validly exists under the laws of its jurisdiction of incorporation, amalgamation, or formation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement.
- (d) **Binding Obligation.** Each of this Agreement and the other Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).
- (e) **No Governmental or Regulatory Approvals.** No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the borrowing of the Loans and the pledge by the Borrower of the Collateral under this Agreement or for the execution and delivery of the other Loan Documents by the Borrower or the performance by the Borrower of its obligations thereunder.
- (f) **Compliance with Laws.** The Borrower is in compliance with, and operates its business in compliance with, all applicable laws and regulations (including environmental, labour and employment, tax, health and safety, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (g) **Litigation.** There is no material litigation, investigation, claim or proceeding pending, or to the knowledge of the Borrower, threatened, by or against it or its assets.
- (h) **Insurance.** The Borrower has in full force and effect policies of insurance with sound and reputable insurance companies in such amounts, with such deductibles, and covering such risks as are customarily carried by companies engaged in similar businesses. All premiums with respect to such policies that are due and payable have been paid.
- (i) **No Violation of Laws, Constating Documents, Agreements.** The execution and delivery of the Loan Documents by the Borrower and the performance by the Borrower of its obligations thereunder, will not violate any provision of any applicable laws or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority,

domestic or foreign, applicable to the Borrower or any of its property, or the constating or governing documents of the Borrower or any agreement or instrument to which the Borrower is party or by which it or its property is bound.

- (j) **Pledged Securities Validly Issued.** The Pledged Securities and other Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No person (other than the Borrower) has any right to acquire or cause to be issued to them any of the Collateral.
- (k) **Certificated Securities.** The Collateral does not include any Investment Property that have not been certificated. The Collateral does not include any certificated securities that the Borrower has not delivered to the Lender.
- (l) **Perfection by Control.** The Borrower has taken all action required on its part for control to have been obtained by the Lender over all Collateral with respect to which such control may be obtained pursuant to the Act and the STA. No person other than the Lender has control or possession of all or any part of the Collateral.

ARTICLE V VOTING AND RECEIVABLES

Section 5.01 Voting. Unless a Default or an Event of Default shall have occurred and be continuing, the Borrower may, to the extent the Borrower has such right as a holder of the Collateral consisting of Investment Property, other Equity Interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that any such vote, consent, ratification or waiver could detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of the Secured Note or this Agreement.

Section 5.02 Receivables. If a Default or an Event of Default has occurred and is continuing, the Lender may, or at the request and option of the Lender, the Borrower shall: (i) notify account Borrowers of the Lender's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Lender.

ARTICLE VI COVENANTS

Section 6.01 Covenants. The Borrower covenants as follows:

- (a) **Consent re: Change of Legal Name and Place of Business.** The Borrower will not, except with the prior written consent of the Lender, change its legal name, jurisdiction of incorporation, corporate structure, or the province or territory in which its registered office, chief executive office or its principal place of business is located. The Borrower will, prior to any change described in the preceding sentence, take all actions requested by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.
- (b) **Consent re: Change of Location of Collateral.** The Collateral, to the extent not delivered to the Lender under ARTICLE III, will be kept at those locations listed in Schedule A and, except for Inventory sold or leased in the ordinary course of business, the Borrower will not remove the Collateral from such locations except as permitted in with Lender's prior written consent. The Borrower will, before any change described in the preceding sentence,

take all actions required by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.

- (c) **Dealing with Collateral: No Sale or Encumbrances.** The Borrower will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except in the ordinary course of business, or with the prior written consent of the Lender.
- (d) **Maintenance and Protection of Collateral.** The Borrower will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Lender. The Borrower will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any applicable law. The Borrower will keep all licences, permits, agreements, registrations and applications relating to intellectual property used by Borrower in good standing. The Borrower shall register all existing and future trademarks, patents, copyrights and industrial designs. The Borrower shall, at its own cost and expense, defend title to the Collateral and the security interests of the Lender therein against the claim or demand of any person claiming against or through the Borrower and shall maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.
- (e) **Compliance with Laws.** The Borrower will comply with all applicable laws, regulations, permits and approvals (including, without limitation, environmental, health and safety, labour and employment, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (f) **Performance of Obligations.** The Borrower will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement. The Borrower shall perform all of its obligations under material agreements, leases, licences, arrangements to obtain and preserve its rights, powers, licences, privileges and goodwill thereunder and comply with all applicable law, by-laws, rules and regulations so as to preserve and protect the Collateral and the Borrower's business.
- (g) **Access to Collateral, Inspection.** The Borrower will permit the Lender, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Borrower shall, upon request by the Lender, provide the Lender with any information concerning the Collateral, the Borrower and its business, as the Lender may reasonably request, including financial statements or other financial information and access to the Borrower's senior executives, accountants and auditors to discuss any information concerning the Collateral, the Borrower or its business and affairs.
- (h) **Debt.** The Borrower will not create, incur, assume, permit to exist or make any payments with respect to any Debt other than Permitted Debt.
- (i) **Liens.** The Borrower will not grant, create, permit or suffer to exist any Liens or other restriction or limitation of any nature whatsoever on the Collateral except for Permitted Liens. The Borrower shall ensure that the Liens created pursuant to this Agreement are at all times first ranking Liens.

- (j) **Corporate, Business Changes.** The Borrower will not, without the prior written consent of the Lender:
 - (i) permit any Change of Control;
 - (ii) amalgamate or merge, consolidate, reorganize or restructure, continue in another jurisdiction, enter into a joint venture or partnership, liquidate, dissolve, wind-up, become bankrupt, initiate insolvency proceedings, or engage in other fundamental changes;
 - (iii) issue any Equity Interest in the Borrower to any person other than owner of any Equity Interests in the Borrower as of the date of this Agreement; or
 - (iv) engage in any business other than the businesses of the type conducted by on the date hereof and businesses reasonably related thereto.
- (k) **Insurance.** The Borrower shall maintain adequate insurance with respect to its business and the Collateral in such amounts and covering such risks as are acceptable to the Lender, with the Lender noted as loss payee on property insurance policies and additional insured on liability insurance policies, and provide the Lender with not less than 30 days' prior written notice of any cancellation or change in insurance.
- (l) **Intellectual Property.** The Borrower will make and maintain all filings, registrations and recordings necessary to maintain its rights in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.
- (m) **Notification.** The Borrower shall notify the Lender within five Business Days of: (i) the details of any material acquisition of Collateral; (ii) the details of any material litigation in connection with the Borrower, the Collateral or the Borrower's business; (iii) any loss or damage to the Collateral or the value of the Collateral; (iv) any default by any account Borrower in the payment or performance of its obligations; (v) any material adverse change in the financial condition, business, operations or assets, property and undertaking of the Borrower; and (vi) if any representation, warranty or statement made or deemed to be made by the Borrower under or in connection with the Loan Documents is or becomes incorrect or misleading.

ARTICLE VII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 7.01 Survival of Representations and Warranties and Covenants. All representations, warranties and covenants made by the Borrower shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

ARTICLE VIII

LENDER POWER OF ATTORNEY

Section 8.01 Lender Power of Attorney. The Borrower hereby irrevocably constitutes and appoints the Lender and any officer or employee of the Lender as the Borrower's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time, during the continuance of an Event of Default, in the Lender's discretion to take any action and to execute any instrument which the Lender may deem necessary or

advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Borrower representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Borrower any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Lender shall not be obligated to and shall have no liability to the Borrower or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Borrower hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

ARTICLE IX EXPENSES AND INDEMNITY

Section 9.01 Expenses and Indemnity.

- (a) The Borrower hereby agrees to indemnify and hold harmless the Lender and each officer, director, employee, contractor and advisor of the Lender (each such person being called an "**Indemnified Party**") from any losses, damages, liabilities, claims and related expenses (including the fees and expenses of legal counsel) incurred by the Indemnified Party or asserted against any Indemnified Party by any person (including the Borrower) other than such Indemnified Party and its officers, directors, employees, contractors and advisors arising out of, in connection with or resulting from this Agreement and other Loan Documents (including, without limitation, enforcement of this Agreement or any other Loan Document) or any failure of any Secured Obligations to be the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, whether brought by a third party or by the Borrower, and regardless of whether any Indemnified Party is a party thereto.
- (b) To the fullest extent permitted by applicable law, the Borrower hereby agrees not to assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement, transaction or instrument contemplated hereby or thereby.
- (c) The Borrower agrees to pay or reimburse the Lender for all its costs and expenses incurred in collecting the Secured Obligations or otherwise protecting, enforcing or preserving any rights or remedies under this Agreement and the other Loan Documents, including the fees and other charges of counsel to the Lender.
- (d) All amounts due under this Section shall be payable promptly after demand therefor and shall constitute Secured Obligations.
- (e) Without prejudice to the survival of any other agreement of the Borrower under this Agreement or any other Loan Documents, the agreements and obligations of the Borrower contained in this Section shall survive termination of the Loan Documents and payment in full of the Secured Obligations and all other amounts payable under this Agreement and the Loan Documents.

**ARTICLE X
LENDER MAY PERFORM**

Section 10.01 Lender May Perform. If the Borrower fails to perform any obligation contained in this Agreement, the Lender may itself perform, or cause performance of, such obligation, and the costs and expenses of the Lender incurred in connection therewith shall be payable by the Borrower; provided that the Lender shall not be required to perform or discharge any obligation of the Borrower and the performance by the Lender shall not waive the rights of the Lender to enforce this Agreement.

**ARTICLE XI
SET-OFF**

Section 11.01 Set-Off. Upon the occurrence of an Event of Default, the Lender may, without notice to the Borrower or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Borrower from the Lender or any of the Lender's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, all as the Lender may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Lender's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Lender will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Lender.

**ARTICLE XII
REMEDIES UPON DEFAULT**

Section 12.01 Right to Accelerate Payment. Upon the occurrence of an Event of Default that is continuing, the Lender may, by notice, declare any or all of the Secured Obligations to be immediately due and payable, whereupon, all of the Secured Obligations shall become and be immediately due and payable without presentment, demand, protest or further notice, all of which are hereby expressly waived by the Borrower.

Section 12.02 Enforcement of Security Interest. Upon the occurrence of an Event of Default that is continuing, the Lender may proceed to realize upon the Collateral and immediately enforce its rights and remedies.

Section 12.03 Remedies upon Default. Upon the occurrence of an Event of Default that is continuing, the Lender may exercise, without any other notice to or demand upon the Borrower, in addition to the other rights and remedies provided herein or in any other Loan Document or otherwise available to it, the following rights and remedies (which rights and remedies may be exercised independently or in combination):

- (a) the Lender may assert all rights and remedies of a Lender under the Act or other applicable law;
- (b) the Lender may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) the Lender may take possession of the Collateral by requiring the Borrower to assemble the Collateral or any part thereof and deliver the Collateral, or make the Collateral available, to the Lender at a place and time to be designated by the Lender;

- (d) the Lender may take possession of the Collateral by carrying on all or any part of the business of the Borrower, and may to the exclusion of all others, including the Borrower, enter upon, occupy and use any of the premises; buildings, plant and undertaking owned, occupied or used by the Borrower and may use any of the tools, machinery, equipment and intangibles (including Intellectual Property) of the Borrower for such time as the Lender sees fit, free of charge and without liability, in order to carry on the business of the Borrower or to manufacture or complete the manufacture of Inventory and to pack and ship finished products;
- (e) the Lender may enter upon and occupy any land and premises owned, leased or occupied by the Borrower where the Collateral or any part thereof is assembled or located in order to effectuate its rights and remedies hereunder or under law, without obligation whatsoever to the Borrower;
- (f) the Lender may borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Security Agreement;
- (g) the Lender may exercise and enforce all rights and remedies of the Borrower with respect to the Collateral, including collecting or compromising all or any of the Borrower's Accounts;
- (h) the Lender may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions (including as to credit, upset or reserve bid or price) as the Lender may deem commercially reasonable;
- (i) the Lender may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Lender or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any person so appointed. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (j) the Lender may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (k) all rights of the Borrower to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.01; and (ii) receive the dividends and other distributions which it would otherwise be entitled to receive and retain pursuant to this Agreement, shall immediately cease, and all such rights shall thereupon become vested in the Lender, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and
- (l) the Lender may retain the Collateral in satisfaction of the Secured Obligations.

Section 12.04 Receiver Agent of Borrower. In exercising any powers, any such Receiver so appointed shall act as agent of the Borrower and not the Lender and the Lender shall not in any way be responsible

for any of the actions of the Receiver, its employees, agents and contractors. The Lender may from time to time remove and appoint replacements for, any Receiver, and appoint another or others in their stead from time to time.

Section 12.05 Distribution of Proceeds. Any cash held by the Lender as Collateral and all cash Proceeds received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Lender to the payment of expenses incurred by the Lender in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Lender hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set-off against all or any part of the Secured Obligations in such order as the Lender shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Lender and remaining after payment in full of all the Secured Obligations shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus. The Borrower shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Lender to collect such deficiency.

Section 12.06 Borrower Pays Expenses. The Borrower agrees to pay all reasonable expenses incurred by the Lender or any Receiver in the preparation, perfection and enforcement of this Agreement, whether directly incurred or for services rendered, including legal and auditor's fees and expenses and remuneration of any Receiver.

ARTICLE XIII MISCELLANEOUS

Section 13.01 No Waiver and Cumulative Remedies. The Lender shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

Section 13.02 Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Borrower therefrom shall be effective unless the same shall be in writing and signed by the Lender and the Borrower, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

Section 13.03 Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Secured Note and shall be given in the manner and become effective as set forth in the Secured Note.

Section 13.04 Continuing Security Interest; Further Actions. This Agreement shall create a general and continuing security interest in the Collateral and shall (a) subject to Section 13.06, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Borrower, its successors and permitted assigns, and (c) enure to the benefit of the Lender and its successors, transferees and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender. Without limiting the generality of the foregoing clause (c), any assignee of the Lender's interest in any agreement or document which includes all or any of the Secured Obligations shall become vested with all the benefits granted to the Lender herein with respect to such Secured Obligations.

Section 13.05 Assignment. The Lender may assign or transfer any of its rights under this Agreement without the consent of the Borrower. The Borrower may not assign its obligations under this Agreement without the prior written consent of the Lender.

Section 13.06 Termination; Release. On the date on which all Secured Obligations have been paid and performed in full (as determined by the Lender in its sole discretion), the Lender will, at the request and sole expense of the Borrower (a) duly assign, transfer and deliver to or at the direction of the Borrower (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Lender, together with any monies at the time held by the Lender hereunder, and (b) execute and deliver to the Borrower a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

Section 13.07 Acknowledgement. The Borrower acknowledges receipt of a fully executed copy of this Agreement.

Section 13.08 Amalgamation. The Borrower acknowledges that, if it amalgamates with another person, the term Borrower, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Lender thereafter arising.

Section 13.09 Governing Law. All matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.

Section 13.10 Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 13.11 Conflict with Secured Note. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Secured Note, the terms of the Secured Note shall govern to the extent necessary to remove the conflict or inconsistency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has executed this Agreement as of the date first written above.

BZAM LTD.

By  _____

Name: Matt Milich

Title: CEO

SCHEDULE A

Full legal name: BZAM Ltd.

Prior names: The Green Organic Dutchman Holdings Ltd.

Predecessor companies: N/A

Address of chief executive office: 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6

Address of all places where business is carried on or where tangible personal property is kept:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 13325 Cedar Way, Maple Ridge, BC, Canada, V4R 2T4
5. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8
6. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5
7. 1915 Jerseyville Rd. W. Jerseyville, ON, L0R 1R0
8. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
9. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2
10. 6082 Russ Baker Way, Richmond BC V7B 1B4
11. 150 Mohawk St, Brantford, ON N3S 7G5

Addresses of all owned real property:

1. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0.
2. 13325 Cedar Way, Maple Ridge, BC, Canada, V4R 2T4
3. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8

Addresses of all leased real property:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 311-455 Boul. Fenelon, Dorval, QC H9S 5T8, leased by Medican Organic Inc., and sub-leased to 3rd party.
5. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
6. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5

7. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2

Description of all 'serial numbered goods' (i.e. motor vehicle, manufactured home, boat, outboard motor, trailer or aircraft):

All owned equipment.

List of all material permits:

1. Health Canada Licence No LIC-CJMMLU7IJN-2019-1 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. expiring July 20, 2027
2. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
3. Health Canada Licence No LIC-JTUPWJZJ50-2022 issued to BZAM Management Inc.
4. Health Canada Licence No LIC-G27V6VI0UJ-2022 issued to BZAM Management Inc.
5. Health Canada Licence No LIC- HU7CU4DYAO-2020-5 issued to BZAM Management Inc.
6. Health Canada Licence No LIC- J5USTB6Z3V-2022 issued to BZAM Management Inc.
7. Health Canada Licence No LIC- 9GRI1YRQEV-2021 issued to BZAM Management Inc.
8. Health Canada Licence No LIC- LIC-TNCAPN24J9-2022 issued to BZAM Management Inc.
9. The Green Organic Dutchman Ltd. No. 83013 4847 RD0001 under the Excise Act, 2001 (Canada)
10. The Green Organic Dutchman Ltd. Licence No. 3PFVXKNM under the Safe Food For Canadians Act (Canada)

List of subsidiaries:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Ltd.	Canada	100%
TGOD Europe B.V.	Netherlands	100%
Medican Organic Inc.	Quebec	100%
14274261 Canada Inc.	Canada	100%
*BZAM Holdings Inc.	British Columbia	100%

List of subsidiaries for BZAM Holdings Inc.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
BZAM Management Inc.	British Columbia	100%
Folium Life Science Inc.	British Columbia	80%
BZAM Cannabis Corp.	Alberta	88.2%
102172093 Saskatchewan Ltd.	Saskatchewan	100%

List of subsidiaries for TGOD Europe B.V.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Germany GmbH	Germany	100%

PLEDGED SECURITIES

Issuer	Class/Type of Security	Certificate Number (if certificated)	Number of Securities
Nil.	N/A	N/A	N/A

GENERAL SECURITY AGREEMENT

This GENERAL SECURITY AGREEMENT, dated as of November 8, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by **BZAM LTD.** (the "**Borrower**") in favour of **STONE PINE CAPITAL LTD.** (the "**Lender**").

WHEREAS the Borrower has executed and delivered, or intends to execute and deliver, a certain secured demand promissory note dated on or about the date hereof (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Secured Note**") in favour of the Lender whereby the Lender will establish certain loans or extensions of credit in favour of the Borrower (the "**Loans**").

AND WHEREAS to secure the payment and performance of the Secured Obligations (this term, and other capitalized terms used in this Agreement have the meanings set forth in Section 1.01 below), the Borrower has agreed to grant to the Lender security interests over the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE BE IT RESOLVED THAT in consideration of the Lender entering into the Secured Note and agreeing to make the Loans available to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions.

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) "**Act**" means the *Personal Property Security Act* of British Columbia and the regulations thereunder, as amended, restated or replaced by successor legislation of comparable effect.
- (b) "**Business Day**" means "Business Day" as defined in the Secured Note.
- (c) "**Change of Control**" means the occurrence of any transaction or related series of transactions (a) by which any Person, by means of takeover bid, tender offer, amalgamation, purchase of assets or otherwise (i) acquires the business or substantially all of the assets of the Borrower or (ii) acquires control of equity interests in the Borrower representing more than 50% of the ordinary voting power for the election of directors or other governing positions as manage the business affairs of the Borrower, or (b) that would have the effect of bringing about a change in the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Borrower, whether through the ability to exercise voting power, by contract or otherwise.
- (d) "**Collateral**" is defined in Section 2.01.
- (e) "**Debt**" means "Indebtedness" as defined in the Secured Note.
- (f) "**Equity Interests**" means, with respect to any Person, all of the securities, investment property, units, trust units, partnership, membership and other equity interests,

participations, investment certificates, notes (or other ownership or profit interests in) in or of such Person (collectively, "**ownership interests**"), all of the warrants, options or other rights for the purchase or acquisition from such Person of ownership interests in such Person, all of the securities convertible into or exchangeable for ownership interests in such Person or warrants, rights or options for the purchase or acquisition from such Person of ownership interests, and all of the other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such ownership interests are outstanding on any date of determination.

- (g) "**Event of Default**" means any material breach of any obligation, representation or agreement in a Loan Document, or any event of default under or described in a Loan Document.
- (h) "**Excluded Asset**" is defined in Section 2.03(a).
- (i) "**Intellectual Property**" means any and all intellectual property, including licences, copyrights, copyright licences, patents, patent licences, patent applications, service marks, trademarks, trademark licences, trademark applications, trade styles, trade names, technology, know-how and processes, trade secrets, inventions, industrial designs, all rights therein, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.
- (j) "**Lien**" means any mortgage, pledge, lien, assignment by way of security, charge, security interest, trust arrangement in the nature of a security interest, conditional sale or other title retention agreement, equipment trusts, lease financings including by way of sale and lease-back, hypothec, levy, execution, seizure, attachment, garnishment, any option, preferential right or adverse claim constituting an interest in such property, or any other encumbrance in respect of such property.
- (k) "**Loan Document**" means, collectively, the Secured Note, this Agreement, and any other agreement, note, certificate, or agreement from time to time entered into between the Borrower and the Lender in connection with the transactions set out in the Secured Note and this Agreement.
- (l) "**Permitted Debt**" means Debt of the Borrower consented to in writing by Lender, which the Lender may, in its sole discretion, require to be postponed and subordinated to the Secured Obligations on terms acceptable to the Lender.
- (m) "**Permitted Liens**" means:
 - (i) Liens for taxes, assessments, governmental charges or other statutory Liens or security interests not at such date due or delinquent, or the validity of which the Borrower is contesting in good faith and in respect of which, or where the failure to pay or discharge same could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (ii) Liens in connection with any judgment rendered, or claim filed, against the Borrower where the payment of any amount to satisfy such judgement or claim

could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;

- (iii) any Lien or trust or deposit arising in connection with workers' compensation, employment insurance, pension and employment laws or regulations, so long as the existence of such Lien, trust or deposit could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iv) Liens in favour of the Lender pursuant to the Loan Documents;
 - (v) Liens created in connection Permitted Debt; and
 - (vi) All other Liens consented to in writing by the Lender, acting reasonably.
- (n) **"Pledged Securities"** means all of the issued and outstanding Equity Interests of each issuer described in **Schedule A** hereto that are now or from time to time hereafter held by the Borrower.
- (o) **"Persons"** or **"Person"** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (p) **"Proceeds"** means "proceeds" as such term is defined in section 1(1) of the Act and, in any event, shall include, without limitation, all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.
- (q) **"Receiver"** is defined in Section 12.03(i).
- (r) **"Secured Obligations"** means all present and future debts, liabilities and obligations of the of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Borrower to the Lender under, in connection with or with respect to the Loan Documents.
- (s) **"STA"** means the *Securities Transfer Act*, as in effect from time to time in the Province of British Columbia.

Section 1.02 Application of Act

Words used in this Agreement that are defined in the Act will have the respective meanings ascribed to them in the Act, unless otherwise defined herein.

Section 1.03 Interpretation.

- (a) Unless otherwise specified herein, all references to Sections and Schedules herein are to Sections and Schedules of this Agreement.
- (b) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision of this Agreement;
- (ii) the word "including", when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto but rather refers to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
- (iii) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein); and
- (iv) a reference to a statute or a section of a statute shall include and shall be deemed to be a reference to such statute or section and to the regulations made pursuant thereto, with all amendments made thereto and in force at the relevant time, and to any statute, section of a statute or regulation that may be passed which has the effect of supplementing or superseding the statute or section so referred to or the regulations made pursuant thereto.

ARTICLE II GRANT OF SECURITY INTEREST

Section 2.01 Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Borrower hereby grants, assigns, transfers, sets over, mortgages, charges, and pledges to the Lender, and hereby creates a general and continuing security interest in favour of the Lender in and to all of the Borrower's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

- (a) all present and after-acquired property, assets and undertaking of the Borrower of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property, Chattel Paper, Documents of Title, Instruments, Securities and all other Investment Property (including the Pledged Securities and the securities accounts), Money, and any other contract rights or rights to the payment of money;
- (b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Borrower from time to time with respect to any of the foregoing;
- (c) all books and records relating to the foregoing, including in any form or medium;
- (d) all supporting obligations relating to the foregoing;
- (e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing; and

- (f) the last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Borrower is hereby excepted out of the security interests hereby created, but should the Lender need to enforce against the Collateral, the Borrower shall hold the last date in trust for the Lender and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, the Collateral does not include any Consumer Goods.

Section 2.02 Attachment of Security Interest. The Borrower acknowledges that value has been given, that the Borrower has rights in the Collateral, and that the parties have agreed not to postpone the time for attachment of any security interest in this Agreement. The Borrower acknowledges that any security interest created by this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Borrower acquires rights in such after-acquired Collateral.

Section 2.03 Limitation on Grant of Security Interest.

- (a) To the extent the grant of the security interest in respect of any contract, permit, lease, licence, instrument, document or other agreement entered into by the Borrower would result in the breach or termination of or cause a default under such contract, permit, lease, licence, instrument, or other agreement (each an "**Excluded Asset**"), each such Excluded Asset shall not be subject to the security interest created hereby while such restriction applies but shall be held in trust by the Borrower in favour of the Lender, but only for so long as such prohibition or requirement for consent is not terminated, rendered unenforceable or otherwise deemed ineffective by the Act or any other applicable law; provided however that Excluded Assets shall not include any Proceeds, products, substitutions or replacements of any Excluded Asset (unless such Proceeds, products, substitutions, or replacements would themselves otherwise constitute Excluded Assets) and provided further that if any Excluded Asset would have otherwise constituted Collateral, when such asset shall cease to be an Excluded Asset, such asset shall be deemed at all times from and after the date hereof to constitute Collateral subject to the security interest created hereby. The Borrower will use all commercially reasonable efforts to obtain the consent of each other party to any and all Excluded Assets to the assignment of such Excluded Assets to the Lender in accordance with this Agreement. The Borrower will also use all commercially reasonable efforts to ensure that no material agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Lender.
- (b) The security interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Lender, but does not constitute an assignment of such Collateral to the Lender.

**ARTICLE III
PERFECTION OF SECURITY INTEREST AND FURTHER ASSURANCES**

Section 3.01 Perfection. The Borrower shall, from time to time, and at its expense, take all actions as may be requested by the Lender to perfect the security interest of the Lender in the Collateral.

Section 3.02 Intellectual Property. The Borrower hereby further authorizes the Lender to file with the *Canadian Intellectual Property Office* this Agreement and other required documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in Intellectual Property granted by the Borrower hereunder.

Section 3.03 Tangible Chattel Paper, Documents of Title, Instruments. If the Borrower shall at any time hold or acquire any promissory notes, tangible chattel paper, negotiable documents of title or warehouse receipts relating to the Collateral, the Borrower shall immediately endorse, assign and deliver possession of the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

Section 3.04 Control.

- (a) **Certificates.** The Borrower shall promptly, at the request of the Lender and in a manner satisfactory to the Lender: (i) cause a security certificate to be issued for any Investment Property that is in the form of an uncertificated security to the extent that such request can be accommodated by the issuer thereof; (ii) duly endorse all share certificates at any time held or acquired by it relating to the Collateral in blank for transfer or execute stock powers of attorney in blank in form and substance satisfactory to the Lender; (iii) deliver such share certificates and stock powers to the Lender; and (iv) take all other steps to give exclusive control over such certificated securities to the Lender.
- (b) **Electronic Chattel Paper.** Where Collateral includes electronic chattel paper, the Borrower shall take all commercially reasonable efforts to cause the record comprising such chattel paper to be created, stored and transferred in a manner satisfactory to the Lender and which will provide the Lender with control of the electronic chattel paper.

Section 3.05 Copy of Verification Statement. To the extent permitted by law, the Borrower hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or received by or on behalf of the Lender in connection with the Lender's interest in the Collateral.

Section 3.06 Further Assurances. The Borrower agrees that, at any time and from time to time, at the expense of the Borrower, the Borrower will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Lender may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby (including, without limitation, providing the Lender with a fixed and specific mortgage) or to enable the Lender to exercise and enforce their rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES**

Section 4.01 Representations and Warranties. The Borrower represents and warrants as follows:

- (a) **Borrower Information.** All information set out in **Schedule A** is accurate and complete.
- (b) **Ownership and Title.** The Borrower is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and Permitted Liens.
- (c) **Existence and Capacity.** The Borrower has been duly incorporated, amalgamated or formed and validly exists under the laws of its jurisdiction of incorporation, amalgamation, or formation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement.
- (d) **Binding Obligation.** Each of this Agreement and the other Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).
- (e) **No Governmental or Regulatory Approvals.** No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the borrowing of the Loans and the pledge by the Borrower of the Collateral under this Agreement or for the execution and delivery of the other Loan Documents by the Borrower or the performance by the Borrower of its obligations thereunder.
- (f) **Compliance with Laws.** The Borrower is in compliance with, and operates its business in compliance with, all applicable laws and regulations (including environmental, labour and employment, tax, health and safety, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (g) **Litigation.** There is no material litigation, investigation, claim or proceeding pending, or to the knowledge of the Borrower, threatened, by or against it or its assets.
- (h) **Insurance.** The Borrower has in full force and effect policies of insurance with sound and reputable insurance companies in such amounts, with such deductibles, and covering such risks as are customarily carried by companies engaged in similar businesses. All premiums with respect to such policies that are due and payable have been paid.
- (i) **No Violation of Laws, Constating Documents, Agreements.** The execution and delivery of the Loan Documents by the Borrower and the performance by the Borrower of its obligations thereunder, will not violate any provision of any applicable laws or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority,

domestic or foreign, applicable to the Borrower or any of its property, or the constating or governing documents of the Borrower or any agreement or instrument to which the Borrower is party or by which it or its property is bound.

- (j) **Pledged Securities Validly Issued.** The Pledged Securities and other Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No person (other than the Borrower) has any right to acquire or cause to be issued to them any of the Collateral.
- (k) **Certificated Securities.** The Collateral does not include any Investment Property that have not been certificated. The Collateral does not include any certificated securities that the Borrower has not delivered to the Lender.
- (l) **Perfection by Control.** The Borrower has taken all action required on its part for control to have been obtained by the Lender over all Collateral with respect to which such control may be obtained pursuant to the Act and the STA. No person other than the Lender has control or possession of all or any part of the Collateral.

ARTICLE V VOTING AND RECEIVABLES

Section 5.01 Voting. Unless a Default or an Event of Default shall have occurred and be continuing, the Borrower may, to the extent the Borrower has such right as a holder of the Collateral consisting of Investment Property, other Equity Interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that any such vote, consent, ratification or waiver could detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of the Secured Note or this Agreement.

Section 5.02 Receivables. If a Default or an Event of Default has occurred and is continuing, the Lender may, or at the request and option of the Lender, the Borrower shall: (i) notify account Borrowers of the Lender's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Lender.

ARTICLE VI COVENANTS

Section 6.01 Covenants. The Borrower covenants as follows:

- (a) **Consent re: Change of Legal Name and Place of Business.** The Borrower will not, except with the prior written consent of the Lender, change its legal name, jurisdiction of incorporation, corporate structure, or the province or territory in which its registered office, chief executive office or its principal place of business is located. The Borrower will, prior to any change described in the preceding sentence, take all actions requested by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.
- (b) **Consent re: Change of Location of Collateral.** The Collateral, to the extent not delivered to the Lender under ARTICLE III, will be kept at those locations listed in Schedule A and, except for Inventory sold or leased in the ordinary course of business, the Borrower will not remove the Collateral from such locations except as permitted in with Lender's prior written consent. The Borrower will, before any change described in the preceding sentence,

take all actions required by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.

- (c) **Dealing with Collateral: No Sale or Encumbrances.** The Borrower will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except in the ordinary course of business, or with the prior written consent of the Lender.
- (d) **Maintenance and Protection of Collateral.** The Borrower will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Lender. The Borrower will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any applicable law. The Borrower will keep all licences, permits, agreements, registrations and applications relating to intellectual property used by Borrower in good standing. The Borrower shall register all existing and future trademarks, patents, copyrights and industrial designs. The Borrower shall, at its own cost and expense, defend title to the Collateral and the security interests of the Lender therein against the claim or demand of any person claiming against or through the Borrower and shall maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.
- (e) **Compliance with Laws.** The Borrower will comply with all applicable laws, regulations, permits and approvals (including, without limitation, environmental, health and safety, labour and employment, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (f) **Performance of Obligations.** The Borrower will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement. The Borrower shall perform all of its obligations under material agreements, leases, licences, arrangements to obtain and preserve its rights, powers, licences, privileges and goodwill thereunder and comply with all applicable law, by-laws, rules and regulations so as to preserve and protect the Collateral and the Borrower's business.
- (g) **Access to Collateral, Inspection.** The Borrower will permit the Lender, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Borrower shall, upon request by the Lender, provide the Lender with any information concerning the Collateral, the Borrower and its business, as the Lender may reasonably request, including financial statements or other financial information and access to the Borrower's senior executives, accountants and auditors to discuss any information concerning the Collateral, the Borrower or its business and affairs.
- (h) **Debt.** The Borrower will not create, incur, assume, permit to exist or make any payments with respect to any Debt other than Permitted Debt.
- (i) **Liens.** The Borrower will not grant, create, permit or suffer to exist any Liens or other restriction or limitation of any nature whatsoever on the Collateral except for Permitted Liens. The Borrower shall ensure that the Liens created pursuant to this Agreement are at all times first ranking Liens.

- (j) **Corporate, Business Changes.** The Borrower will not, without the prior written consent of the Lender:
 - (i) permit any Change of Control;
 - (ii) amalgamate or merge, consolidate, reorganize or restructure, continue in another jurisdiction, enter into a joint venture or partnership, liquidate, dissolve, wind-up, become bankrupt, initiate insolvency proceedings, or engage in other fundamental changes;
 - (iii) issue any Equity Interest in the Borrower to any person other than owner of any Equity Interests in the Borrower as of the date of this Agreement; or
 - (iv) engage in any business other than the businesses of the type conducted by on the date hereof and businesses reasonably related thereto.
- (k) **Insurance.** The Borrower shall maintain adequate insurance with respect to its business and the Collateral in such amounts and covering such risks as are acceptable to the Lender, with the Lender noted as loss payee on property insurance policies and additional insured on liability insurance policies, and provide the Lender with not less than 30 days' prior written notice of any cancellation or change in insurance.
- (l) **Intellectual Property.** The Borrower will make and maintain all filings, registrations and recordings necessary to maintain its rights in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.
- (m) **Notification.** The Borrower shall notify the Lender within five Business Days of: (i) the details of any material acquisition of Collateral; (ii) the details of any material litigation in connection with the Borrower, the Collateral or the Borrower's business; (iii) any loss or damage to the Collateral or the value of the Collateral; (iv) any default by any account Borrower in the payment or performance of its obligations; (v) any material adverse change in the financial condition, business, operations or assets, property and undertaking of the Borrower; and (vi) if any representation, warranty or statement made or deemed to be made by the Borrower under or in connection with the Loan Documents is or becomes incorrect or misleading.

ARTICLE VII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 7.01 Survival of Representations and Warranties and Covenants. All representations, warranties and covenants made by the Borrower shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

ARTICLE VIII

LENDER POWER OF ATTORNEY

Section 8.01 Lender Power of Attorney. The Borrower hereby irrevocably constitutes and appoints the Lender and any officer or employee of the Lender as the Borrower's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time, during the continuance of an Event of Default, in the Lender's discretion to take any action and to execute any instrument which the Lender may deem necessary or

advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Borrower representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Borrower any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Lender shall not be obligated to and shall have no liability to the Borrower or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Borrower hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

ARTICLE IX EXPENSES AND INDEMNITY

Section 9.01 Expenses and Indemnity.

- (a) The Borrower hereby agrees to indemnify and hold harmless the Lender and each officer, director, employee, contractor and advisor of the Lender (each such person being called an "**Indemnified Party**") from any losses, damages, liabilities, claims and related expenses (including the fees and expenses of legal counsel) incurred by the Indemnified Party or asserted against any Indemnified Party by any person (including the Borrower) other than such Indemnified Party and its officers, directors, employees, contractors and advisors arising out of, in connection with or resulting from this Agreement and other Loan Documents (including, without limitation, enforcement of this Agreement or any other Loan Document) or any failure of any Secured Obligations to be the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, whether brought by a third party or by the Borrower, and regardless of whether any Indemnified Party is a party thereto.
- (b) To the fullest extent permitted by applicable law, the Borrower hereby agrees not to assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement, transaction or instrument contemplated hereby or thereby.
- (c) The Borrower agrees to pay or reimburse the Lender for all its costs and expenses incurred in collecting the Secured Obligations or otherwise protecting, enforcing or preserving any rights or remedies under this Agreement and the other Loan Documents, including the fees and other charges of counsel to the Lender.
- (d) All amounts due under this Section shall be payable promptly after demand therefor and shall constitute Secured Obligations.
- (e) Without prejudice to the survival of any other agreement of the Borrower under this Agreement or any other Loan Documents, the agreements and obligations of the Borrower contained in this Section shall survive termination of the Loan Documents and payment in full of the Secured Obligations and all other amounts payable under this Agreement and the Loan Documents.

**ARTICLE X
LENDER MAY PERFORM**

Section 10.01 Lender May Perform. If the Borrower fails to perform any obligation contained in this Agreement, the Lender may itself perform, or cause performance of, such obligation, and the costs and expenses of the Lender incurred in connection therewith shall be payable by the Borrower; provided that the Lender shall not be required to perform or discharge any obligation of the Borrower and the performance by the Lender shall not waive the rights of the Lender to enforce this Agreement.

**ARTICLE XI
SET-OFF**

Section 11.01 Set-Off. Upon the occurrence of an Event of Default, the Lender may, without notice to the Borrower or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Borrower from the Lender or any of the Lender's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, all as the Lender may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Lender's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Lender will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Lender.

**ARTICLE XII
REMEDIES UPON DEFAULT**

Section 12.01 Right to Accelerate Payment. Upon the occurrence of an Event of Default that is continuing, the Lender may, by notice, declare any or all of the Secured Obligations to be immediately due and payable, whereupon, all of the Secured Obligations shall become and be immediately due and payable without presentment, demand, protest or further notice, all of which are hereby expressly waived by the Borrower.

Section 12.02 Enforcement of Security Interest. Upon the occurrence of an Event of Default that is continuing, the Lender may proceed to realize upon the Collateral and immediately enforce its rights and remedies.

Section 12.03 Remedies upon Default. Upon the occurrence of an Event of Default that is continuing, the Lender may exercise, without any other notice to or demand upon the Borrower, in addition to the other rights and remedies provided herein or in any other Loan Document or otherwise available to it, the following rights and remedies (which rights and remedies may be exercised independently or in combination):

- (a) the Lender may assert all rights and remedies of a Lender under the Act or other applicable law;
- (b) the Lender may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) the Lender may take possession of the Collateral by requiring the Borrower to assemble the Collateral or any part thereof and deliver the Collateral, or make the Collateral available, to the Lender at a place and time to be designated by the Lender;

- (d) the Lender may take possession of the Collateral by carrying on all or any part of the business of the Borrower, and may to the exclusion of all others, including the Borrower, enter upon, occupy and use any of the premises; buildings, plant and undertaking owned, occupied or used by the Borrower and may use any of the tools, machinery, equipment and intangibles (including Intellectual Property) of the Borrower for such time as the Lender sees fit, free of charge and without liability, in order to carry on the business of the Borrower or to manufacture or complete the manufacture of Inventory and to pack and ship finished products;
- (e) the Lender may enter upon and occupy any land and premises owned, leased or occupied by the Borrower where the Collateral or any part thereof is assembled or located in order to effectuate its rights and remedies hereunder or under law, without obligation whatsoever to the Borrower;
- (f) the Lender may borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Security Agreement;
- (g) the Lender may exercise and enforce all rights and remedies of the Borrower with respect to the Collateral, including collecting or compromising all or any of the Borrower's Accounts;
- (h) the Lender may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions (including as to credit, upset or reserve bid or price) as the Lender may deem commercially reasonable;
- (i) the Lender may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Lender or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any person so appointed. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (j) the Lender may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (k) all rights of the Borrower to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.01; and (ii) receive the dividends and other distributions which it would otherwise be entitled to receive and retain pursuant to this Agreement, shall immediately cease, and all such rights shall thereupon become vested in the Lender, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and
- (l) the Lender may retain the Collateral in satisfaction of the Secured Obligations.

Section 12.04 Receiver Agent of Borrower. In exercising any powers, any such Receiver so appointed shall act as agent of the Borrower and not the Lender and the Lender shall not in any way be responsible

for any of the actions of the Receiver, its employees, agents and contractors. The Lender may from time to time remove and appoint replacements for, any Receiver, and appoint another or others in their stead from time to time.

Section 12.05 Distribution of Proceeds. Any cash held by the Lender as Collateral and all cash Proceeds received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Lender to the payment of expenses incurred by the Lender in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Lender hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set-off against all or any part of the Secured Obligations in such order as the Lender shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Lender and remaining after payment in full of all the Secured Obligations shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus. The Borrower shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Lender to collect such deficiency.

Section 12.06 Borrower Pays Expenses. The Borrower agrees to pay all reasonable expenses incurred by the Lender or any Receiver in the preparation, perfection and enforcement of this Agreement, whether directly incurred or for services rendered, including legal and auditor's fees and expenses and remuneration of any Receiver.

ARTICLE XIII MISCELLANEOUS

Section 13.01 No Waiver and Cumulative Remedies. The Lender shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

Section 13.02 Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Borrower therefrom shall be effective unless the same shall be in writing and signed by the Lender and the Borrower, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

Section 13.03 Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Secured Note and shall be given in the manner and become effective as set forth in the Secured Note.

Section 13.04 Continuing Security Interest; Further Actions. This Agreement shall create a general and continuing security interest in the Collateral and shall (a) subject to Section 13.06, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Borrower, its successors and permitted assigns, and (c) enure to the benefit of the Lender and its successors, transferees and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender. Without limiting the generality of the foregoing clause (c), any assignee of the Lender's interest in any agreement or document which includes all or any of the Secured Obligations shall become vested with all the benefits granted to the Lender herein with respect to such Secured Obligations.

Section 13.05 Assignment. The Lender may assign or transfer any of its rights under this Agreement without the consent of the Borrower. The Borrower may not assign its obligations under this Agreement without the prior written consent of the Lender.

Section 13.06 Termination; Release. On the date on which all Secured Obligations have been paid and performed in full (as determined by the Lender in its sole discretion), the Lender will, at the request and sole expense of the Borrower (a) duly assign, transfer and deliver to or at the direction of the Borrower (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Lender, together with any monies at the time held by the Lender hereunder, and (b) execute and deliver to the Borrower a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

Section 13.07 Acknowledgement. The Borrower acknowledges receipt of a fully executed copy of this Agreement.

Section 13.08 Amalgamation. The Borrower acknowledges that, if it amalgamates with another person, the term Borrower, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Lender thereafter arising.

Section 13.09 Governing Law. All matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.

Section 13.10 Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 13.11 Conflict with Secured Note. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Secured Note, the terms of the Secured Note shall govern to the extent necessary to remove the conflict or inconsistency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has executed this Agreement as of the date first written above.

BZAM LTD.

By  _____

Name: Matt Milich

Title: CEO

SCHEDULE A

Full legal name: BZAM Ltd.

Prior names: The Green Organic Dutchman Holdings Ltd.

Predecessor companies: N/A

Address of chief executive office: 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6

Address of all places where business is carried on or where tangible personal property is kept:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 13325 Cedar Way, Maple Ridge, BC, Canada, V4R 2T4
5. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8
6. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5
7. 1915 Jerseyville Rd. W. Jerseyville, ON, L0R 1R0
8. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
9. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2
10. 6082 Russ Baker Way, Richmond BC V7B 1B4
11. 150 Mohawk St, Brantford, ON N3S 7G5

Addresses of all owned real property:

1. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0.
2. 13325 Cedar Way, Maple Ridge, BC, Canada, V4R 2T4
3. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8

Addresses of all leased real property:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 311-455 Boul. Fenelon, Dorval, QC H9S 5T8, leased by Medican Organic Inc., and sub-leased to 3rd party.
5. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
6. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5

7. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2

Description of all 'serial numbered goods' (i.e. motor vehicle, manufactured home, boat, outboard motor, trailer or aircraft):

All owned equipment.

List of all material permits:

1. Health Canada Licence No LIC-CJMMLU7IUN-2019-1 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. expiring July 20, 2027
2. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
3. Health Canada Licence No LIC-JTUPWJZJ50-2022 issued to BZAM Management Inc.
4. Health Canada Licence No LIC-G27V6VI0UJ-2022 issued to BZAM Management Inc.
5. Health Canada Licence No LIC- HU7CU4DYAO-2020-5 issued to BZAM Management Inc.
6. Health Canada Licence No LIC- J5USTB6Z3V-2022 issued to BZAM Management Inc.
7. Health Canada Licence No LIC- 9GRI1YRQEV-2021 issued to BZAM Management Inc.
8. Health Canada Licence No LIC- LIC-TNCAPN24J9-2022 issued to BZAM Management Inc.
9. The Green Organic Dutchman Ltd. No. 83013 4847 RD0001 under the Excise Act, 2001 (Canada)
10. The Green Organic Dutchman Ltd. Licence No. 3PFXVKNM under the Safe Food For Canadians Act (Canada)

List of subsidiaries:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Ltd.	Canada	100%
TGOD Europe B.V.	Netherlands	100%
Medican Organic Inc.	Quebec	100%
14274261 Canada Inc.	Canada	100%
*BZAM Holdings Inc.	British Columbia	100%

List of subsidiaries for BZAM Holdings Inc.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
BZAM Management Inc.	British Columbia	100%
Folium Life Science Inc.	British Columbia	80%
BZAM Cannabis Corp.	Alberta	88.2%
102172093 Saskatchewan Ltd.	Saskatchewan	100%

List of subsidiaries for TGOD Europe B.V.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Germany GmbH	Germany	100%

PLEDGED SECURITIES

Issuer	Class/Type of Security	Certificate Number (if certificated)	Number of Securities
Nil.	N/A	N/A	N/A

GENERAL SECURITY AGREEMENT

This GENERAL SECURITY AGREEMENT, dated as of November 30, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by **BZAM LTD.** (the "**Borrower**") in favour of **STONE PINE CAPITAL LTD.** (the "**Lender**").

WHEREAS the Borrower has executed and delivered, or intends to execute and deliver, a certain secured demand promissory note dated on or about the date hereof (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Secured Note**") in favour of the Lender whereby the Lender will establish certain loans or extensions of credit in favour of the Borrower (the "**Loans**").

AND WHEREAS to secure the payment and performance of the Secured Obligations (this term, and other capitalized terms used in this Agreement have the meanings set forth in Section 1.01 below), the Borrower has agreed to grant to the Lender security interests over the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE BE IT RESOLVED THAT in consideration of the Lender entering into the Secured Note and agreeing to make the Loans available to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions.

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) "**Act**" means the *Personal Property Security Act* of British Columbia and the regulations thereunder, as amended, restated or replaced by successor legislation of comparable effect.
- (b) "**Business Day**" means "Business Day" as defined in the Secured Note.
- (c) "**Change of Control**" means the occurrence of any transaction or related series of transactions (a) by which any Person, by means of takeover bid, tender offer, amalgamation, purchase of assets or otherwise (i) acquires the business or substantially all of the assets of the Borrower or (ii) acquires control of equity interests in the Borrower representing more than 50% of the ordinary voting power for the election of directors or other governing positions as manage the business affairs of the Borrower, or (b) that would have the effect of bringing about a change in the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Borrower, whether through the ability to exercise voting power, by contract or otherwise.
- (d) "**Collateral**" is defined in Section 2.01.
- (e) "**Debt**" means "Indebtedness" as defined in the Secured Note.
- (f) "**Equity Interests**" means, with respect to any Person, all of the securities, investment property, units, trust units, partnership, membership and other equity interests,

participations, investment certificates, notes (or other ownership or profit interests in) in or of such Person (collectively, "**ownership interests**"), all of the warrants, options or other rights for the purchase or acquisition from such Person of ownership interests in such Person, all of the securities convertible into or exchangeable for ownership interests in such Person or warrants, rights or options for the purchase or acquisition from such Person of ownership interests, and all of the other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such ownership interests are outstanding on any date of determination.

- (g) "**Event of Default**" means any material breach of any obligation, representation or agreement in a Loan Document, or any event of default under or described in a Loan Document.
- (h) "**Excluded Asset**" is defined in Section 2.03(a).
- (i) "**Intellectual Property**" means any and all intellectual property, including licences, copyrights, copyright licences, patents, patent licences, patent applications, service marks, trademarks, trademark licences, trademark applications, trade styles, trade names, technology, know-how and processes, trade secrets, inventions, industrial designs, all rights therein, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.
- (j) "**Lien**" means any mortgage, pledge, lien, assignment by way of security, charge, security interest, trust arrangement in the nature of a security interest, conditional sale or other title retention agreement, equipment trusts, lease financings including by way of sale and lease-back, hypothec, levy, execution, seizure, attachment, garnishment, any option, preferential right or adverse claim constituting an interest in such property, or any other encumbrance in respect of such property.
- (k) "**Loan Document**" means, collectively, the Secured Note, this Agreement, and any other agreement, note, certificate, or agreement from time to time entered into between the Borrower and the Lender in connection with the transactions set out in the Secured Note and this Agreement.
- (l) "**Permitted Debt**" means Debt of the Borrower consented to in writing by Lender, which the Lender may, in its sole discretion, require to be postponed and subordinated to the Secured Obligations on terms acceptable to the Lender.
- (m) "**Permitted Liens**" means:
 - (i) Liens for taxes, assessments, governmental charges or other statutory Liens or security interests not at such date due or delinquent, or the validity of which the Borrower is contesting in good faith and in respect of which, or where the failure to pay or discharge same could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (ii) Liens in connection with any judgment rendered, or claim filed, against the Borrower where the payment of any amount to satisfy such judgement or claim

could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;

- (iii) any Lien or trust or deposit arising in connection with workers' compensation, employment insurance, pension and employment laws or regulations, so long as the existence of such Lien, trust or deposit could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iv) Liens in favour of the Lender pursuant to the Loan Documents;
 - (v) Liens created in connection Permitted Debt; and
 - (vi) All other Liens consented to in writing by the Lender, acting reasonably.
- (n) **"Pledged Securities"** means all of the issued and outstanding Equity Interests of each issuer described in **Schedule A** hereto that are now or from time to time hereafter held by the Borrower.
- (o) **"Persons"** or **"Person"** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (p) **"Proceeds"** means "proceeds" as such term is defined in section 1(1) of the Act and, in any event, shall include, without limitation, all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.
- (q) **"Receiver"** is defined in Section 12.03(i).
- (r) **"Secured Obligations"** means all present and future debts, liabilities and obligations of the of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Borrower to the Lender under, in connection with or with respect to the Loan Documents.
- (s) **"STA"** means the *Securities Transfer Act*, as in effect from time to time in the Province of British Columbia.

Section 1.02 Application of Act

Words used in this Agreement that are defined in the Act will have the respective meanings ascribed to them in the Act, unless otherwise defined herein.

Section 1.03 Interpretation.

- (a) Unless otherwise specified herein, all references to Sections and Schedules herein are to Sections and Schedules of this Agreement.
- (b) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision of this Agreement;
- (ii) the word "including", when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto but rather refers to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
- (iii) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein); and
- (iv) a reference to a statute or a section of a statute shall include and shall be deemed to be a reference to such statute or section and to the regulations made pursuant thereto, with all amendments made thereto and in force at the relevant time, and to any statute, section of a statute or regulation that may be passed which has the effect of supplementing or superseding the statute or section so referred to or the regulations made pursuant thereto.

ARTICLE II GRANT OF SECURITY INTEREST

Section 2.01 Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Borrower hereby grants, assigns, transfers, sets over, mortgages, charges, and pledges to the Lender, and hereby creates a general and continuing security interest in favour of the Lender in and to all of the Borrower's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

- (a) all present and after-acquired property, assets and undertaking of the Borrower of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property, Chattel Paper, Documents of Title, Instruments, Securities and all other Investment Property (including the Pledged Securities and the securities accounts), Money, and any other contract rights or rights to the payment of money;
- (b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Borrower from time to time with respect to any of the foregoing;
- (c) all books and records relating to the foregoing, including in any form or medium;
- (d) all supporting obligations relating to the foregoing;
- (e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing; and

- (f) the last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Borrower is hereby excepted out of the security interests hereby created, but should the Lender need to enforce against the Collateral, the Borrower shall hold the last date in trust for the Lender and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, the Collateral does not include any Consumer Goods.

Section 2.02 Attachment of Security Interest. The Borrower acknowledges that value has been given, that the Borrower has rights in the Collateral, and that the parties have agreed not to postpone the time for attachment of any security interest in this Agreement. The Borrower acknowledges that any security interest created by this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Borrower acquires rights in such after-acquired Collateral.

Section 2.03 Limitation on Grant of Security Interest.

- (a) To the extent the grant of the security interest in respect of any contract, permit, lease, licence, instrument, document or other agreement entered into by the Borrower would result in the breach or termination of or cause a default under such contract, permit, lease, licence, instrument, or other agreement (each an "**Excluded Asset**"), each such Excluded Asset shall not be subject to the security interest created hereby while such restriction applies but shall be held in trust by the Borrower in favour of the Lender, but only for so long as such prohibition or requirement for consent is not terminated, rendered unenforceable or otherwise deemed ineffective by the Act or any other applicable law; provided however that Excluded Assets shall not include any Proceeds, products, substitutions or replacements of any Excluded Asset (unless such Proceeds, products, substitutions, or replacements would themselves otherwise constitute Excluded Assets) and provided further that if any Excluded Asset would have otherwise constituted Collateral, when such asset shall cease to be an Excluded Asset, such asset shall be deemed at all times from and after the date hereof to constitute Collateral subject to the security interest created hereby. The Borrower will use all commercially reasonable efforts to obtain the consent of each other party to any and all Excluded Assets to the assignment of such Excluded Assets to the Lender in accordance with this Agreement. The Borrower will also use all commercially reasonable efforts to ensure that no material agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Lender.
- (b) The security interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Lender, but does not constitute an assignment of such Collateral to the Lender.

**ARTICLE III
PERFECTION OF SECURITY INTEREST AND FURTHER ASSURANCES**

Section 3.01 Perfection. The Borrower shall, from time to time, and at its expense, take all actions as may be requested by the Lender to perfect the security interest of the Lender in the Collateral.

Section 3.02 Intellectual Property. The Borrower hereby further authorizes the Lender to file with the *Canadian Intellectual Property Office* this Agreement and other required documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in Intellectual Property granted by the Borrower hereunder.

Section 3.03 Tangible Chattel Paper, Documents of Title, Instruments. If the Borrower shall at any time hold or acquire any promissory notes, tangible chattel paper, negotiable documents of title or warehouse receipts relating to the Collateral, the Borrower shall immediately endorse, assign and deliver possession of the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

Section 3.04 Control.

- (a) **Certificates.** The Borrower shall promptly, at the request of the Lender and in a manner satisfactory to the Lender: (i) cause a security certificate to be issued for any Investment Property that is in the form of an uncertificated security to the extent that such request can be accommodated by the issuer thereof; (ii) duly endorse all share certificates at any time held or acquired by it relating to the Collateral in blank for transfer or execute stock powers of attorney in blank in form and substance satisfactory to the Lender; (iii) deliver such share certificates and stock powers to the Lender; and (iv) take all other steps to give exclusive control over such certificated securities to the Lender.
- (b) **Electronic Chattel Paper.** Where Collateral includes electronic chattel paper, the Borrower shall take all commercially reasonable efforts to cause the record comprising such chattel paper to be created, stored and transferred in a manner satisfactory to the Lender and which will provide the Lender with control of the electronic chattel paper.

Section 3.05 Copy of Verification Statement. To the extent permitted by law, the Borrower hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or received by or on behalf of the Lender in connection with the Lender's interest in the Collateral.

Section 3.06 Further Assurances. The Borrower agrees that, at any time and from time to time, at the expense of the Borrower, the Borrower will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Lender may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby (including, without limitation, providing the Lender with a fixed and specific mortgage) or to enable the Lender to exercise and enforce their rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES**

Section 4.01 Representations and Warranties. The Borrower represents and warrants as follows:

- (a) **Borrower Information.** All information set out in **Schedule A** is accurate and complete.
- (b) **Ownership and Title.** The Borrower is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and Permitted Liens.
- (c) **Existence and Capacity.** The Borrower has been duly incorporated, amalgamated or formed and validly exists under the laws of its jurisdiction of incorporation, amalgamation, or formation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement.
- (d) **Binding Obligation.** Each of this Agreement and the other Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).
- (e) **No Governmental or Regulatory Approvals.** No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the borrowing of the Loans and the pledge by the Borrower of the Collateral under this Agreement or for the execution and delivery of the other Loan Documents by the Borrower or the performance by the Borrower of its obligations thereunder.
- (f) **Compliance with Laws.** The Borrower is in compliance with, and operates its business in compliance with, all applicable laws and regulations (including environmental, labour and employment, tax, health and safety, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (g) **Litigation.** There is no material litigation, investigation, claim or proceeding pending, or to the knowledge of the Borrower, threatened, by or against it or its assets.
- (h) **Insurance.** The Borrower has in full force and effect policies of insurance with sound and reputable insurance companies in such amounts, with such deductibles, and covering such risks as are customarily carried by companies engaged in similar businesses. All premiums with respect to such policies that are due and payable have been paid.
- (i) **No Violation of Laws, Constating Documents, Agreements.** The execution and delivery of the Loan Documents by the Borrower and the performance by the Borrower of its obligations thereunder, will not violate any provision of any applicable laws or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority,

domestic or foreign, applicable to the Borrower or any of its property, or the constating or governing documents of the Borrower or any agreement or instrument to which the Borrower is party or by which it or its property is bound.

- (j) **Pledged Securities Validly Issued.** The Pledged Securities and other Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No person (other than the Borrower) has any right to acquire or cause to be issued to them any of the Collateral.
- (k) **Certificated Securities.** The Collateral does not include any Investment Property that have not been certificated. The Collateral does not include any certificated securities that the Borrower has not delivered to the Lender.
- (l) **Perfection by Control.** The Borrower has taken all action required on its part for control to have been obtained by the Lender over all Collateral with respect to which such control may be obtained pursuant to the Act and the STA. No person other than the Lender has control or possession of all or any part of the Collateral.

ARTICLE V VOTING AND RECEIVABLES

Section 5.01 Voting. Unless a Default or an Event of Default shall have occurred and be continuing, the Borrower may, to the extent the Borrower has such right as a holder of the Collateral consisting of Investment Property, other Equity Interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that any such vote, consent, ratification or waiver could detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of the Secured Note or this Agreement.

Section 5.02 Receivables. If a Default or an Event of Default has occurred and is continuing, the Lender may, or at the request and option of the Lender, the Borrower shall: (i) notify account Borrowers of the Lender's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Lender.

ARTICLE VI COVENANTS

Section 6.01 Covenants. The Borrower covenants as follows:

- (a) **Consent re: Change of Legal Name and Place of Business.** The Borrower will not, except with the prior written consent of the Lender, change its legal name, jurisdiction of incorporation, corporate structure, or the province or territory in which its registered office, chief executive office or its principal place of business is located. The Borrower will, prior to any change described in the preceding sentence, take all actions requested by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.
- (b) **Consent re: Change of Location of Collateral.** The Collateral, to the extent not delivered to the Lender under ARTICLE III, will be kept at those locations listed in Schedule A and, except for Inventory sold or leased in the ordinary course of business, the Borrower will not remove the Collateral from such locations except as permitted in with Lender's prior written consent. The Borrower will, before any change described in the preceding sentence,

take all actions required by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.

- (c) **Dealing with Collateral: No Sale or Encumbrances.** The Borrower will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except in the ordinary course of business, or with the prior written consent of the Lender.
- (d) **Maintenance and Protection of Collateral.** The Borrower will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Lender. The Borrower will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any applicable law. The Borrower will keep all licences, permits, agreements, registrations and applications relating to intellectual property used by Borrower in good standing. The Borrower shall register all existing and future trademarks, patents, copyrights and industrial designs. The Borrower shall, at its own cost and expense, defend title to the Collateral and the security interests of the Lender therein against the claim or demand of any person claiming against or through the Borrower and shall maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.
- (e) **Compliance with Laws.** The Borrower will comply with all applicable laws, regulations, permits and approvals (including, without limitation, environmental, health and safety, labour and employment, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (f) **Performance of Obligations.** The Borrower will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement. The Borrower shall perform all of its obligations under material agreements, leases, licences, arrangements to obtain and preserve its rights, powers, licences, privileges and goodwill thereunder and comply with all applicable law, by-laws, rules and regulations so as to preserve and protect the Collateral and the Borrower's business.
- (g) **Access to Collateral, Inspection.** The Borrower will permit the Lender, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Borrower shall, upon request by the Lender, provide the Lender with any information concerning the Collateral, the Borrower and its business, as the Lender may reasonably request, including financial statements or other financial information and access to the Borrower's senior executives, accountants and auditors to discuss any information concerning the Collateral, the Borrower or its business and affairs.
- (h) **Debt.** The Borrower will not create, incur, assume, permit to exist or make any payments with respect to any Debt other than Permitted Debt.
- (i) **Liens.** The Borrower will not grant, create, permit or suffer to exist any Liens or other restriction or limitation of any nature whatsoever on the Collateral except for Permitted Liens. The Borrower shall ensure that the Liens created pursuant to this Agreement are at all times first ranking Liens.

- (j) **Corporate, Business Changes.** The Borrower will not, without the prior written consent of the Lender:
 - (i) permit any Change of Control;
 - (ii) amalgamate or merge, consolidate, reorganize or restructure, continue in another jurisdiction, enter into a joint venture or partnership, liquidate, dissolve, wind-up, become bankrupt, initiate insolvency proceedings, or engage in other fundamental changes;
 - (iii) issue any Equity Interest in the Borrower to any person other than owner of any Equity Interests in the Borrower as of the date of this Agreement; or
 - (iv) engage in any business other than the businesses of the type conducted by on the date hereof and businesses reasonably related thereto.
- (k) **Insurance.** The Borrower shall maintain adequate insurance with respect to its business and the Collateral in such amounts and covering such risks as are acceptable to the Lender, with the Lender noted as loss payee on property insurance policies and additional insured on liability insurance policies, and provide the Lender with not less than 30 days' prior written notice of any cancellation or change in insurance.
- (l) **Intellectual Property.** The Borrower will make and maintain all filings, registrations and recordings necessary to maintain its rights in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.
- (m) **Notification.** The Borrower shall notify the Lender within five Business Days of: (i) the details of any material acquisition of Collateral; (ii) the details of any material litigation in connection with the Borrower, the Collateral or the Borrower's business; (iii) any loss or damage to the Collateral or the value of the Collateral; (iv) any default by any account Borrower in the payment or performance of its obligations; (v) any material adverse change in the financial condition, business, operations or assets, property and undertaking of the Borrower; and (vi) if any representation, warranty or statement made or deemed to be made by the Borrower under or in connection with the Loan Documents is or becomes incorrect or misleading.

ARTICLE VII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 7.01 Survival of Representations and Warranties and Covenants. All representations, warranties and covenants made by the Borrower shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

ARTICLE VIII

LENDER POWER OF ATTORNEY

Section 8.01 Lender Power of Attorney. The Borrower hereby irrevocably constitutes and appoints the Lender and any officer or employee of the Lender as the Borrower's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time, during the continuance of an Event of Default, in the Lender's discretion to take any action and to execute any instrument which the Lender may deem necessary or

advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Borrower representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Borrower any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Lender shall not be obligated to and shall have no liability to the Borrower or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Borrower hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

ARTICLE IX EXPENSES AND INDEMNITY

Section 9.01 Expenses and Indemnity.

- (a) The Borrower hereby agrees to indemnify and hold harmless the Lender and each officer, director, employee, contractor and advisor of the Lender (each such person being called an "**Indemnified Party**") from any losses, damages, liabilities, claims and related expenses (including the fees and expenses of legal counsel) incurred by the Indemnified Party or asserted against any Indemnified Party by any person (including the Borrower) other than such Indemnified Party and its officers, directors, employees, contractors and advisors arising out of, in connection with or resulting from this Agreement and other Loan Documents (including, without limitation, enforcement of this Agreement or any other Loan Document) or any failure of any Secured Obligations to be the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, whether brought by a third party or by the Borrower, and regardless of whether any Indemnified Party is a party thereto.
- (b) To the fullest extent permitted by applicable law, the Borrower hereby agrees not to assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement, transaction or instrument contemplated hereby or thereby.
- (c) The Borrower agrees to pay or reimburse the Lender for all its costs and expenses incurred in collecting the Secured Obligations or otherwise protecting, enforcing or preserving any rights or remedies under this Agreement and the other Loan Documents, including the fees and other charges of counsel to the Lender.
- (d) All amounts due under this Section shall be payable promptly after demand therefor and shall constitute Secured Obligations.
- (e) Without prejudice to the survival of any other agreement of the Borrower under this Agreement or any other Loan Documents, the agreements and obligations of the Borrower contained in this Section shall survive termination of the Loan Documents and payment in full of the Secured Obligations and all other amounts payable under this Agreement and the Loan Documents.

**ARTICLE X
LENDER MAY PERFORM**

Section 10.01 Lender May Perform. If the Borrower fails to perform any obligation contained in this Agreement, the Lender may itself perform, or cause performance of, such obligation, and the costs and expenses of the Lender incurred in connection therewith shall be payable by the Borrower; provided that the Lender shall not be required to perform or discharge any obligation of the Borrower and the performance by the Lender shall not waive the rights of the Lender to enforce this Agreement.

**ARTICLE XI
SET-OFF**

Section 11.01 Set-Off. Upon the occurrence of an Event of Default, the Lender may, without notice to the Borrower or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Borrower from the Lender or any of the Lender's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, all as the Lender may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Lender's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Lender will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Lender.

**ARTICLE XII
REMEDIES UPON DEFAULT**

Section 12.01 Right to Accelerate Payment. Upon the occurrence of an Event of Default that is continuing, the Lender may, by notice, declare any or all of the Secured Obligations to be immediately due and payable, whereupon, all of the Secured Obligations shall become and be immediately due and payable without presentment, demand, protest or further notice, all of which are hereby expressly waived by the Borrower.

Section 12.02 Enforcement of Security Interest. Upon the occurrence of an Event of Default that is continuing, the Lender may proceed to realize upon the Collateral and immediately enforce its rights and remedies.

Section 12.03 Remedies upon Default. Upon the occurrence of an Event of Default that is continuing, the Lender may exercise, without any other notice to or demand upon the Borrower, in addition to the other rights and remedies provided herein or in any other Loan Document or otherwise available to it, the following rights and remedies (which rights and remedies may be exercised independently or in combination):

- (a) the Lender may assert all rights and remedies of a Lender under the Act or other applicable law;
- (b) the Lender may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) the Lender may take possession of the Collateral by requiring the Borrower to assemble the Collateral or any part thereof and deliver the Collateral, or make the Collateral available, to the Lender at a place and time to be designated by the Lender;

- (d) the Lender may take possession of the Collateral by carrying on all or any part of the business of the Borrower, and may to the exclusion of all others, including the Borrower, enter upon, occupy and use any of the premises; buildings, plant and undertaking owned, occupied or used by the Borrower and may use any of the tools, machinery, equipment and intangibles (including Intellectual Property) of the Borrower for such time as the Lender sees fit, free of charge and without liability, in order to carry on the business of the Borrower or to manufacture or complete the manufacture of Inventory and to pack and ship finished products;
- (e) the Lender may enter upon and occupy any land and premises owned, leased or occupied by the Borrower where the Collateral or any part thereof is assembled or located in order to effectuate its rights and remedies hereunder or under law, without obligation whatsoever to the Borrower;
- (f) the Lender may borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Security Agreement;
- (g) the Lender may exercise and enforce all rights and remedies of the Borrower with respect to the Collateral, including collecting or compromising all or any of the Borrower's Accounts;
- (h) the Lender may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions (including as to credit, upset or reserve bid or price) as the Lender may deem commercially reasonable;
- (i) the Lender may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Lender or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any person so appointed. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (j) the Lender may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (k) all rights of the Borrower to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.01; and (ii) receive the dividends and other distributions which it would otherwise be entitled to receive and retain pursuant to this Agreement, shall immediately cease, and all such rights shall thereupon become vested in the Lender, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and
- (l) the Lender may retain the Collateral in satisfaction of the Secured Obligations.

Section 12.04 Receiver Agent of Borrower. In exercising any powers, any such Receiver so appointed shall act as agent of the Borrower and not the Lender and the Lender shall not in any way be responsible

for any of the actions of the Receiver, its employees, agents and contractors. The Lender may from time to time remove and appoint replacements for, any Receiver, and appoint another or others in their stead from time to time.

Section 12.05 Distribution of Proceeds. Any cash held by the Lender as Collateral and all cash Proceeds received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Lender to the payment of expenses incurred by the Lender in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Lender hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set-off against all or any part of the Secured Obligations in such order as the Lender shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Lender and remaining after payment in full of all the Secured Obligations shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus. The Borrower shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Lender to collect such deficiency.

Section 12.06 Borrower Pays Expenses. The Borrower agrees to pay all reasonable expenses incurred by the Lender or any Receiver in the preparation, perfection and enforcement of this Agreement, whether directly incurred or for services rendered, including legal and auditor's fees and expenses and remuneration of any Receiver.

ARTICLE XIII MISCELLANEOUS

Section 13.01 No Waiver and Cumulative Remedies. The Lender shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

Section 13.02 Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Borrower therefrom shall be effective unless the same shall be in writing and signed by the Lender and the Borrower, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

Section 13.03 Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Secured Note and shall be given in the manner and become effective as set forth in the Secured Note.

Section 13.04 Continuing Security Interest; Further Actions. This Agreement shall create a general and continuing security interest in the Collateral and shall (a) subject to Section 13.06, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Borrower, its successors and permitted assigns, and (c) enure to the benefit of the Lender and its successors, transferees and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender. Without limiting the generality of the foregoing clause (c), any assignee of the Lender's interest in any agreement or document which includes all or any of the Secured Obligations shall become vested with all the benefits granted to the Lender herein with respect to such Secured Obligations.

Section 13.05 Assignment. The Lender may assign or transfer any of its rights under this Agreement without the consent of the Borrower. The Borrower may not assign its obligations under this Agreement without the prior written consent of the Lender.

Section 13.06 Termination; Release. On the date on which all Secured Obligations have been paid and performed in full (as determined by the Lender in its sole discretion), the Lender will, at the request and sole expense of the Borrower (a) duly assign, transfer and deliver to or at the direction of the Borrower (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Lender, together with any monies at the time held by the Lender hereunder, and (b) execute and deliver to the Borrower a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

Section 13.07 Acknowledgement. The Borrower acknowledges receipt of a fully executed copy of this Agreement.

Section 13.08 Amalgamation. The Borrower acknowledges that, if it amalgamates with another person, the term Borrower, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Lender thereafter arising.

Section 13.09 Governing Law. All matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.

Section 13.10 Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 13.11 Conflict with Secured Note. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Secured Note, the terms of the Secured Note shall govern to the extent necessary to remove the conflict or inconsistency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has executed this Agreement as of the date first written above.

BZAM LTD.

By  _____

Name: Matt Milich

Title: CEO

SCHEDULE A

Full legal name: BZAM Ltd.

Prior names: The Green Organic Dutchman Holdings Ltd.

Predecessor companies: N/A

Address of chief executive office: 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6

Address of all places where business is carried on or where tangible personal property is kept:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive, Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8
5. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5
6. 1915 Jerseyville Rd. W. Jerseyville, ON, L0R 1R0
7. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
8. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2
9. 6082 Russ Baker Way, Richmond BC V7B 1B4
10. 150 Mohawk St, Brantford, ON N3S 7G5

Addresses of all owned real property:

1. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0.
2. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8

Addresses of all leased real property:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 311-455 Boul. Fenelon, Dorval, QC H9S 5T8, leased by Medican Organic Inc., and sub-leased to 3rd party.
5. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
6. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5
7. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2

Description of all 'serial numbered goods' (i.e. motor vehicle, manufactured home, boat, outboard motor, trailer or aircraft):

All owned equipment.

List of all material permits:

1. Health Canada Licence No LIC-CJMMLU7IJN-2019-1 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. expiring July 20, 2027
2. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
3. Health Canada Licence No LIC-JTUPWJZJ50-2022 issued to BZAM Management Inc.
4. Health Canada Licence No LIC-G27V6VI0UJ-2022 issued to BZAM Management Inc.
5. Health Canada Licence No LIC- HU7CU4DYAO-2020-5 issued to BZAM Management Inc.
6. Health Canada Licence No LIC- J5USTB6Z3V-2022 issued to BZAM Management Inc.
7. Health Canada Licence No LIC- 9GRI1YRQEV-2021 issued to BZAM Management Inc.
8. Health Canada Licence No LIC- LIC-TNCAPN24J9-2022 issued to BZAM Management Inc.
9. The Green Organic Dutchman Ltd. No. 83013 4847 RD0001 under the Excise Act, 2001 (Canada)
10. The Green Organic Dutchman Ltd. Licence No. 3PFXVKNM under the Safe Food For Canadians Act (Canada)

List of subsidiaries:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Ltd.	Canada	100%
TGOD Europe B.V.	Netherlands	100%
Medican Organic Inc.	Quebec	100%
14274261 Canada Inc.	Canada	100%
*BZAM Holdings Inc.	British Columbia	100%

List of subsidiaries for BZAM Holdings Inc.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
BZAM Management Inc.	British Columbia	100%
Folium Life Science Inc.	British Columbia	80%
BZAM Cannabis Corp.	Alberta	88.2%
102172093 Saskatchewan Ltd.	Saskatchewan	100%

List of subsidiaries for TGOD Europe B.V.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Germany GmbH	Germany	100%

PLEDGED SECURITIES

Issuer	Class/Type of Security	Certificate Number (if certificated)	Number of Securities
Nil.	N/A	N/A	N/A

GENERAL SECURITY AGREEMENT

This GENERAL SECURITY AGREEMENT, dated as of December 4, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by **BZAM LTD.** (the "**Borrower**") in favour of **STONE PINE CAPITAL LTD.** (the "**Lender**").

WHEREAS the Borrower has executed and delivered, or intends to execute and deliver, a certain secured demand promissory note dated on or about the date hereof (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Secured Note**") in favour of the Lender whereby the Lender will establish certain loans or extensions of credit in favour of the Borrower (the "**Loans**").

AND WHEREAS to secure the payment and performance of the Secured Obligations (this term, and other capitalized terms used in this Agreement have the meanings set forth in Section 1.01 below), the Borrower has agreed to grant to the Lender security interests over the Collateral in accordance with the terms of this Agreement.

NOW THEREFORE BE IT RESOLVED THAT in consideration of the Lender entering into the Secured Note and agreeing to make the Loans available to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions.

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) "**Act**" means the *Personal Property Security Act* of British Columbia and the regulations thereunder, as amended, restated or replaced by successor legislation of comparable effect.
- (b) "**Business Day**" means "Business Day" as defined in the Secured Note.
- (c) "**Change of Control**" means the occurrence of any transaction or related series of transactions (a) by which any Person, by means of takeover bid, tender offer, amalgamation, purchase of assets or otherwise (i) acquires the business or substantially all of the assets of the Borrower or (ii) acquires control of equity interests in the Borrower representing more than 50% of the ordinary voting power for the election of directors or other governing positions as manage the business affairs of the Borrower, or (b) that would have the effect of bringing about a change in the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Borrower, whether through the ability to exercise voting power, by contract or otherwise.
- (d) "**Collateral**" is defined in Section 2.01.
- (e) "**Debt**" means "Indebtedness" as defined in the Secured Note.

- (f) "**Equity Interests**" means, with respect to any Person, all of the securities, investment property, units, trust units, partnership, membership and other equity interests, participations, investment certificates, notes (or other ownership or profit interests in) in or of such Person (collectively, "**ownership interests**"), all of the warrants, options or other rights for the purchase or acquisition from such Person of ownership interests in such Person, all of the securities convertible into or exchangeable for ownership interests in such Person or warrants, rights or options for the purchase or acquisition from such Person of ownership interests, and all of the other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such ownership interests are outstanding on any date of determination.
- (g) "**Event of Default**" means any material breach of any obligation, representation or agreement in a Loan Document, or any event of default under or described in a Loan Document.
- (h) "**Excluded Asset**" is defined in Section 2.03(a).
- (i) "**Intellectual Property**" means any and all intellectual property, including licences, copyrights, copyright licences, patents, patent licences, patent applications, service marks, trademarks, trademark licences, trademark applications, trade styles, trade names, technology, know-how and processes, trade secrets, inventions, industrial designs, all rights therein, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.
- (j) "**Lien**" means any mortgage, pledge, lien, assignment by way of security, charge, security interest, trust arrangement in the nature of a security interest, conditional sale or other title retention agreement, equipment trusts, lease financings including by way of sale and lease-back, hypothec, levy, execution, seizure, attachment, garnishment, any option, preferential right or adverse claim constituting an interest in such property, or any other encumbrance in respect of such property.
- (k) "**Loan Document**" means, collectively, the Secured Note, this Agreement, and any other agreement, note, certificate, or agreement from time to time entered into between the Borrower and the Lender in connection with the transactions set out in the Secured Note and this Agreement.
- (l) "**Permitted Debt**" means Debt of the Borrower consented to in writing by Lender, which the Lender may, in its sole discretion, require to be postponed and subordinated to the Secured Obligations on terms acceptable to the Lender.
- (m) "**Permitted Liens**" means:
- (i) Liens for taxes, assessments, governmental charges or other statutory Liens or security interests not at such date due or delinquent, or the validity of which the Borrower is contesting in good faith and in respect of which, or where the failure

to pay or discharge same could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;

- (ii) Liens in connection with any judgment rendered, or claim filed, against the Borrower where the payment of any amount to satisfy such judgement or claim could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iii) any Lien or trust or deposit arising in connection with workers' compensation, employment insurance, pension and employment laws or regulations, so long as the existence of such Lien, trust or deposit could not reasonably be expected to impede the ability of the Borrower to pay the Secured Obligations;
 - (iv) Liens in favour of the Lender pursuant to the Loan Documents;
 - (v) Liens created in connection Permitted Debt; and
 - (vi) All other Liens consented to in writing by the Lender, acting reasonably.
- (n) "**Pledged Securities**" means all of the issued and outstanding Equity Interests of each issuer described in Schedule A hereto that are now or from time to time hereafter held by the Borrower.
- (o) "**Persons**" or "**Person**" means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (p) "**Proceeds**" means "proceeds" as such term is defined in section 1(1) of the Act and, in any event, shall include, without limitation, all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.
- (q) "**Receiver**" is defined in Section 12.03(i).
- (r) "**Secured Obligations**" means all present and future debts, liabilities and obligations of the of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Borrower to the Lender under, in connection with or with respect to the Loan Documents.
- (s) "**STA**" means the *Securities Transfer Act*, as in effect from time to time in the Province of British Columbia.

Section 1.02 Application of Act

Words used in this Agreement that are defined in the Act will have the respective meanings ascribed to them in the Act, unless otherwise defined herein.

Section 1.03 Interpretation.

- (a) Unless otherwise specified herein, all references to Sections and Schedules herein are to Sections and Schedules of this Agreement.
- (b) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:
 - (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision of this Agreement;
 - (ii) the word "including", when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto but rather refers to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
 - (iii) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein); and
 - (iv) a reference to a statute or a section of a statute shall include and shall be deemed to be a reference to such statute or section and to the regulations made pursuant thereto, with all amendments made thereto and in force at the relevant time, and to any statute, section of a statute or regulation that may be passed which has the effect of supplementing or superseding the statute or section so referred to or the regulations made pursuant thereto.

ARTICLE II GRANT OF SECURITY INTEREST

Section 2.01 Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Borrower hereby grants, assigns, transfers, sets over, mortgages, charges, and pledges to the Lender, and hereby creates a general and continuing security interest in favour of the Lender in and to all of the Borrower's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

- (a) all present and after-acquired property, assets and undertaking of the Borrower of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property, Chattel Paper, Documents of Title, Instruments, Securities and all other Investment Property (including the Pledged Securities and the securities accounts), Money, and any other contract rights or rights to the payment of money;
- (b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Borrower from time to time with respect to any of the foregoing;

- (c) all books and records relating to the foregoing, including in any form or medium;
- (d) all supporting obligations relating to the foregoing;
- (e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing; and
- (f) the last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Borrower is hereby excepted out of the security interests hereby created, but should the Lender need to enforce against the Collateral, the Borrower shall hold the last date in trust for the Lender and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, the Collateral does not include any Consumer Goods.

Section 2.02 Attachment of Security Interest. The Borrower acknowledges that value has been given, that the Borrower has rights in the Collateral, and that the parties have agreed not to postpone the time for attachment of any security interest in this Agreement. The Borrower acknowledges that any security interest created by this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Borrower acquires rights in such after-acquired Collateral.

Section 2.03 Limitation on Grant of Security Interest.

- (a) To the extent the grant of the security interest in respect of any contract, permit, lease, licence, instrument, document or other agreement entered into by the Borrower would result in the breach or termination of or cause a default under such contract, permit, lease, licence, instrument, or other agreement (each an "**Excluded Asset**"), each such Excluded Asset shall not be subject to the security interest created hereby while such restriction applies but shall be held in trust by the Borrower in favour of the Lender, but only for so long as such prohibition or requirement for consent is not terminated, rendered unenforceable or otherwise deemed ineffective by the Act or any other applicable law; provided however that Excluded Assets shall not include any Proceeds, products, substitutions or replacements of any Excluded Asset (unless such Proceeds, products, substitutions, or replacements would themselves otherwise constitute Excluded Assets) and provided further that if any Excluded Asset would have otherwise constituted Collateral, when such asset shall cease to be an Excluded Asset, such asset shall be deemed at all times from and after the date hereof to constitute Collateral subject to the security interest created hereby. The Borrower will use all commercially reasonable efforts to obtain the consent of each other party to any and all Excluded Assets to the assignment of such Excluded Assets to the Lender in accordance with this Agreement. The Borrower will also use all commercially reasonable efforts to ensure that no material agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Lender.
- (b) The security interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Lender, but does not constitute an assignment of such Collateral to the Lender.

ARTICLE III
PERFECTION OF SECURITY INTEREST AND FURTHER ASSURANCES

Section 3.01 Perfection. The Borrower shall, from time to time, and at its expense, take all actions as may be requested by the Lender to perfect the security interest of the Lender in the Collateral.

Section 3.02 Intellectual Property. The Borrower hereby further authorizes the Lender to file with the *Canadian Intellectual Property Office* this Agreement and other required documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in Intellectual Property granted by the Borrower hereunder.

Section 3.03 Tangible Chattel Paper, Documents of Title, Instruments. If the Borrower shall at any time hold or acquire any promissory notes, tangible chattel paper, negotiable documents of title or warehouse receipts relating to the Collateral, the Borrower shall immediately endorse, assign and deliver possession of the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

Section 3.04 Control.

- (a) **Certificates.** The Borrower shall promptly, at the request of the Lender and in a manner satisfactory to the Lender: (i) cause a security certificate to be issued for any Investment Property that is in the form of an uncertificated security to the extent that such request can be accommodated by the issuer thereof; (ii) duly endorse all share certificates at any time held or acquired by it relating to the Collateral in blank for transfer or execute stock powers of attorney in blank in form and substance satisfactory to the Lender; (iii) deliver such share certificates and stock powers to the Lender; and (iv) take all other steps to give exclusive control over such certificated securities to the Lender.
- (b) **Electronic Chattel Paper.** Where Collateral includes electronic chattel paper, the Borrower shall take all commercially reasonable efforts to cause the record comprising such chattel paper to be created, stored and transferred in a manner satisfactory to the Lender and which will provide the Lender with control of the electronic chattel paper.

Section 3.05 Copy of Verification Statement. To the extent permitted by law, the Borrower hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or received by or on behalf of the Lender in connection with the Lender's interest in the Collateral.

Section 3.06 Further Assurances. The Borrower agrees that, at any time and from time to time, at the expense of the Borrower, the Borrower will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Lender may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby (including, without limitation, providing the Lender with a fixed and specific mortgage) or to enable the Lender to exercise and enforce their rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES**

Section 4.01 Representations and Warranties. The Borrower represents and warrants as follows:

- (a) **Borrower Information.** All information set out in **Schedule A** is accurate and complete.
- (b) **Ownership and Title.** The Borrower is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and Permitted Liens.
- (c) **Existence and Capacity.** The Borrower has been duly incorporated, amalgamated or formed and validly exists under the laws of its jurisdiction of incorporation, amalgamation, or formation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement.
- (d) **Binding Obligation.** Each of this Agreement and the other Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).
- (e) **No Governmental or Regulatory Approvals.** No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the borrowing of the Loans and the pledge by the Borrower of the Collateral under this Agreement or for the execution and delivery of the other Loan Documents by the Borrower or the performance by the Borrower of its obligations thereunder.
- (f) **Compliance with Laws.** The Borrower is in compliance with, and operates its business in compliance with, all applicable laws and regulations (including environmental, labour and employment, tax, health and safety, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (g) **Litigation.** There is no material litigation, investigation, claim or proceeding pending, or to the knowledge of the Borrower, threatened, by or against it or its assets.
- (h) **Insurance.** The Borrower has in full force and effect policies of insurance with sound and reputable insurance companies in such amounts, with such deductibles, and covering such risks as are customarily carried by companies engaged in similar businesses. All premiums with respect to such policies that are due and payable have been paid.
- (i) **No Violation of Laws, Constatng Documents, Agreements.** The execution and delivery of the Loan Documents by the Borrower and the performance by the Borrower of its obligations thereunder, will not violate any provision of any applicable laws or any order,

judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, applicable to the Borrower or any of its property, or the constating or governing documents of the Borrower or any agreement or instrument to which the Borrower is party or by which it or its property is bound.

- (j) **Pledged Securities Validly Issued.** The Pledged Securities and other Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No person (other than the Borrower) has any right to acquire or cause to be issued to them any of the Collateral.
- (k) **Certificated Securities.** The Collateral does not include any Investment Property that have not been certificated. The Collateral does not include any certificated securities that the Borrower has not delivered to the Lender.
- (l) **Perfection by Control.** The Borrower has taken all action required on its part for control to have been obtained by the Lender over all Collateral with respect to which such control may be obtained pursuant to the Act and the STA. No person other than the Lender has control or possession of all or any part of the Collateral.

ARTICLE V VOTING AND RECEIVABLES

Section 5.01 Voting. Unless a Default or an Event of Default shall have occurred and be continuing, the Borrower may, to the extent the Borrower has such right as a holder of the Collateral consisting of Investment Property, other Equity Interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that any such vote, consent, ratification or waiver could detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of the Secured Note or this Agreement.

Section 5.02 Receivables. If a Default or an Event of Default has occurred and is continuing, the Lender may, or at the request and option of the Lender, the Borrower shall: (i) notify account Borrowers of the Lender's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Lender.

ARTICLE VI COVENANTS

Section 6.01 Covenants. The Borrower covenants as follows:

- (a) **Consent re: Change of Legal Name and Place of Business.** The Borrower will not, except with the prior written consent of the Lender, change its legal name, jurisdiction of incorporation, corporate structure, or the province or territory in which its registered office, chief executive office or its principal place of business is located. The Borrower will, prior to any change described in the preceding sentence, take all actions requested by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.
- (b) **Consent re: Change of Location of Collateral.** The Collateral, to the extent not delivered to the Lender under ARTICLE III, will be kept at those locations listed in Schedule A and, except for Inventory sold or leased in the ordinary course of business, the Borrower will not remove the Collateral from such locations except as permitted in with Lender's prior

written consent. The Borrower will, before any change described in the preceding sentence, take all actions required by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.

- (c) **Dealing with Collateral: No Sale or Encumbrances.** The Borrower will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except in the ordinary course of business, or with the prior written consent of the Lender.
- (d) **Maintenance and Protection of Collateral.** The Borrower will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Lender. The Borrower will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any applicable law. The Borrower will keep all licences, permits, agreements, registrations and applications relating to intellectual property used by Borrower in good standing. The Borrower shall register all existing and future trademarks, patents, copyrights and industrial designs. The Borrower shall, at its own cost and expense, defend title to the Collateral and the security interests of the Lender therein against the claim or demand of any person claiming against or through the Borrower and shall maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.
- (e) **Compliance with Laws.** The Borrower will comply with all applicable laws, regulations, permits and approvals (including, without limitation, environmental, health and safety, labour and employment, anti-money laundering, sanctions, and Canadian trade laws and regulations).
- (f) **Performance of Obligations.** The Borrower will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement. The Borrower shall perform all of its obligations under material agreements, leases, licences, arrangements to obtain and preserve its rights, powers, licences, privileges and goodwill thereunder and comply with all applicable law, by-laws, rules and regulations so as to preserve and protect the Collateral and the Borrower's business.
- (g) **Access to Collateral, Inspection.** The Borrower will permit the Lender, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Borrower shall, upon request by the Lender, provide the Lender with any information concerning the Collateral, the Borrower and its business, as the Lender may reasonably request, including financial statements or other financial information and access to the Borrower's senior executives, accountants and auditors to discuss any information concerning the Collateral, the Borrower or its business and affairs.
- (h) **Debt.** The Borrower will not create, incur, assume, permit to exist or make any payments with respect to any Debt other than Permitted Debt.
- (i) **Liens.** The Borrower will not grant, create, permit or suffer to exist any Liens or other restriction or limitation of any nature whatsoever on the Collateral except for Permitted

Liens. The Borrower shall ensure that the Liens created pursuant to this Agreement are at all times first ranking Liens.

- (j) **Corporate, Business Changes.** The Borrower will not, without the prior written consent of the Lender:
 - (i) permit any Change of Control;
 - (ii) amalgamate or merge, consolidate, reorganize or restructure, continue in another jurisdiction, enter into a joint venture or partnership, liquidate, dissolve, wind-up, become bankrupt, initiate insolvency proceedings, or engage in other fundamental changes;
 - (iii) issue any Equity Interest in the Borrower to any person other than owner of any Equity Interests in the Borrower as of the date of this Agreement; or
 - (iv) engage in any business other than the businesses of the type conducted by on the date hereof and businesses reasonably related thereto.
- (k) **Insurance.** The Borrower shall maintain adequate insurance with respect to its business and the Collateral in such amounts and covering such risks as are acceptable to the Lender, with the Lender noted as loss payee on property insurance policies and additional insured on liability insurance policies, and provide the Lender with not less than 30 days' prior written notice of any cancellation or change in insurance.
- (l) **Intellectual Property.** The Borrower will make and maintain all filings, registrations and recordings necessary to maintain its rights in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.
- (m) **Notification.** The Borrower shall notify the Lender within five Business Days of: (i) the details of any material acquisition of Collateral; (ii) the details of any material litigation in connection with the Borrower, the Collateral or the Borrower's business; (iii) any loss or damage to the Collateral or the value of the Collateral; (iv) any default by any account Borrower in the payment or performance of its obligations; (v) any material adverse change in the financial condition, business, operations or assets, property and undertaking of the Borrower; and (vi) if any representation, warranty or statement made or deemed to be made by the Borrower under or in connection with the Loan Documents is or becomes incorrect or misleading.

ARTICLE VII SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 7.01 Survival of Representations and Warranties and Covenants. All representations, warranties and covenants made by the Borrower shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

**ARTICLE VIII
LENDER POWER OF ATTORNEY**

Section 8.01 Lender Power of Attorney. The Borrower hereby irrevocably constitutes and appoints the Lender and any officer or employee of the Lender as the Borrower's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time, during the continuance of an Event of Default, in the Lender's discretion to take any action and to execute any instrument which the Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Borrower representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Borrower any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Lender shall not be obligated to and shall have no liability to the Borrower or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Borrower hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

**ARTICLE IX
EXPENSES AND INDEMNITY**

Section 9.01 Expenses and Indemnity.

- (a) The Borrower hereby agrees to indemnify and hold harmless the Lender and each officer, director, employee, contractor and advisor of the Lender (each such person being called an "**Indemnified Party**") from any losses, damages, liabilities, claims and related expenses (including the fees and expenses of legal counsel) incurred by the Indemnified Party or asserted against any Indemnified Party by any person (including the Borrower) other than such Indemnified Party and its officers, directors, employees, contractors and advisors arising out of, in connection with or resulting from this Agreement and other Loan Documents (including, without limitation, enforcement of this Agreement or any other Loan Document) or any failure of any Secured Obligations to be the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, whether brought by a third party or by the Borrower, and regardless of whether any Indemnified Party is a party thereto.
- (b) To the fullest extent permitted by applicable law, the Borrower hereby agrees not to assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement, transaction or instrument contemplated hereby or thereby.
- (c) The Borrower agrees to pay or reimburse the Lender for all its costs and expenses incurred in collecting the Secured Obligations or otherwise protecting, enforcing or preserving any

rights or remedies under this Agreement and the other Loan Documents, including the fees and other charges of counsel to the Lender.

- (d) All amounts due under this Section shall be payable promptly after demand therefor and shall constitute Secured Obligations.
- (e) Without prejudice to the survival of any other agreement of the Borrower under this Agreement or any other Loan Documents, the agreements and obligations of the Borrower contained in this Section shall survive termination of the Loan Documents and payment in full of the Secured Obligations and all other amounts payable under this Agreement and the Loan Documents.

ARTICLE X LENDER MAY PERFORM

Section 10.01 Lender May Perform. If the Borrower fails to perform any obligation contained in this Agreement, the Lender may itself perform, or cause performance of, such obligation, and the costs and expenses of the Lender incurred in connection therewith shall be payable by the Borrower; provided that the Lender shall not be required to perform or discharge any obligation of the Borrower and the performance by the Lender shall not waive the rights of the Lender to enforce this Agreement.

ARTICLE XI SET-OFF

Section 11.01 Set-Off. Upon the occurrence of an Event of Default, the Lender may, without notice to the Borrower or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Borrower from the Lender or any of the Lender's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, all as the Lender may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Lender's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Lender will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Lender.

ARTICLE XII REMEDIES UPON DEFAULT

Section 12.01 Right to Accelerate Payment. Upon the occurrence of an Event of Default that is continuing, the Lender may, by notice, declare any or all of the Secured Obligations to be immediately due and payable, whereupon, all of the Secured Obligations shall become and be immediately due and payable without presentment, demand, protest or further notice, all of which are hereby expressly waived by the Borrower.

Section 12.02 Enforcement of Security Interest. Upon the occurrence of an Event of Default that is continuing, the Lender may proceed to realize upon the Collateral and immediately enforce its rights and remedies.

Section 12.03 Remedies upon Default. Upon the occurrence of an Event of Default that is continuing, the Lender may exercise, without any other notice to or demand upon the Borrower, in addition to the other

rights and remedies provided herein or in any other Loan Document or otherwise available to it, the following rights and remedies (which rights and remedies may be exercised independently or in combination):

- (a) the Lender may assert all rights and remedies of a Lender under the Act or other applicable law;
- (b) the Lender may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) the Lender may take possession of the Collateral by requiring the Borrower to assemble the Collateral or any part thereof and deliver the Collateral, or make the Collateral available, to the Lender at a place and time to be designated by the Lender;
- (d) the Lender may take possession of the Collateral by carrying on all or any part of the business of the Borrower, and may to the exclusion of all others, including the Borrower, enter upon, occupy and use any of the premises; buildings, plant and undertaking owned, occupied or used by the Borrower and may use any of the tools, machinery, equipment and intangibles (including Intellectual Property) of the Borrower for such time as the Lender sees fit, free of charge and without liability, in order to carry on the business of the Borrower or to manufacture or complete the manufacture of Inventory and to pack and ship finished products;
- (e) the Lender may enter upon and occupy any land and premises owned, leased or occupied by the Borrower where the Collateral or any part thereof is assembled or located in order to effectuate its rights and remedies hereunder or under law, without obligation whatsoever to the Borrower;
- (f) the Lender may borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Security Agreement;
- (g) the Lender may exercise and enforce all rights and remedies of the Borrower with respect to the Collateral, including collecting or compromising all or any of the Borrower's Accounts;
- (h) the Lender may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions (including as to credit, upset or reserve bid or price) as the Lender may deem commercially reasonable;
- (i) the Lender may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Lender or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any person so appointed. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;

- (j) the Lender may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Lender under this ARTICLE XII;
- (k) all rights of the Borrower to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.01; and (ii) receive the dividends and other distributions which it would otherwise be entitled to receive and retain pursuant to this Agreement, shall immediately cease, and all such rights shall thereupon become vested in the Lender, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and
- (l) the Lender may retain the Collateral in satisfaction of the Secured Obligations.

Section 12.04 Receiver Agent of Borrower. In exercising any powers, any such Receiver so appointed shall act as agent of the Borrower and not the Lender and the Lender shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors. The Lender may from time to time remove and appoint replacements for, any Receiver, and appoint another or others in their stead from time to time.

Section 12.05 Distribution of Proceeds. Any cash held by the Lender as Collateral and all cash Proceeds received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Lender to the payment of expenses incurred by the Lender in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Lender hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set-off against all or any part of the Secured Obligations in such order as the Lender shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Lender and remaining after payment in full of all the Secured Obligations shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus. The Borrower shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Lender to collect such deficiency.

Section 12.06 Borrower Pays Expenses. The Borrower agrees to pay all reasonable expenses incurred by the Lender or any Receiver in the preparation, perfection and enforcement of this Agreement, whether directly incurred or for services rendered, including legal and auditor's fees and expenses and remuneration of any Receiver.

ARTICLE XIII MISCELLANEOUS

Section 13.01 No Waiver and Cumulative Remedies. The Lender shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

Section 13.02 Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Borrower therefrom

shall be effective unless the same shall be in writing and signed by the Lender and the Borrower, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

Section 13.03 Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Secured Note and shall be given in the manner and become effective as set forth in the Secured Note.

Section 13.04 Continuing Security Interest; Further Actions. This Agreement shall create a general and continuing security interest in the Collateral and shall (a) subject to Section 13.06, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Borrower, its successors and permitted assigns, and (c) enure to the benefit of the Lender and its successors, transferees and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender. Without limiting the generality of the foregoing clause (c), any assignee of the Lender's interest in any agreement or document which includes all or any of the Secured Obligations shall become vested with all the benefits granted to the Lender herein with respect to such Secured Obligations.

Section 13.05 Assignment. The Lender may assign or transfer any of its rights under this Agreement without the consent of the Borrower. The Borrower may not assign its obligations under this Agreement without the prior written consent of the Lender.

Section 13.06 Termination; Release. On the date on which all Secured Obligations have been paid and performed in full (as determined by the Lender in its sole discretion), the Lender will, at the request and sole expense of the Borrower (a) duly assign, transfer and deliver to or at the direction of the Borrower (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Lender, together with any monies at the time held by the Lender hereunder, and (b) execute and deliver to the Borrower a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

Section 13.07 Acknowledgement. The Borrower acknowledges receipt of a fully executed copy of this Agreement.

Section 13.08 Amalgamation. The Borrower acknowledges that, if it amalgamates with another person, the term Borrower, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Lender thereafter arising.

Section 13.09 Governing Law. All matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.

Section 13.10 Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic

transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 13.11 Conflict with Secured Note. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Secured Note, the terms of the Secured Note shall govern to the extent necessary to remove the conflict or inconsistency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has executed this Agreement as of the date first written above.

BZAM LTD.

By  _____

Name: Matt Milich

Title: CEO

SCHEDULE A

Full legal name: BZAM Ltd.

Prior names: The Green Organic Dutchman Holdings Ltd.

Predecessor companies: N/A

Address of chief executive office: 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6

Address of all places where business is carried on or where tangible personal property is kept:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive, Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8
5. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5
6. 1915 Jerseyville Rd. W. Jerseyville, ON, L0R 1R0
7. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6
8. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2
9. 6082 Russ Baker Way, Richmond BC V7B 1B4
10. 150 Mohawk St, Brantford, ON N3S 7G5

Addresses of all owned real property:

1. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0.
2. 8770 24th Street Sherwood Park, AB, Canada, T6P 1X8

Addresses of all leased real property:

1. 200 Burrard St, Suite 1570, Vancouver, BC, V6C 3L6
2. 402-5520 Explorer Drive. Mississauga, ON, L4W 5L1
3. Units 517-519, 19100 Airport Way. Pitt Meadows, BC, Canada, V3Y 0E2
4. 311-455 Boul. Fenelon, Dorval, QC H9S 5T8, leased by Medican Organic Inc., and sub-leased to 3rd party.
5. 40 Great Plains Rd. Edenwold (RM) SK S4L 1B6

6. #107 - 109, 1761 Sean Heights Saanichton, BC, Canada, V8M 0A5

7. 5000 Chemin Murphy, Vaudreuil-Dorion QC, J7V 8P2

Description of all 'serial numbered goods' (i.e. motor vehicle, manufactured home, boat, outboard motor, trailer or aircraft):

All owned equipment.

List of all material permits:

1. Health Canada Licence No LIC-CJMMLU7IJN-2019-1 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. expiring July 20, 2027

2. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025

3. Health Canada Licence No LIC-JTUPWJZJ50-2022 issued to BZAM Management Inc.

4. Health Canada Licence No LIC-G27V6VI0UJ-2022 issued to BZAM Management Inc.

5. Health Canada Licence No LIC- HU7CU4DYAO-2020-5 issued to BZAM Management Inc.

6. Health Canada Licence No LIC- J5USTB6Z3V-2022 issued to BZAM Management Inc.

7. Health Canada Licence No LIC- 9GRI1YRQEV-2021 issued to BZAM Management Inc.

8. Health Canada Licence No LIC- LIC-TNCAPN24J9-2022 issued to BZAM Management Inc.

9. The Green Organic Dutchman Ltd. No. 83013 4847 RD0001 under the Excise Act, 2001 (Canada)

10. The Green Organic Dutchman Ltd. Licence No. 3PFXVKNM under the Safe Food For Canadians Act (Canada)

List of subsidiaries:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Ltd.	Canada	100%
TGOD Europe B.V.	Netherlands	100%

Medican Organic Inc.	Quebec	100%
14274261 Canada Inc.	Canada	100%
*BZAM Holdings Inc.	British Columbia	100%

List of subsidiaries for BZAM Holdings Inc.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
BZAM Management Inc.	British Columbia	100%
Folium Life Science Inc.	British Columbia	80%
BZAM Cannabis Corp.	Alberta	88.2%
102172093 Saskatchewan Ltd.	Saskatchewan	100%

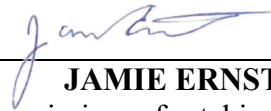
List of subsidiaries for TGOD Europe B.V.:

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
The Green Organic Dutchman Germany GmbH	Germany	100%

PLEDGED SECURITIES

Issuer	Class/Type of Security	Certificate Number (if certificated)	Number of Securities
Nil.	N/A	N/A	N/A

THIS IS **EXHIBIT "JJ"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.

A handwritten signature in blue ink, appearing to read "Jamie Ernst", is positioned above a horizontal line.

JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$8,000,000.00

January 5th, 2024

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Final Bell Holdings Inc. (the "**Lender**"), in immediately available funds, at 7720 Airport Business Park Way, Van Nuys, California, 91406, United States of America or such other location as the Lender shall designate in writing, eight million dollars (\$8,000,000.00) (the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date. The Borrower and the Lender acknowledge that the Borrower has made a payment equal to \$525,559, in connection with amounts owing under this Note.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on June 15, 2027 (the "**Maturity Date**").

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from (a) the date of the advance through to March 31, 2025, at a rate per annum equal to zero percent (0.0%) per annum; and (b) April 1, 2025 through to the Maturity Date, at a rate per annum equal to ten percent (10.0%) per annum (plus any additional interest as provided for in par. (c) below), such interest to be calculated monthly in arrears and payable on the 15th day of each subsequent calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Principal Amount of this Note shall be paid, together with interest, on the 15th day of each month, commencing January 15, 2024, as follows:

- (a) From January 1, 2024 to June 30, 2024, \$1,000,000 of the Principal Amount shall be paid in monthly installments in accordance with the payment schedule provided at Exhibit A; and
- (b) From July 1, 2024 and ending on the Maturity Date, the remaining \$7,000,000 of the Principal Amount shall be paid in equal monthly installments of \$194,444.44, with blended payments of principal and interest, in the same amount, commencing with the payment due on April 15, 2025, provided that with respect to payments made pursuant to this par. (b):
 - (i) in the event that positive Quarterly Operating Cashflow (as hereinafter defined) of the Borrower is insufficient to pay such monthly installments in the amount set forth in par. (b) from July 2024 through to March 2025, the Principal Amount shall not be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and
 - (ii) in the event that positive Quarterly Operating Cashflow of the Borrower remains insufficient to pay such monthly installments in the amount set forth in par. (b) from April 2025 through to the Maturity Date, no such monthly payment shall be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and

Notwithstanding subpar. (i) and subpar. (ii) above, the Borrower shall make, and the Lender shall be entitled to receive, the Minimum 2024 Payment (as hereinafter defined) as payment of principal and interest, as applicable, towards the Note.

- (c) From April 1, 2025, to the extent that a required monthly payment referred to in par. (b) is not paid, the unpaid balance of such monthly payment (each, a "**Balance**") shall immediately accrue interest at a rate of 18% per annum in respect of any such unpaid Balance. Monthly installments may be adjusted such that the outstanding Principal Amount at such time shall be payable in equal monthly installments (or otherwise) through to and including the Maturity Date, as may be agreed to by the Lender and the Borrower.

The following terms shall have the following meanings for the purposes of this Note:

1. "**Minimum 2024 Payment**" means an amount equal to \$79,167, plus interest in accordance with the terms of this Note, payable on a monthly basis.
2. "**Quarterly Operating Cashflow**" shall be defined as: (i) the Borrower's net income; *plus* (ii) depreciation and amortization; *minus* (iii) net working capital and adjustments (to add back all non-cash items and all non-recurring, one-time expenses); and *minus* (iv) all capital expenditures, in each case without duplication, as set forth in the most recently completed quarterly financial statements of the Borrower.

The Borrower agrees to provide the Lender with (i) annual financial statements of the Borrower prepared in accordance with IFRS as prepared to support the audited financial statements of the Borrower's parent, BZAM Ltd. ("**BZAM**") as soon as available, but in any event within 120 days after the end of each fiscal year the Borrower, and (ii) quarterly interim financial statements of the Borrower prepared in accordance with IFRS as prepared to support the unaudited interim financial statements of BZAM as soon as available, but in any event within 60 days after the end of each fiscal quarter, all in reasonable detail, fairly presenting in all material respects the financial position and results of operations of Borrower in order to determine Quarterly Operating Cashflow (for clarity, such financial statements shall at minimum include an income statement, balance sheet and cashflow statement, together with an adjusted EBITDA calculation consistently prepared in accordance with the methodologies utilized in BZAM's publicly filed MD&A).

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for thirty (30) days from written notice of such default (the "**Cure Period**"), all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

All notices under this Note must be in writing and addressed to the other party at its address set forth below (or to any other address that the receiving party has designated). Unless otherwise agreed herein, all notices must be delivered by overnight courier or electronic mail. Notice will be deemed given upon the first to occur of (i) the day of confirmation of delivery by the courier; or (ii) the day of confirmed electronic transmission to the addressee of the notice if sent during regular business hours, or the following business day if sent after regular business hours:

To the Borrower: Final Bell Canada Inc.

Canada
Attn: Chief Executive Officer
Email:

With a copy to:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: bsherk@cortlandcredit.ca

To the Lender: Final Bell Holdings Inc.
7720 Airport Business Park Way
Van Nuys, California, 91406
USA
Attn: Chief Executive Officer
Email: ir@finalbell.com

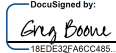
This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

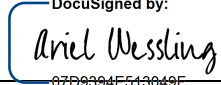
IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By:  _____
Name: Greg Boone
Title: President

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

FINAL BELL HOLDINGS INC.

By:  _____
Name: Ariel wessling
Title: VP of Finance


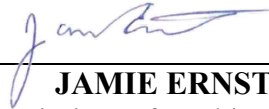
By:  _____
Name: Jordan Gielchinsky
Title: President

Exhibit "A"

Due Date	Amount
15-Jan-24	\$79,167
15-Feb-24	\$79,167
15-Mar-24	\$ 79,167
15-Apr-24	\$79,167
15-May-24	\$79,167
15-Jun-24	\$79,167
	\$1,000,000

* Amounts have been adjusted in respect of pre-payments in the amount of \$525,559 as accepted by the Lender.

THIS IS **EXHIBIT "KK"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

February 23, 2024

Mihai Ionescu
D: 604-692-3027
E: mionescu@sangramoller.com
File: 7287 001

VIA EMAIL

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, BC V3Y 0E2

Attention: The Board of Directors of BZAM Ltd.

Dear Sirs/Mesdames:

Re: BZAM Ltd. ("BZAM") and Final Bell Holdings International Ltd. ("Final Bell")

We are counsel for Final Bell.

We write in reference to a Share Exchange Agreement entered into among Final Bell, Final Bell Canada Inc. (as it was formerly known) ("**FB Canada**") and BZAM, dated as of December 5, 2023 (the "**Agreement**"), pursuant to which Final Bell agreed to sell all of the outstanding shares of FB Canada to BZAM for consideration comprised of, among other things, (i) 90,000,000 shares (the "**BZAM Shares**") at a value of \$0.15 per share, or \$13,500,000 in the aggregate, subject to a lock-up period that has not expired; and (ii) an unsecured promissory note in the principal amount of \$8,000,000 payable by FB Canada to an affiliate of Final Bell and guaranteed by BZAM (the "**BZAM Note**"). The Agreement closed on January 5, 2024, as publicly announced by Final Bell and BZAM. We note that closing of the Agreement was conditional on receipt by both Final Bell and BZAM of approval from their respective senior lenders, which in Final Bell's case required the release by its senior lender of a comprehensive security package over FB Canada. This release was provided on the basis of extensive due diligence over BZAM's financial condition, in order to support the value of the BZAM Shares.

It has come to the attention of Final Bell that BZAM wishes to breach the Agreement, slightly over one month following closing the transaction, in order to, among other things, cease having to meet its financial obligations to Final Bell.

Matt Milich, BZAM's chief executive officer and a director, recently informed Final Bell that BZAM desires to shift from a publicly traded entity to a privately held entity. However, rather than this being accomplished by a negotiated transaction, BZAM's plan is to improperly utilize

February 23, 2024

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protections available under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"), or another insolvency regime, to accomplish a goal of shifting to a private entity owned or controlled, directly or indirectly, by its current chairman. The use of creditor protection legislation in this case would allow BZAM to diminish value in its share price in order for a related entity to purchase BZAM at a steep discount. The end result would potentially render the BZAM Shares valueless and eliminate BZAM's obligations under the BZAM Note, effectively re-engineering the Agreement to have BZAM acquire FB Canada without any consideration of value, stealing FB Canada from Final Bell.

Recourse to the CCAA in these circumstances is contradictory to the requirements of appropriateness, good faith and due diligence that have repeatedly been identified as baseline considerations in a court exercising CCAA authority.

If the above is BZAM's intended strategy, we can advise that Final Bell will be objecting at every opportunity, including by seeking injunctive and other appropriate relief. In such circumstances, where there is no imminent creditor action, and the motives underlying any restructuring plan are in question, we expect that any application for CCAA protection or other relief or protection would be brought on appropriate notice to Final Bell and other affected creditors, rather than on an *ex parte* basis. Our client expects to make submissions as to the appropriateness of any order, both at the initial application stage and comeback hearing. Should you fail to give notice, despite this express request, then please ensure your counsel provides a copy of this letter to the court at the first court hearing.

In the first instance, BZAM is not insolvent. BZAM provided financial disclosures to Final Bell in December of 2023 which indicated that BZAM does not have a liquidity problem and is not insolvent. A company's desire not to pay a debt does not amount to insolvency. BZAM has also not publicly disclosed any disputes with creditors or any imminent insolvency risk. The most recently prepared financial statements were prepared on a going concern basis, with a going concern risk that is not indicative of imminent insolvency. BZAM has been making payments to creditors and suppliers, including to Final Bell, following closing of the Agreement, in the ordinary course. BZAM has not disclosed that it is exploring any strategic alternatives, including financing options, methods by which a board of directors of a public company would seek to discharge its fiduciary obligations. No information supporting a determination of insolvency has been provided to Final Bell.

Additionally, BZAM has not brought any proposal to Final Bell, its second largest shareholder, for its consideration, to secure Final Bell's approval of arrangements that would normally be contemplated in a CCAA context. If in fact BZAM is insolvent, it will have breached the Agreement by having materially misrepresented its financial condition, representations that Final Bell and its senior lender relied upon in order to enter into and consummate the Agreement.

February 23, 2024

Page 3

Directors and officers of corporations who are also shareholders may be held personally liable for the decisions they make in respect of the corporation they act for. This includes claims for a breach of fiduciary duty, a breach of the duty of care, and for causing a corporation to act oppressively in relation to its creditors and shareholders. Accordingly, the claims and concerns identified in this letter are not intended to be exhaustive, and nothing contained in this letter is intended as, or may be deemed or construed to constitute, a waiver or relinquishment of any rights or remedies available to Final Bell in law or equity, all of which are hereby expressly reserved.

Yours truly,

SANGRA MOLLER LLP

Per:



Mihai Ionescu


cc: *Final Bell Holdings International Ltd.*
Attn: Robert Meyer, CEO, and Kay Jessel, Executive Director

Dennis James Aitken LLP
Attn: Craig Dennis, K.C. and Owen James

Aird & Berlis LLP
Attn: Adria Leung Lim

Bennett Jones LLP
Attn: Sean Zweig

THIS IS **EXHIBIT "LL"** REFERRED TO IN THE AFFIDAVIT
OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)



Bennett Jones

Bennett Jones LLP

3400 One First Canadian Place, PO Box 130

Toronto, Ontario, Canada M5X 1A4

Tel: 416.863.1200 Fax: 416.863.1716

Sean H. Zweig
Partner
Direct Line: 416.777.6254
e-mail: zweigs@bennettjones.com

February 26, 2024

Via E-Mail (mionescu@sangramoller.com)

Sangra Moller LLP
1000 Cathedral Place
925 West Georgia Street
Vancouver, BC V6C 3L2

Attention: Mihai Ionescu

Dear Sirs:

Re: BZAM Ltd. ("BZAM") and Final Bell Holdings International Ltd. ("Final Bell")

We are in receipt of your letter dated February 23, 2024 addressed to the Board of Directors of BZAM. Capitalized terms not otherwise defined herein are as defined in your letter.

As you appear to know given that we were copied on your letter, we are counsel to BZAM. It is curious, however, as to how you came to know of our involvement. We did not act for BZAM in connection with its acquisition of Final Bell, and there has been no public disclosure of our engagement. In that regard, we note that you copied Mr. Kay Jessel of Final Bell, who is also a director of BZAM, on your email. We trust that you have advised Mr. Jessel of his strict confidentiality obligations owed to BZAM as authoritatively stated in the Supreme Court of Canada decision, *Peoples Department Stores Inc. (Trustee of) v. Wise*, 2004 SCC 68.

We wish to advise that your letter contains numerous factual inaccuracies and mischaracterizations. Contrary to what is stated in the letter, among other things, BZAM does not 'wish to breach the Agreement... in order to, among other things, cease having to meet its financial obligations to Final Bell'. Nor does BZAM have any 'desire to shift from a publicly traded entity to a privately held entity'.

As BZAM is a reporting issuer, it would not be appropriate, or even permissible under securities laws, to address the other specific factual inaccuracies in your letter, of which there are many. But we can confirm that BZAM and its board of directors are mindful of all of BZAM's stakeholders – including Final Bell – and will act in good faith and in the best interests of BZAM in order to, among other things, maximize value for all stakeholders. The directors are well aware of their duties and liabilities.


February 26, 2024

Page 2

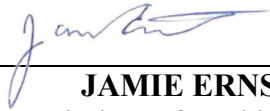
To the extent you wish to discuss further, we suggest a phone call or virtual meeting. We do not see any value in a letter-writing campaign. We will make ourselves available.

Yours truly,

BENNETT JONES LLP

DocuSigned by:

65B6BE2E814144E...
Sean H. Zweig

THIS IS **EXHIBIT "MM"** REFERRED TO IN THE
AFFIDAVIT OF MATTHEW MILICH, SWORN BEFORE ME
THIS 28TH DAY OF FEBRUARY, 2024.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)

DIP FACILITY AGREEMENT

2024. **THIS AGREEMENT** (the "**Agreement**") is made this 28th day of February,

A M O N G:

Cortland Credit Lending Corporation, in its capacity as administrative agent (the "Agent") for and on behalf of the lenders party hereto from time to time (the "Lenders")

-and-

The Green Organic Dutchman Ltd. (the "Borrower")

-and-

BZAM Ltd. ("BZAM")

-and-

BZAM Holdings Inc. ("BZAM Holdings")

-and-

BZAM Management Inc. ("BZAM Management")

-and-

BZAM Cannabis Corp. ("BZAM Cannabis")

-and-

Folium Life Science Inc. ("Folium Life")

-and-

102172093 Saskatchewan Ltd. ("102")

-and-

Medican Organic Inc. ("Medican")

-and-

High Road Holding Corp. (f/k/a Final Bell Canada Inc., "High Road")

-and-

Final Bell Corp. ("**Final Bell**", and, together with BZAM, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium Life, 102, Medican and High Road, collectively, the "**Guarantors**" and the Guarantors, together with the Borrower, collectively, the "**Credit Parties**")

RECITALS:

WHEREAS the Agent and certain of the Credit Parties are either parties to or obligors under, as applicable, a Credit Agreement made as of March 31, 2020, as amended by a first amendment dated May 27, 2020, a second amendment dated October 1, 2020 and a third amendment dated July 30, 2021 (as amended, the "**Original Credit Agreement**");

AND WHEREAS the Agent and certain of the Credit Parties amended and restated the Original Credit Agreement in its entirety by way of an amended and restated credit agreement dated September 29, 2021, as amended by a first amendment dated November 30, 2021, a second amendment dated March 9, 2022, a third amendment dated April 29, 2022, a fourth amendment dated November 3, 2022, a fifth amendment dated June 30, 2023, and a sixth amendment dated August 30, 2023 (as amended, the "**First ARCA**");

AND WHEREAS the Borrower and the Lenders amended and restated the First ARCA in its entirety by way of a second amended and restated credit agreement (the "**Second ARCA**") dated January 8, 2024;

AND WHEREAS to secure the obligations of the applicable Credit Parties to the Agent under the Second ARCA and the other Transaction Documents, the applicable Credit Parties granted Security Agreements in favour of the Agent;

AND WHEREAS the Credit Parties have advised the Agent that they intend to commence proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") on a date to be set (the "**Filing Date**") by the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to seek, among other things, the granting of an initial order (the "**Initial Order**") and the appointment of FTI Consulting Canada Inc. as monitor (if appointed, the "**Monitor**");

AND WHEREAS the obligations of certain of the Credit Parties pursuant to or in connection with the Second ARCA (including without limitation, all outstanding Loan Advances and all interest and fees thereon or in connection therewith) are hereinafter referred to collectively as the "**Cortland Pre-Filing Obligations**";

AND WHEREAS commencement of the CCAA Proceedings will constitute an Event of Default (as defined in the Second ARCA) (the "**CCAA Event of Default**") under the Second ARCA;

AND WHEREAS the Credit Parties have requested, and the Agent has agreed, to provide certain debtor-in-possession ("**DIP**") financing to the Credit Parties pursuant to a DIP facility (the "**DIP Facility**") during the CCAA Proceedings on the terms and conditions contained herein;

NOW THEREFORE in consideration of the respective covenants of the parties hereto herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, all terms defined in the Second ARCA and not otherwise defined herein shall have the respective meanings ascribed to them in the Second ARCA.

1.2 Gender and Number

Words importing the singular include the plural and vice versa and importing gender include all genders.

1.3 Severability

Each of the provisions contained in this Agreement is distinct and severable, and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.

1.4 Headings

The division of this Agreement into sections and the insertion of headings, articles, sections and clauses are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Entire Agreement

Except for the Transaction Documents and the additional documents provided for herein, this Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, relating to the subject matter hereof. This Agreement may not be amended or modified except by written consent executed by all of the parties hereto. No provision of this Agreement will be deemed waived by any course of conduct unless such waiver is in writing and signed by all of the parties hereto, specifically stating that it is intended to modify this Agreement.

1.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and federal the laws of Canada applicable therein.

1.7 Currency

Unless otherwise stated, all dollar amounts referenced are in Canadian dollars.

1.8 Attornment

The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario for all matters arising out of or in connection with this Agreement.

1.9 Conflicts

If there is any inconsistency or conflict between the terms of this Agreement and the terms of the Transaction Documents, the provisions of this Agreement shall prevail to the extent of the inconsistency, but the foregoing shall not apply to limit or restrict, in any way, the rights and remedies of the Agent under this Agreement, the Transaction Documents, the CCAA, the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), the PPSA, other applicable law, or otherwise, other than as may be specifically contemplated herein.

1.10 Discretion and Consent

Any reference herein to the exercise of discretion by the Agent (including phrases such as "in the discretion of", "in the opinion of", "to the satisfaction of" and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

Any consent made or to be given by the Agent hereunder must be made or given expressly in writing. For greater certainty no consent on the part of the Agent shall be implied solely by receipt by the Agent of an updated Budget and/or Variance Report (each as defined below), as applicable.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties hereby represents and warrants to the Agent as follows:

- 2.1** The facts set out in the recitals to this Agreement are true and accurate in substance and in fact.
- 2.2** Each Credit Party is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which the nature of its assets or business makes such qualification necessary.
- 2.3** Subject to Court approval, each Credit Party has all requisite corporate power and authority to (i) own and operate its properties and assets and to develop, own and operate its business, and (ii) enter into and perform its obligations under this Agreement and each other Transaction Document to which it is a party.

- 2.4** The execution and delivery by each Credit Party of this Agreement and each other Transaction Document to which it is a party and the performance by each of them of their respective obligations hereunder and thereunder have been duly authorized by all necessary corporate action and, other than Court approval, no authorization under any applicable law, and no registration, qualification, designation, declaration or filing with any governmental authority, is or was necessary therefor, other than filings which may be made to register or otherwise record the DIP Charge (as defined below).
- 2.5** This Agreement and each of the other Transaction Documents to which it is a party has been duly executed and delivered by it and, subject to Court approval, constitutes a legal, valid and binding obligation of each Credit Party, enforceable against it in accordance with its terms, subject only to any limitation under Applicable Laws relating to (i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally; (ii) the discretion that a court may exercise in the granting of equitable remedies; (iii) the Initial Order (as may be amended and restated from time to time) and any other Order of the Court.
- 2.6** The Collateral (i) is owned by or licensed to the Credit Parties and is only located at the locations disclosed in writing to the Agent; (ii) has not been sold, leased or otherwise disposed of other than inventory in the ordinary course of business; and (iii) is not subject to any rights of any person or entity other than Permitted Encumbrances and the CCAA Charges (as defined below).
- 2.7** The execution and delivery by each Credit Party of this Agreement and the other Transaction Documents to which it is a party and the performance by each Credit Party of their respective obligations hereunder and thereunder and compliance with the terms, conditions and provisions hereof and thereof, will not conflict with or result in a breach of (i) its constating documents or by-laws; or (ii) subject to Court approval, any applicable law.
- 2.8** The business operations of each Credit Party has been and will continue to be conducted in compliance with all laws of each jurisdiction in which business has been or is being carried on.
- 2.9** Each Credit Party has obtained all licenses and permits required for the operation of its business, which licenses and permits remain in full force and effect. No proceedings have been commenced or, to the knowledge of the Credit Parties, threatened to revoke or amend any of such licenses or permits.
- 2.10** Except as set out in Schedule "C", the Collateral is not subject to any Lien except for the Permitted Encumbrances and each Credit Party has made all source deductions required by Applicable Law.
- 2.11** Except as set out in Schedule "D", each Credit Party has filed or caused to be filed all tax returns and reports which are required to have been filed and has paid or caused to be paid all taxes required to have been paid by it, except taxes that are being contested in good faith by appropriate proceedings and for which adequate cash reserves are being maintained.

- 2.12** Except as set out in Schedule "E", other than the CCAA Proceedings, there are no actions, suits or proceedings (including any tax-related matter) by or before any arbitrator or governmental authority or by any other person pending against or, to the knowledge of each Credit Party, threatened against or affecting any Credit Party.
- 2.13** (i) Each Credit Party is and has been in compliance with all applicable environmental laws, including obtaining, maintaining and complying with all permits required by any applicable environmental law, (ii) no Credit Party is party to, and no real property currently or previously owned, leased or otherwise occupied by or for any Credit Party is subject to or the subject of, any contractual obligation or any pending or, to the knowledge of the Credit Parties, threatened order, action, investigation, suit, proceeding, audit, claim, demand, dispute or notice of violation or of potential liability or similar notice under or pursuant to any environmental law which could reasonably be expected to result in a remedial obligation having a Material Adverse Change, (iii) no Lien in favour of any Governmental Authority securing, in whole or in part, environmental liabilities has attached to any property of the Credit Parties and no facts, circumstances or conditions exist that could reasonably be expected to result in any such Lien attaching to any such property, (iv) no Credit Party has caused or suffered to occur a release of any hazardous substances or conditions creating any potential for such a release at, to or from any real property other than in compliance with environmental laws and except when failure to do so could not reasonably be expected to result in a Material Adverse Change, (v) no Credit Party has engaged in operations that, and no facts, circumstances or conditions exist that, in the aggregate, would have a reasonable likelihood of resulting in material environmental liabilities, and (vi) each Credit Party has made available to the Agent copies of all existing environmental reports, reviews and audits and all documents pertaining to actual or potential environmental liabilities, in each case to the extent such reports, reviews, audits and documents are in its possession, custody or control.
- 2.14** Each Credit Party maintains insurance policies and coverage which (i) is sufficient for compliance with Applicable Law and all Material Agreements to which a Credit Party is a party and (ii) provide adequate insurance coverage in at least such amounts and against at least such risks as are usually insured against in the same general area by persons engaged in the same or similar business to the assets and operations of the Credit Parties.
- 2.15** All information provided by or on behalf of the Credit Parties to the Agent for the purposes of or in connection with this Agreement, the other Transaction Documents 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 remains true as of the date provided 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.

ARTICLE 3 THE DIP FACILITY

In reliance upon the Acknowledgement and the acknowledgements, representations, warranties, confirmations, covenants and agreements of the Credit Parties contained in this Agreement and

subject to the terms and conditions of this Agreement and any documents executed in connection herewith, the Agent agrees to make the DIP Facility available to the Borrower during the CCAA Proceedings on the following terms and conditions.

3.1 The DIP Facility

Notwithstanding any other term or condition of the Second ARCA, and subject to satisfaction of the terms and conditions of this Agreement, the Agent, on behalf of the Lenders, agrees to provide the Borrower with the DIP Facility as set forth in this section:

- (a) The maximum principal amount under the DIP Facility shall not, at any time, exceed the lesser of (i) \$41,000,000 (the "**Facility Limit**"), and (ii) the Revolving Facility Limit plus \$7,000,000; provided that at no point in time will the Cortland Pre-Filing Obligations and Post-Filing Obligations, either individually or in the aggregate, exceed the Facility Limit;
- (b) all amounts advanced by the Agent on behalf of the Lenders following the Filing Date shall be in respect of the DIP Facility;
- (c) all amounts advanced under the DIP Facility shall be used by the Borrower to fund its working capital needs (including restructuring expenses and any pre-filing obligations permitted by Court order and approved by the Agent) during the CCAA Proceedings and shall in no circumstances be used to fund any Cortland Pre-Filing Obligations; and
- (d) the Borrower may request advances from time to time under the DIP Facility by delivering an advance request certificate, in the form attached as Schedule "B" (each such request, an "**Advance Request**" and each such certificate, an "**Advance Request Certificate**"), not less than one Business Day before the date of the requested advance; provided that the initial advance request certificate need not be required one Business Day before the date of the requested advance.

Notwithstanding the foregoing, the Borrower hereby authorizes and directs the Agent and the Lenders to make one or more advances under this Agreement (for greater certainty, without the requirement for the Borrower to deliver an Advance Request Certificate) in order to pay or otherwise satisfy any liens or other payables which rank (or are reasonably likely to rank) in priority to the Agent's Liens.

3.2 Interest Rate and Fees

- (a) The applicable Interest Rate on all amounts advanced under the DIP Facility shall be the greater of: (i) the TD Prime Rate plus 8.05% per annum; and (ii) 12% per annum, and will be due and payable in cash on the first Business Day of each month covering interest accrued over the past calendar month. Unless otherwise provided for herein, interest on any amount due hereunder shall be calculated daily and not in advance on the basis of a 365-day year. For the purposes of the *Interest Act* (Canada) in the case of a leap year, the annual interest rate corresponding to the interest calculated on the basis of a 365-day year is equal to the interest rate thus

calculated multiplied by 366 and divided by 365. Any amount of principal, interest commission, discount, or any other nature remaining unpaid at maturity, shall bear interest at the rate provided for herein, being understood that the said interest rate on arrears shall not exceed the maximum rate provided by law. Interest on arrears shall be compounded monthly and payable on demand.

- (b) The Borrower shall pay to the Agent a commitment fee equal to \$98,000, which fee shall be payable by the Borrower to the Agent upon issuance of the Initial Order. Such fee will be paid from the initial advance.

3.3 Mandatory Repayments

Following the Filing Date, all Post-Filing Collections (as defined below) will be applied against the Cortland Pre-Filing Obligations of the Credit Parties to the Agent, for and on behalf of the Lenders, unless otherwise directed by the Agent.

Subject to the priority of the Administration Charge, if a Credit Party (a) disposes, transfers or sells any Collateral outside the ordinary course of business, or (b) sells the shares/equity interests of any wholly owned or non-wholly owned subsidiary of a Credit Party, the proceeds of sale (net only of usual closing adjustments), up to the total amount of the Credit Parties' indebtedness to the Agent and the Lenders under the DIP Facility and the Second ARCA, shall be paid to the Agent and applied by the Agent against the indebtedness owing to the Lenders under the DIP Facility. Any such repayment by a Credit Party shall constitute a permanent reduction of the availability and commitment under the DIP Facility.

3.4 Conditions Precedent

The obligation of the Lenders to make the DIP Facility available to the Borrower and to fund each advance under the DIP Facility is subject to and conditional upon satisfaction (or waiver by the Agent) of the following conditions precedent:

- (a) the Agent shall have received a copy of this Agreement executed by each of the Credit Parties;
- (b) the Agent shall have received and be satisfied with the Budget, and all such other information (financial or otherwise) reasonably requested by the Agent;
- (c) no Event of Default (as defined herein) shall exist, and no event or circumstance which could reasonably be expected to result in a Material Adverse Change shall have occurred;
- (d) there shall not be pending any litigation or other proceeding, other than the CCAA Proceedings, the result of which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Change or form the basis for an appeal of the Initial Order;

- (e) all Court materials and documents prepared by the Credit Parties in connection with the CCAA Proceedings, including any service list shall be in form and substance satisfactory to the Agent;
- (f) the Initial Order shall be in form and substance satisfactory to the Agent;
- (g) the Initial Order (or any amended and restated Initial Order) approving the DIP Facility, the granting of the DIP Charge, and all related transactions shall have been issued and entered and be in full force and effect and shall not have been reversed, vacated, or stayed, subject to appeal or modified or superseded or negatively impacted in any way without the Agent's prior written consent, and all necessary consents and approvals to the transaction contemplated in this Agreement and in the Initial Order shall have been obtained to the satisfaction of the Agent;
- (h) payment by the Credit Parties to the Agent of all reasonable and documented expenses incurred by the Agent or the Lenders in connection with the DIP Facility (including the negotiation, ongoing monitoring and any costs of enforcement);
- (i) the Agent shall have received a Borrowing Base Certificate;
- (j) in connection with an Advance Request, the Agent shall have received an Advance Request Certificate accompanied by a Borrowing Base Certificate;
- (k) each of the representations and warranties made by the Credit Parties to the Agent in this Agreement shall be true and correct in all material respects; and
- (l) approval by the Agent of the Credit Parties' most recent cash flow forecast, prepared in the form of the Budget.

3.5 Terms of Initial Order

The Initial Order shall be in form and substance satisfactory to the Agent, including provisions addressing (among other things) the following:

- (a) approval of the financing provided for in this Agreement (including the DIP Facility);
- (b) the continuation of the Credit Parties' existing cash management arrangements;
- (c) authorization and direction for the Borrower and the other Credit Parties to make all payments of principal, interest, fees, and expenses under this Agreement to the Agent for and on behalf of the Lenders;
- (d) the DIP Charge;
- (e) an administration charge in the amount of \$500,000 (which shall increase to \$1,000,000 under the amended and restated Initial Order) which ranks prior to the

DIP Charge and the Agent's security pursuant to the Transaction Documents (the "**Administration Charge**");

- (f) a directors' and officers' charge in the amount of \$5,300,000 (which shall increase to \$12,900,000 under the amended and restated Initial Order) which ranks subsequent to the DIP Charge and the Agent's security pursuant to the Transaction Documents, including for greater certainty, the Cortland Pre-Filing Obligations (the "**D&O Charge**"); and
- (g) that the Agent shall be treated as unaffected in any plan of arrangement or compromise filed by or in respect of the Credit Parties under the CCAA, or under any proposal filed by or in respect of the Credit Parties under the BIA, with respect to any Post-Filing Obligations (as defined below).

3.6 Budget

The Borrower shall provide the Agent with a thirteen (13) week cash-flow forecast reviewed by the Monitor and in form and substance satisfactory to the Agent (the "**Initial Budget**"). The Initial Budget shall reflect on a line-item basis, among other things, a borrowing base calculation reflecting the amount of availability, anticipated cash flow, cash receipts and disbursements, and sales. The Initial Budget and the proposed use of funds provided for therein shall be in substance satisfactory to the Agent. The Initial Budget and any subsequent Budget may only be amended and modified with the prior written consent of the Agent (the Initial Budget, as so amended and modified from time to time with the prior written consent of the Agent, is referred to herein as the "**Budget**"). The Initial Budget to May 25, 2024 is attached hereto as Schedule "A".

3.7 DIP Charge

- (a) All advances made by the Agent and the Lenders to the Borrower under the DIP Facility, and all obligations, indebtedness, fees (including professional fees), costs, and expenses of the Agent and the Lenders under this Agreement and the DIP Facility (collectively, the "**Post-Filing Obligations**") shall constitute obligations and shall be secured by:
 - (i) a super-priority DIP charge (the "**DIP Charge**") on all of the existing and after-acquired real and personal property of the Credit Parties as provided for herein and in the Initial Order; and
 - (ii) the existing security and guarantees in favour of the Agent under the Transaction Documents;

provided that with respect to the BZAM Edmonton Property, the DIP Charge shall rank subordinate to the Existing BZAM Edmonton Property Charge.

- (b) For certainty, the DIP Charge shall not secure any Cortland Pre-Filing Obligations.

3.8 Existing Cash Management System/Cash Receipts to the Agent

The Initial Order shall, among other things, authorize and direct the Credit Parties to continue to use the central cash management system currently in place or replace it with another substantially similar central cash management system. Each of the Credit Parties will provide evidence to the Agent that it has directed each financial institution with which it maintains a deposit account into which payments are received from its Account Debtors (collectively, "**Post-Filing Collections**") to transfer on a weekly basis, at the Credit Parties' cost and expense, all such Post-Filing Collections to an account maintained by the Agent. The Agent shall apply the Post-Filing Collections to repay the Cortland Pre-Filing Obligations.

3.9 Additional Reporting

In addition to all other existing reporting requirements set out in the Second ARCA (to the extent not otherwise dealt with in this Agreement), the Borrower shall provide to the Agent:

- (a) on a weekly basis within four (4) Business Days after the end of each week during the CCAA Proceedings an executed Borrowing Base Certificate duly completed in all material respects consistent with past practice, plus all backup information requested by the Agent; and
- (b) on a bi-weekly basis within six (6) Business Days after the end of each bi-weekly period during the CCAA Proceedings:
 - (i) a report comparing the Credit Parties' actual performance to that projected in the Budget for the given bi-weekly period (each, a "**Variance Report**"), specifically identifying any negative variances in excess of ten percent (10%), with a minimum floor variance of \$500,000 (unless otherwise agreed to by the Agent), in respect of the actual cumulative net cash flow against the forecasted cumulative net cash flow in the Budget (an "**Adverse Negative Variance**") and providing a detailed explanation for same; provided, however, that the calculation of an Adverse Negative Variance shall not take into account Professional Expenses in excess of what is forecasted in the Initial Budget or the Budget, as applicable.
 - (ii) updating the Budget to account for actual performance by the Credit Parties for the previous week and rolling forward by two (2) additional weeks cash flow projections set forth in the last updated Budget; and
 - (iii) such other information as the Agent may reasonably request.

3.10 Status Calls

During the CCAA Proceedings, upon request from the Agent from time to time, the Borrower shall arrange and participate in conference calls with the Agent and the Monitor to discuss the performance of the Borrower and the other Credit Parties, any updated Budgets, Variance Reports

(including any Adverse Negative Variances), updates for future weeks, and any other matters the Agent may reasonably raise.

3.11 CCAA Proceedings and Other Materials to be Provided to Agent

The Borrower shall deliver to the Agent drafts of all Court materials and documents prepared by the Credit Parties in connection with the CCAA Proceedings, and shall provide the Agent with a reasonable opportunity to comment thereon prior to filing and ensure the same are acceptable to the Agent, acting reasonably.

3.12 Compliance with Transaction Documents

Each of the Credit Parties shall strictly adhere to all of the terms, conditions and covenants of this Agreement and the Transaction Documents (to the extent not otherwise dealt with in this Agreement), including, without limitation, terms requiring prompt payment of principal, interest, fees, and other amounts when due.

3.13 Covenants

Each Credit Party covenants and agrees with the Agent that it shall:

- (a) pay all sums of money when due under the terms of this Agreement;
- (b) immediately advise the Agent of any event which constitutes an Event of Default;
- (c) file all tax returns which are or will be required to be filed by it;
- (d) pay or make provision for the payment of all taxes and source deductions (including interest and penalties) which will become due and payable after the commencement of the CCAA Proceedings;
- (e) comply in all respects with all Applicable Laws, including all environmental laws;
- (f) immediately advise the Agent of any material action requests or material violation notices and hold the Agent harmless from and against any losses, costs or expenses which the Agent may suffer or incur for any environment related liabilities existing now or in the future with respect to it;
- (g) immediately advise the Agent of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- (h) keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- (i) at reasonable times and upon reasonable notice (provided that upon the occurrence of an Event of Default, the Agent (including any potential assignee, participant or

lender) is permitted to do the following at any time and without notice, subject to the Initial Order) permit the Agent (including any potential assignee, participant or lender) or its representatives, during normal business hours, subject to any Applicable Laws governing the Credit Parties' business, (i) to visit and inspect a Credit Party's premises, properties and assets and examine and obtain copies of such Credit Party's records or other information, and (ii) to discuss such Credit Party's affairs with the auditors (if any) of such Credit Party (in the presence of such Credit Party's representatives as it may designate). Each Credit Party hereby authorizes and directs any such third party to provide to the Agent (including any potential assignee, participant or lender) or its representatives all such information, records or documentation reasonably requested by the Agent;

- (j) except for Permitted Encumbrances and the CCAA Charges, not, without the prior written consent of the Agent, grant, create, assume or suffer to exist any Lien or other encumbrance affecting any of its properties, assets or other rights;
- (k) not incur any borrowings or other indebtedness, obligations or liabilities, other than Permitted Indebtedness;
- (l) not, without the prior written consent of the Agent, sell, transfer, convey, lease or otherwise dispose of any of its assets, properties or undertakings other than in the ordinary course of business and on arm's-length, commercially reasonable terms; provided that, for greater certainty, no Credit Party shall enter into any sale (or similar) transaction pursuant to a sale and investment solicitation process or otherwise without that prior written consent of the Agent, save and except for a transaction that provides for payment in cash on closing of the Cortland Pre-Filing Obligations and the Post-Filing Obligations in full;
- (m) not, without the prior written consent of the Agent, sell the shares/equity interests of any wholly owned or non-wholly owned subsidiaries of any Credit Party;
- (n) not, without the prior written consent of the Agent, provide any guarantees, financial assistance or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, other than Permitted Indebtedness;
- (o) not, without giving the Agent fifteen (15) days' prior notice in writing and obtaining the Agent's written consent, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person. In the event the Agent gives its consent, it will cause any such resulting Person to become a borrower or guarantor, as applicable, hereunder and to grant such security and enter into such agreements as the Agent may require;
- (p) not pay any dividends, other corporate distributions, interest or principal on any secured or unsecured debt, or make any disbursement of any kind other than as contemplated by the Budget;
- (q) not acquire or move any Collateral to any jurisdiction outside the Province of Ontario or any other jurisdiction where the Agent has perfected its security over such Collateral without first executing and delivering all such security and other documentation and completing all registrations, recordings and filings to grant in

favour of the Agent a first-ranking security interest in such Collateral and to render effective the security interest granted thereby, all in form and substance satisfactory to the Agent;

- (r) notify the Agent within three (3) Business Days of any Account Debtor notifying such Credit Party that they are contesting any invoice;
- (s) fully cooperate with each party conducting any field exam or due diligence on behalf of the Agent and will permit and reimburse the Agent for all reasonable and documented costs associated with any appraisals;
- (t) pay only those expenditures set out in the Budget, or such other expenditures the Agent and Monitor consent to in writing;
- (u) provide to the Agent, on a weekly basis, a list of payments, disbursements and transfers of money proposed to be made by each of the Credit Parties during the following week and will make only those payments, disbursements and transfers that are set out in the Budget or otherwise consented to by the Agent;
- (v) not create or grant any security (other than the DIP Charge, the Administration Charge, the D&O Charge and any charge (which shall rank subordinate to the DIP Charge and the Agent's security pursuant to the Transaction Documents, including for greater certainty, the Cortland Pre-Filing Obligations) to secure a break fee and expense reimbursement in favour of a stalking horse bidder in any sale and investment solicitation process approved by the Court (collectively, the "**CCAA Charges**") over any of the Collateral, whether ranking in priority to, *pari passu* or subordinate to the DIP Charge, without the prior consent of the Agent;
- (w) provide the Agent with any financial or other information reasonably requested by the Agent;
- (x) within two (2) Business Days of the receipt by any Credit Party of the same, deliver to the Agent a copy of any notice of motion, pleading or application to vary, supplement, revoke, terminate or discharge the Initial Order including (without limitation) any application to the Court for the granting of security that will or may have priority over the DIP Charge, or otherwise for the variation of the priority of the DIP Charge; and
- (y) prevent the Cortland Pre-Filing Obligations and Post-Filing Obligations, either individually or in the aggregate, from exceeding the Facility Limit

3.14 Events of Default

The occurrence of any one or more of the following events shall constitute an event of default under this Agreement (collectively, the "**Events of Default**"):

- (a) Any Credit Party fails to make payment of any amount, whether on account of principal, interest or otherwise, when due pursuant to the terms of this Agreement;

- (b) without the consent of the Agent, the occurrence of any Adverse Negative Variance;
- (c) entry of an order which stays, modifies (other than extensions of the Initial Order), or reverses the Initial Order or which otherwise materially adversely affects the effectiveness of the Initial Order without the express written consent of the Agent;
- (d) the entry of any order without the prior written consent of the Agent which provides relief from the automatic stay made under the Initial Order or the CCAA which permits any creditor to realize upon, or to exercise any right or remedy with respect to, any asset of any Credit Party or to terminate any license, franchise, or similar agreement, where the exercise of such right or remedy or such realization or termination would reasonably be likely to result in a Material Adverse Change as determined by the Agent;
- (e) the filing of any application, motion or other request by any Credit Party without the express prior written consent of the Agent for the approval of any super-priority claim or debtor in possession financing in the CCAA Proceedings which is *pari passu* with or senior to the priority of the DIP Charge (other than the Administration Charge and the D&O Charge), or there shall arise any such super-priority claim under the CCAA;
- (f) the payment or other discharge by any Credit Party of any pre-filing indebtedness, except as expressly permitted hereunder, or generally permitted within the category and range in the Budget or by order in the CCAA Proceedings, to which payment or discharge the Agent has not provided its written prior consent;
- (g) the failure of any Credit Party (i) to materially comply with each and all of the terms and conditions of the Initial Order, or (ii) to materially comply with any other order entered in the CCAA Proceedings, if such failure would reasonably likely result in a Material Adverse Change as determined by the Agent;
- (h) (i) the filing of any motion by any Credit Party or the entry of any order in the CCAA Proceedings: (A) permitting any financing (other than ordinary course trade credit or unsecured debt) for any Credit Party from any Person other than the Agent, (B) granting a Lien on, or security interest in any of the Collateral of any Credit Party equal or superior status to that of the DIP Charge, other than with respect to this Agreement or as otherwise permitted herein, or (C) dismissing the CCAA Proceedings, or (ii) the filing of any motion by any Person (other than a Credit Party) regarding matters specified in the foregoing clause (i) that is not immediately stayed and dismissed or denied within thirty (30) days of the date of the filing of such motion, provided that if any Credit Party is unsuccessful in contesting any such Claim, that shall automatically constitute an Event of Default;
- (i) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter (collectively, a “**Claim**”) that is not being contested by any Credit Party, 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 any Credit Party under this agreement, the DIP Charge or its priority, (ii) for monetary, injunctive or other relief against the Agent, the Lender or the Collateral, or (iii) preventing, hindering or otherwise delaying the exercise by the Agent of any of its rights and remedies hereunder, pursuant to the Initial Order or under applicable law, or the enforcement or realization by the Agent against any of its collateral, provided that if any Credit Party is unsuccessful in contesting any such Claim, that shall automatically constitute an Event of Default;

- (j) the filing of any proposal, plan of arrangement, plan of reorganization or other similar document (a “**Plan**”) or the acceptance of any transaction (a “**Transaction**”), or the filing of a motion seeking approval of the Court to accept any such Transaction or Plan, unless the total Cortland Pre-Filing Obligations and the Post-Filing Obligations hereunder are to be permanently and indefeasibly paid in full in cash or other immediately available funds upon completion of the Plan or Transaction or if the terms of the Plan or the Transaction have otherwise been approved by the Agent;
- (k) the breach of any term, covenant or agreement by any Credit Party in this Agreement;
- (l) any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower, any other Credit Party herein, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made;
- (m) if any material contract or license (including, for greater certainty, any contract or license entered into in connection with the use of any intellectual property or the production, cultivation and/or manufacturing of cannabis and/or cannabis-related products) is terminated or amended in any manner without the prior consent of the Agent;
- (n) without the consent of the Agent, the occurrence of a Change of Control; and
- (o) the occurrence of a default or an event of default under the Second ARCA (other than the CCAA Event of Default).

3.15 Cooperation

Each of the Credit Parties shall cooperate fully with the Agent and its respective agents and employees by providing all information requested by the Agent, and by providing access to its books, records, property, assets, and personnel as requested by the Agent wherever they may be situated in whatever medium they may be recorded, except for confidential or privileged information, at the request of and at times convenient to the Agent, acting reasonably, which right of access shall include the right to inspect and appraise such property and assets.

3.16 Professional Expenses

Each of the Credit Parties hereby covenants and agrees with the Agent to reimburse the Agent for all reasonable and documented expenses incurred in connection with this Agreement and the CCAA Proceedings, including, without limitation, legal fees, financial advisor fees and other professional expenses that the Agent has incurred or will incur arising out of its dealings with the Credit Parties in the CCAA Proceedings (collectively, the "**Professional Expenses**"). The Borrower shall ensure that the Professional Expenses are provided for in the Budget. Nothing in this Agreement, shall derogate from the Credit Parties' obligation to pay for all of the Professional Expenses or shall constitute a cap on Professional Expenses. Notwithstanding the foregoing, the Agent shall add all of the Professional Expenses to the Post-Filing Obligations if the same are not paid when due. Each of the Credit Parties hereby acknowledges, confirms and agrees that the Professional Expenses which are added to the Post-Filing Obligations shall be secured and covered by the Transaction Documents and the DIP Charge.

3.17 Remedies Upon Event of Default and on Termination Date

If any Event of Default occurs and is continuing, or upon the Termination Date, the Agent may take any or all of the following actions, subject to the terms of the Initial Order:

- (a) declare the DIP Facility to be terminated, whereupon the DIP Facility shall be terminated;
- (b) declare the Post-Filing Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Credit Parties; and
- (c) exercise any or all of its rights and remedies available to it under this Agreement, the other Transaction Documents, the BIA, the PPSA, other applicable law, or otherwise.

3.18 Termination

The term of the DIP Facility will be the earlier of (a) July 15, 2024 (the "**Maturity Date**"), and (b) any other Termination Date.

The Agent shall have the right to terminate the DIP Facility upon the occurrence of an Event of Default in accordance with the terms of this Agreement, subject to the terms of the Initial Order.

The DIP Facility may be terminated with the consent of both the Agent and the Borrower, at which time, all accrued interest, principal, fees and expenses owing shall be paid in cash to the Agent on such Termination Date.

The date on which all outstanding principal and interest under the DIP Facility shall become due and payable will be termed the "**Termination Date**" and will be the date which is the earliest to occur of the following:

- (a) the Maturity Date;

- (b) the date on which any Event of Default occurs or is discovered to have occurred in the past, unless waived or otherwise consented to by the Agent; and
- (c) the date of a sale of all or substantially all of the Collateral.

ARTICLE 4 GENERAL PROVISIONS

4.1 Effect of this Agreement

Except as expressly modified pursuant hereto, no other changes or modifications to the terms of the Transaction Documents are intended or implied.

4.2 Transaction Document

This Agreement is a Transaction Document.

4.3 Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable by the Agent to give effect to the provisions and purposes of this Agreement and the DIP Charge all at the sole expense of the Credit Parties.

4.4 Binding Effect

This Agreement shall be binding upon and enure to the benefit of each of the parties hereto and their respective successors, heirs, executors, administrators, permitted assigns and legal representatives.

4.5 Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Agreement and such other document delivered in connection herewith, and no investigation by the Agent or any closing shall affect the representations and warranties or the rights of the Agent to rely upon such representations and warranties.

4.6 No Novation

This Agreement will not discharge or constitute novation of any debt, obligation, covenant or agreement contained in the Transaction Documents but the same shall remain in full force and effect save to the extent amended by this Agreement.

4.7 Assignments

The Agent may assign this Agreement and its rights and obligations hereunder, in whole or in part, or grant a participation in its rights hereunder or act as an agent for one or more lenders hereunder at any time and from time to time, on the condition that the Monitor is satisfied that the potential

assignee or party granted or to be granted a participation right has the financial wherewithal to, and is an appropriate party to participate in, the Agreement.

Each of the Credit Parties acknowledges and agrees that, in accordance with Applicable Laws, the Agent may, in its discretion, provide any potential assignee, participant or lender with, on a confidential basis, all such information required by such assignee, participant or lender to complete its financial and legal due diligence in connection with assessing such assignment, participation or lending.

Neither this Agreement nor any right hereunder may be assigned by any of the Credit Parties.

4.8 Amendments

This Agreement may not be amended nor waived except by an instrument in writing signed by each of the Credit Parties and the Agent.

4.9 Execution in Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which taken together will be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or portable document format ("**PDF**") form and the parties adopt any signatures received by a receiving fax machine or by emailed PDF as original signatures of the parties; provided, however, that any party providing its signature in such manner will promptly forward to the other party an original of the signed copy of the Agreement which was so faxed or emailed.


[REMINDER OF PAGE DELIBERATELY LEFT BLANK]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.


CORTLAND CREDIT LENDING CORPORATION, as Agent for and on behalf of the Lenders

By: _____
Name:
Title:


102172093 SASKATCHEWAN LTD.

By:  _____
Name: Matt Milich
Title: CEO


BZAM LTD.

By:  _____
Name: Matt Milich
Title: CEO


BZAM HOLDINGS INC.

By:  _____
Name: Matt Milich
Title: President

BZAM MANAGEMENT INC.

By:  _____
Name: Matt Milich
Title: CEO

BZAM CANNABIS CORP.

By:  _____
Name: Matt Milich
Title: President


FOLIUM LIFE SCIENCE INC.

By:  _____
Name: Matt Milich
Title: President


THE GREEN ORGANIC DUTCHMAN LTD.

By:  _____
Name: Matt Milich
Title: CEO


MEDICAN ORGANIC INC.

By:  _____
Name: Matt Milich
Title: CEO

HIGH ROAD HOLDING CORP.


By:  _____
Name: Matt Milich
Title: Director

FINAL BELL CORP.

By:  _____
Name: Matt Milich
Title: President

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

CORTLAND CREDIT LENDING CORPORATION, as Agent for and on behalf of the Lenders

Signed by:
By: 
Name: Sean Register
Title: CEO

102172093 SASKATCHEWAN LTD.

By: _____
Name: _____
Title: _____

BZAM LTD.

By: _____
Name: _____
Title: _____

BZAM MANAGEMENT INC.

By: _____
Name: _____
Title: _____

FOLIUM LIFE SCIENCE INC.

By: _____
Name: _____
Title: _____

MEDICAN ORGANIC INC.

By: _____
Name: _____
Title: _____

FINAL BELL CORP.

By: _____
Name: _____
Title: _____

BZAM HOLDINGS INC.

By: _____
Name: _____
Title: _____

BZAM CANNABIS CORP.

By: _____
Name: _____
Title: _____

THE GREEN ORGANIC DUTCHMAN LTD.

By: _____
Name: _____
Title: _____

HIGH ROAD HOLDING CORP.

By: _____
Name: _____
Title: _____

SCHEDULE "A"

INITIAL BUDGET

BZAM Ltd.

Consolidated Cash Flow Forecast

(\$CAD in thousands)

Forecast Week Starting (Sunday)		25-Feb-24	03-Mar-24	10-Mar-24	17-Mar-24	24-Mar-24	31-Mar-24	07-Apr-24	14-Apr-24	21-Apr-24	28-Apr-24	05-May-24	12-May-24	19-May-24	13 Week
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Receipts															
Receipts from Operations	[2]	\$ 694	\$ 2,521	\$ 1,973	\$ 1,578	\$ 2,351	\$ 3,492	\$ 2,440	\$ 2,476	\$ 3,996	\$ 3,508	\$ 3,933	\$ 2,686	\$ 3,179	\$ 34,827
Total Receipts		\$ 694	\$ 2,521	\$ 1,973	\$ 1,578	\$ 2,351	\$ 3,492	\$ 2,440	\$ 2,476	\$ 3,996	\$ 3,508	\$ 3,933	\$ 2,686	\$ 3,179	\$ 34,827
Disbursements															
<i>Operating Disbursements</i>															
Production Costs	[3]	(779)	(1,005)	(1,160)	(1,005)	(1,340)	(774)	(505)	(405)	(535)	(584)	(874)	(535)	(535)	(10,036)
Insurance		(175)	-	-	-	(134)	-	-	-	-	(134)	-	-	-	(443)
Payroll	[4]	(690)	(1,520)	(458)	(1,035)	(1,222)	(1,090)	(518)	(1,153)	(458)	(1,090)	(518)	(1,153)	(458)	(11,363)
Rent	[5]	(301)	-	-	-	-	(301)	-	-	-	(301)	-	-	-	(903)
Taxes	[6]	(574)	-	-	-	(1,018)	(340)	-	-	-	(4,220)	(550)	-	-	(6,702)
Other Operating Expenses	[7]	(659)	(408)	(836)	(217)	(368)	(264)	(787)	(337)	(311)	(383)	(304)	(373)	(346)	(5,593)
Total Operating Disbursements		\$ (3,178)	\$ (2,933)	\$ (2,454)	\$ (2,257)	\$ (4,082)	\$ (2,769)	\$ (1,810)	\$ (1,895)	\$ (1,304)	\$ (6,712)	\$ (2,246)	\$ (2,061)	\$ (1,339)	\$ (35,040)
Net Cash from Operations		\$ (2,484)	\$ (412)	\$ (481)	\$ (679)	\$ (1,731)	\$ 723	\$ 630	\$ 581	\$ 2,692	\$ (3,204)	\$ 1,687	\$ 625	\$ 1,840	\$ (213)
<i>Financing Disbursements</i>															
Loan Advances (Repayments)	[8]	2,165	(2,521)	(1,973)	(1,578)	(2,351)	(3,492)	(2,440)	(2,476)	(3,996)	(3,508)	(3,933)	(2,686)	(1,472)	(30,261)
Interest Expenses & Fees	[9]	(42)	-	-	-	-	(42)	-	-	-	(42)	-	-	-	(126)
<i>Restructuring Disbursements</i>															
Restructuring Legal and Professional Costs	[10]	(605)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(2,825)
Net Cash Flows		\$ (966)	\$ (3,118)	\$ (2,639)	\$ (2,442)	\$ (4,267)	\$ (2,996)	\$ (1,995)	\$ (2,080)	\$ (1,489)	\$ (6,939)	\$ (2,431)	\$ (2,246)	\$ 183	\$ (33,425)
Cash															
Beginning Balance		\$ 2,814	\$ 1,848	\$ 999	\$ 999	\$ 998	\$ 998	\$ 997	\$ 997	\$ 998	\$ 998	\$ 998	\$ 997	\$ 997	\$ 2,814
Net Receipts/ (Disbursements)		(966)	(3,118)	(2,639)	(2,442)	(4,267)	(2,996)	(1,995)	(2,080)	(1,489)	(6,939)	(2,431)	(2,246)	183	(33,425)
DIP Advances/ (Repayments)	[11]	-	2,367	2,639	2,441	4,267	3,072	1,995	2,081	1,489	7,136	2,440	2,246	(184)	31,989
DIP Fees & Interest Payment	[12]	-	(98)	-	-	-	(77)	-	-	-	(207)	-	-	-	(382)
Ending Balance		\$ 1,848	\$ 999	\$ 999	\$ 998	\$ 998	\$ 997	\$ 997	\$ 998	\$ 998	\$ 998	\$ 997	\$ 997	\$ 996	\$ 996

Notes to the Consolidated Cash Flow Forecast:

[1] The purpose of the Cash Flow Forecast is to estimate the liquidity requirements of BZAM Ltd. and its subsidiaries ("BZAM" or the "Company"). The forecast above is presented in Canadian Dollars. The forecast 13-week Cash Flow Forecast is on a cash-basis only and does not include timing differences for cash in transit.

[2] Receipts from Operations are based on management's current expectations regarding sales and collections. Receipts from operations have been forecast based on current payment terms, historical trends in collections, and expected demand.

[3] Production Costs includes the cost of operating the growing facilities as well as the purchase of cannabis from other Licensed Producers ("LPs").

[4] Forecast Payroll is based on historical payroll amounts and future forecast amounts based on planned headcount reductions.

[5] Forecast Rent includes payments to landlords in various provinces for leased cultivation facilities and office spaces.

[6] Forecast Taxes include payments for sales tax (GST, HST, and QST) to various taxing authorities across Canada as well as the post-filing Excise Tax in accordance with the Excise Tax Act.

[7] Forecast Other Operating Expenses include selling, general, and administrative payments.

[8] Forecast Loan Advances (Repayments) reflect the repayment of the Cortland Secured Pre-Filing Obligations from post-filing receipts in accordance with the DIP Term Sheet.

[9] Forecast Interest Expenses & Fees include an interest-only payment on a mortgaged property.

[10] Forecast Restructuring Legal and Professional Costs include legal and professional fees associated with the CCAA proceedings and are based on estimates provided by the advisors.

[11] Forecast DIP Advances/Repayments are based on funding requirements and maintaining a minimum cash balance of around \$1.0 million.

[12] Forecast DIP Accrued Interest reflects interest of 15.25% accrued on the DIP Advances under the DIP Facility during the forecast period. Interest is payable on the first of the month. A \$0.1M commitment fee is payable upon the initial DIP advance.

SCHEDULE "B"
FORM OF ADVANCE CERTIFICATE

We refer to the provisions of the DIP facility agreement dated February 28, 2024 (as it may be amended, restated, supplemented or otherwise modified from time to time, the “**DIP Facility Agreement**”) between, *inter alia*, The Green Organic Dutchman Ltd. (the “**Borrower**”) and Cortland Credit Lending Corporation, as administrative agent for certain lenders (the “**Agent**”). Capitalized terms used herein have the same meaning as in the DIP Facility Agreement. The undersigned, being an officer or director of the Borrower hereby represents, warrants and certifies in such capacity, and not in her or his personal capacity, as follows:

1. **Representations and Warranties.** The representations and warranties of the Borrower and the other Obligors set forth in the DIP Facility Agreement, or which are contained in any certificate, document or financial or other written statement furnished pursuant to or in connection therewith are accurate and complete in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except to the extent specified in the DIP Facility Agreement to be made as of a specific date.
2. **No Material Adverse Change.** Since the date of the Initial Order, no Material Adverse Change has occurred.
3. **No Default.** There exists no Default or Event of Default on the date hereof and no Default or Event of Default will occur as a result of the Advance Request made pursuant to this Advance Request Certificate.
4. **Conditions Precedent.** The conditions precedent to this Advance Request in accordance with the DIP Facility Agreement have been satisfied.
5. **Loan Advance.** The Borrower hereby requests, authorizes, and instructs the Agent to fulfill this Advance Request in the amount of \$[●] by initiating a wire to the Borrower on _____, 2024 at the particulars noted below and this will be the Agent’s irrevocable authority to do so
 - (a) [●]

SCHEDULE "C"
LIENS (OTHER THAN PERMITTED ENCUMBRANCES)

SCHEDULE "D"
TAX RETURNS

- a. Total Excise Tax Arrears: \$9,083,289.33 (as of February 15, 2024)
- b. Total Deposits for Excise Tax: \$2,500,000 (\$2,150,000 with Intact + \$350,000 with CRA)
(as of Feb 28, 2024)
- c. Total Surety Bond: \$4,300,000
- d. Total Sales Tax Arrears: \$2,635,180.64 (as of February 15, 2024)
- e. Total Withholding Tax Arrears: N/A

SCHEDULE "E"
ACTIONS, SUITS AND/OR PROCEEDINGS

1. *1613240 Ontario Ltd. and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd.* (the prior name of BZAM), Ontario Superior Court of Justice File No. CV-18- 605781.
2. BZAM Cannabis Corp. commenced a claim, by arbitration, against GO Drywall Ltd. for breach of a construction contract for failure to provide services. BZAM Cannabis Corp.'s claim is for \$248,936.25. Go Drywall Ltd. commenced a cross claim for wrongful termination of the contract seeking \$746,805.89. A final arbitration was awarded in favor of BZAM Cannabis Corp.'s for the full amount of the claim, plus legal costs.
3. BZAM Management Inc. has filed an appeal from the assessments by the BC Ministry of Finance's tax appeals division to recover approximately \$1.05 Million in BC property transfer taxes paid by it in connection with its acquisition of three properties in British Columbia.
4. On February 1, 2021, a former BZAM Cannabis Corp. employee filed a human rights complaint with the Alberta Human Rights Commission with respect to their termination for refusal to be vaccinated for Covid-19 pursuant to BZAM's Vaccination Policy.
5. *Jason Glenn c.o.b.a Frostmec Services v BZAM Management Inc.* – British Columbia Small Claims Court. Former employee filed a Notice of Claim alleging non-payment of invoices and seeking \$28,082.00.
6. *Freyja Jorgensen v. Final Bell Canada*, HRTO File No. 2023-53071, commenced May 31, 2023. Freyja Jorgensen, a former employee of Final Bell Corp., commenced a proceeding at the Human Rights Tribunal of Canada in the amount of CAD \$123,201.
7. *Thanasi Tambakos, Silvia Vassileva, Christian Tambakos, by his Litigation Guardian, Silvia Vassileva, and Gabriella Tambakos by her Litigation Guardian Silvia Vassileva v. Spectrum Cannabis Canada Ltd. (F.K.A. Mettrum Ltd.), Final Bell Corp. (F.K.A. Starseed Medicinal Inc., and Mettrum (Bennett North) Ltd.), Agripharm Corp., and Canopy Growth Corporation*, CV-23-00695168-0000, issued February 23, 2023. This action claims that the defendants were negligent in the cultivation, production, testing, processing, manufacture, distribution, marketing and sale of the medical marijuana products affected by a recall of products produced, marketed and sold by the defendant, Mettrum Ltd. The claim is for approximately CAD \$475,000.

**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 BZAM LTD.**

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AFFIDAVIT OF MATTHEW MILICH
(Sworn February 28, 2024)

BENNETT JONES LLP
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Suite 3400, P.O. Box 130
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M5X 1A4

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Lawyers for the Applicants

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 BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.*

Court File No.: CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

RESPONDING RECORD

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