

THIS IS EXHIBIT "41" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024

A handwritten signature in blue ink, appearing to read "Anjali Arbutnot", is written over a horizontal line.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

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The Property Registry

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Nicki Fleming



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Business Debtor

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Search by Business Debtor

Date: 2024-07-11
Time: 11:40:42 AM
Transaction Number: 10274350990
User ID: Nicki Fleming
Account Balance: \$6,918.00

Business Name: Delta 9 Cannabis Inc.

1 exact match was found.
1 similar match was found.

EXACT MATCHES

Business Debtor Name	No. of Registrations
1. Delta 9 Cannabis Inc.	3

1. Delta 9 Cannabis Inc.

1.1 Delta 9 Cannabis Inc.: Registration 202204341003 (2022-03-22 9:21:23 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2027-03-22
Debtor Address	800-885 West Georgia Street Vancouver , BC Canada V6C 3H1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.
Change History	Registration Number: 202411619712 (2024-07-08 9:40:41 AM) Sections Changed: Secured Parties
	Registration Number: 202204364119 (2022-03-22 12:26:03 PM) Sections Changed: Secured Parties

1.2 Delta 9 Cannabis Inc.: Registration 202202766708 (2022-02-24 9:34:04 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24
Debtor Address	800-885 West Georgia Street Vancouver, BC Canada V6C 3H1
This registration is jointly registered with these business debtors	Delta 9 Lifestyle Cannabis Clinic Inc.
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	All indebtedness both present and future of Delta 9 Cannabis Inc. (or any successor entity by amalgamation, reorganization or otherwise) to Delta 9 Lifestyle Cannabis Clinic Inc., and all proceeds thereof, pursuant to an Assignment and Postponement given by Delta 9 Lifestyle Cannabis Clinic Inc. to the Secured Party and acknowledged by Delta 9 Cannabis Inc.
Change History	Registration Number: 202411622217 (2024-07-08 9:52:42 AM) Sections Changed: Secured Parties
	Registration Number: 202202772112 (2022-02-24 10:11:23 AM) Sections Changed: Business Debtors

1.3 Delta 9 Cannabis Inc.: Registration 202202765701 (2022-02-24 9:27:49 AM)
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00796

Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24
Debtor Address	800-885 West Georgia Street Vancouver , BC Canada V6C 3H1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.
Change History	Registration Number: 202411622918 (2024-07-08 10:04:38 AM) Sections Changed: Secured Parties

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END OF EXACT MATCHES

Additional Options:

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To start a new search, please select the "New Search" button:

New Search

Search Results	Similar Matches	Print Requests	Mailing Information	Payment
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Business Debtor

Search Results

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Payment

Help

Search by Business Debtor: 1 similar match was found.

Business Debtor Name	No. of Registrations
1. Delta 9 Cannabis Store Inc.	2

1. Delta 9 Cannabis Store Inc. ☐ Include in Printed Search Results

1.1 Delta 9 Cannabis Store Inc.: Registration 202204341909 (2022-03-22 9:25:43 AM)

Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2027-03-22
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.
Change History	Registration Number: 202411627316 (2024-07-08 10:39:10 AM) Sections Changed: Secured Parties

1.2 Delta 9 Cannabis Store Inc.: Registration 202202766503 (2022-02-24 9:31:46 AM)

Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.
Change History	Registration Number: 202411627715 (2024-07-08 10:40:46 AM) Sections Changed: Secured Parties

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Business Debtor

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Help

Search by Business Debtor

Date: 2024-07-11
Time: 11:42:04 AM
Transaction Number: 10274351034
User ID: Nicki Fleming

Account Balance: \$6,894.00

Business Name: Delta 9 Bio-Tech Inc.

1 exact match was found.
1 similar match was found.

EXACT MATCHES

Business Debtor Name	No. of Registrations
1. Delta 9 Bio-Tech Inc.	5

1. Delta 9 Bio-Tech Inc.

1.1 Delta 9 Bio-Tech Inc.: Registration 202204340309 (2022-03-22 9:19:10 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2027-03-22
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	<p>A security interest is taken in all of the Debtor's present and future undertaking and property of every kind with respect to, comprising, located at, arising from, or otherwise related to the lands and premises municipally known as 760 & 770 Pandora Avenue, Winnipeg, Manitoba and legally described as:</p> <p>PARCELS A, B, C, D, E AND F PLAN 51110 WLTO EXC FIRSTLY: OUT OF SAID PARCELS A AND C ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL GRAVEL AND VALUABLE STONE OF EVERY DESCRIPTION THAT MAY BE FOUND IN UPON OR UNDER SAID PARCELS A AND C TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME SECONDLY: OUT OF SAID PARCELS B AND E, ALL MINES AND MINERALS AS RESERVED IN DEED 2374744 WLTO AND THIRDLY: OUT OF SAID PARCEL F, ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 2374748 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p> <p>PARCEL "G" PLAN 51110 WLTO EXC ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 2374748 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p> <p>PARCEL "J" PLAN 51110 WLTO EXC ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL GRAVEL AND VALUABLE STONE WHICH MAY BE FOUND IN UPON OR UNDER THE SAID PARCEL TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p> <p>PARCEL "K" PLAN 51110 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p> <p>PARCEL "H" PLAN 51110 WLTO EXC FIRSTLY: PLAN 65096 WLTO AND SECONDLY: ALL MINES AND MINERALS AS RESERVED IN TRANSFER 2374746 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE</p>

	(CLOSED) BETWEEN SAID SECTIONS
	all pursuant to a General Security Agreement granted by the Debtor to the Secured Party.
Change History	Registration Number: 202411623817 (2024-07-08 10:11:46 AM) Sections Changed: Secured Parties
	Registration Number: 202204458911 (2022-03-23 11:50:30 AM) Sections Changed: General Collateral Description
1.2 Delta 9 Bio-Tech Inc.: Registration 202204339203 (2022-03-22 9:16:32 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2027-03-22
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	<p>All revenues, receipts, income, credits, deposits, rents, additional rents, tenant recoveries and other receivables of any nature and kind whatsoever arising from, payable under or related to the Leases (defined below), whether past due, now due or hereafter to become due and the benefit of all covenants of tenants, users, occupiers, licensees and guarantors under or in respect of the Leases (defined below), all pursuant to an Assignment of All Rents and Leases granted by the Debtor to the Secured Party.</p> <p>"Leases" includes:</p> <p>(a) every existing and future lease and agreement to lease in respect of the whole or any portion of the Lands (defined below);</p> <p>(b) every existing and future tenancy, agreement as to use or occupation and licence in respect of the whole or any portion of the Lands (defined below), whether or not pursuant to any written lease, agreement or licence;</p> <p>(c) every existing and future guarantee of all or any of the obligations of any existing or future tenant, user, occupier or licensee of the whole or any portion of the Lands (defined below); and</p> <p>(d) every existing and future assignment of, and agreement to assume, the obligations of tenants of the whole or any portion of the Lands (defined below).</p> <p>"Lands" means the lands and premises municipally known as 760 Pandora Avenue, Winnipeg, Manitoba and legally described as:</p> <p>PARCELS A, B, C, D, E AND F PLAN 51110 WLTO EXC FIRSTLY: OUT OF SAID PARCELS A AND C ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL GRAVEL AND VALUABLE STONE OF EVERY DESCRIPTION THAT MAY BE FOUND IN UPON OR UNDER SAID PARCELS A AND C TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME SECONDLY: OUT OF SAID PARCELS B AND E, ALL MINES AND MINERALS AS RESERVED IN DEED 2374744 WLTO AND THIRDLY: OUT OF SAID PARCEL F, ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 2374748 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p>
Change History	Registration Number: 202411624210 (2024-07-08 10:14:52 AM) Sections Changed: Secured Parties
1.3 Delta 9 Bio-Tech Inc.: Registration 202202765400 (2022-02-24 9:25:29 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	<p>A security interest is taken in all of the Debtor's present and future undertaking and property of every kind with respect to, comprising, located at, arising from, or otherwise related to the lands and premises municipally known as 760 & 770 Pandora Avenue, Winnipeg, Manitoba and legally described as:</p> <p>PARCELS A, B, C, D, E AND F PLAN 51110 WLTO EXC FIRSTLY: OUT OF SAID PARCELS A AND C ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL GRAVEL AND VALUABLE STONE OF EVERY DESCRIPTION THAT MAY BE FOUND IN UPON OR UNDER SAID PARCELS A AND C TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME SECONDLY: OUT OF SAID PARCELS B AND E, ALL MINES AND MINERALS AS</p>

	<p>RESERVED IN DEED 2374744 WLTO AND THIRDLY: OUT OF SAID PARCEL F, ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 2374748 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p> <p>PARCEL "G" PLAN 51110 WLTO EXC ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 2374748 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p> <p>PARCEL "J" PLAN 51110 WLTO EXC ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL GRAVEL AND VALUABLE STONE WHICH MAY BE FOUND IN UPON OR UNDER THE SAID PARCEL TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p> <p>PARCEL "K" PLAN 51110 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p> <p>PARCEL "H" PLAN 51110 WLTO EXC FIRSTLY: PLAN 65096 WLTO AND SECONDLY: ALL MINES AND MINERALS AS RESERVED IN TRANSFER 2374746 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p> <p>all pursuant to a General Security Agreement granted by the Debtor to the Secured Party.</p>
Change History	Registration Number: 202411624813 (2024-07-08 10:21:51 AM) Sections Changed: Secured Parties
	Registration Number: 202204631311 (2022-03-25 11:48:05 AM) Sections Changed: General Collateral Description
1.4 Delta 9 Bio-Tech Inc.: Registration 202202765000 (2022-02-24 9:23:00 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	<p>All revenues, receipts, income, credits, deposits, rents, additional rents, tenant recoveries and other receivables of any nature and kind whatsoever arising from, payable under or related to the Leases (defined below), whether past due, now due or hereafter to become due and the benefit of all covenants of tenants, users, occupiers, licensees and guarantors under or in respect of the Leases (defined below), all pursuant to an Assignment of All Rents and Leases granted by the Debtor to the Secured Party.</p> <p>"Leases" includes:</p> <p>(a) every existing and future lease and agreement to lease in respect of the whole or any portion of the Lands (defined below);</p> <p>(b) every existing and future tenancy, agreement as to use or occupation and licence in respect of the whole or any portion of the Lands (defined below), whether or not pursuant to any written lease, agreement or licence;</p> <p>(c) every existing and future guarantee of all or any of the obligations of any existing or future tenant, user, occupier or licensee of the whole or any portion of the Lands (defined below); and</p> <p>(d) every existing and future assignment of, and agreement to assume, the obligations of tenants of the whole or any portion of the Lands (defined below).</p> <p>"Lands" means the lands and premises municipally known as 760 Pandora Avenue, Winnipeg, Manitoba and legally described as:</p> <p>PARCELS A, B, C, D, E AND F PLAN 51110 WLTO EXC FIRSTLY: OUT OF SAID PARCELS A AND C ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL GRAVEL AND VALUABLE STONE OF EVERY DESCRIPTION THAT MAY BE FOUND IN UPON OR UNDER SAID PARCELS A AND C TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME SECONDLY: OUT OF SAID PARCELS B AND E, ALL MINES AND MINERALS AS RESERVED IN DEED 2374744 WLTO AND THIRDLY: OUT OF SAID PARCEL F, ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 2374748 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS</p>

Change History	Registration Number: 202411625216 (2024-07-08 10:24:14 AM) Sections Changed: Secured Parties
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1.5 Delta 9 Bio-Tech Inc.: Registration 201818418103 (2018-10-11 10:02:05 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2033-10-31
Special Notices	Purchase Money Security Interest
Debtor Address	30th Floor - 360 Main Street Winnipeg, Manitoba Canada R3C 4G1
Secured Parties (party code, name, address)	Canadian Western Bank 230 Portage Avenue Winnipeg, Manitoba Canada R3C 0B1
General Collateral Description	The entire right, title, claim and interest of the Debtor in and to all monies owing and payable or hereafter owing and payable to the Debtor pursuant to the terms of the instrument, or instruments, including all renewals, replacements and substitutions described as Assignment of Bank Instrument in the amount of \$50,000 dated October 18, 2022 covering (Acct#101015594676) and all proceeds thereof.
Change History	Registration Number: 202217728616 (2022-10-21 11:06:47 AM) Sections Changed: General Collateral Description
	Registration Number: 202205449312 (2022-04-06 1:16:36 PM) Sections Changed: General Collateral Description
	Registration Number: 202101777911 (2021-02-02 12:01:44 PM) Sections Changed: General Collateral Description

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Business Debtor

Search Results	Similar Matches	Print Requests	Mailing Information	Payment
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Help

Search by Business Debtor: 1 similar match was found.

Business Debtor Name	No. of Registrations
1. Delta 9 Biotech Inc (Corporation)	1

1. Delta 9 Biotech Inc (Corporation)

☐ Include in Printed Search Results

1.1 Delta 9 Biotech Inc (Corporation): Registration 202313026207 (2023-08-08 9:55:16 AM)

Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2029-08-08
Debtor Address	770 Pandora Avenue E Winnipeg, MB CA R2C 3N1
Secured Parties (party code, name, address)	LINDE CANADA INC. 1 CITY CENTRE DRIVE MISSISSAUGA, ON CA L5B 1M2
General Collateral Description	EQUIPMENT SUPPLIED BY THE SECURED PARTY, CONSISTING OF BULK CRYOGENIC STORAGE TANKS USED FOR THE STORAGE, FILLING AND DELIVERY OF INDUSTRIAL AND MEDICAL GASES INCLUDING, WITHOUT LIMITATION, ARGON, HYDROGEN, CARBON DIOXIDE, NITROGEN, NITROUS OXIDE AND OXYGEN, AND CRYOGENIC FREEZERS, 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 DESCRIBED HEREIN.

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Search by Business Debtor

Date: 2024-07-11
Time: 11:42:42 AM
Transaction Number: 10274351043
User ID: Nicki Fleming

Business Name: Delta 9 Lifestyle Cannabis Clinic Inc.

Account Balance: \$6,882.00

1 exact match was found.
0 similar matches were found.

EXACT MATCHES

Business Debtor Name	No. of Registrations
1. Delta 9 Lifestyle Cannabis Clinic Inc.	3

1. Delta 9 Lifestyle Cannabis Clinic Inc.

1.1 Delta 9 Lifestyle Cannabis Clinic Inc.: Registration 202204341500 (2022-03-22 9:23:31 AM)

Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2027-03-22
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.
Change History	Registration Number: 202411626115 (2024-07-08 10:29:34 AM) Sections Changed: Secured Parties

1.2 Delta 9 Lifestyle Cannabis Clinic Inc.: Registration 202202766708 (2022-02-24 9:34:04 AM)

Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
This registration is jointly registered with these business debtors	Delta 9 Cannabis Inc.
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	All indebtedness both present and future of Delta 9 Cannabis Inc. (or any successor entity by amalgamation, reorganization or otherwise) to Delta 9 Lifestyle Cannabis Clinic Inc., and all proceeds thereof, pursuant to an Assignment and Postponement given by Delta 9 Lifestyle Cannabis Clinic Inc. to the Secured Party and acknowledged by Delta 9 Cannabis Inc.
Change History	Registration Number: 202411622217 (2024-07-08 9:52:42 AM) Sections Changed: Secured Parties Registration Number: 202202772112 (2022-02-24 10:11:23 AM) Sections Changed: Business Debtors

1.3 Delta 9 Lifestyle Cannabis Clinic Inc.: Registration 202202766201 (2022-02-24 9:29:48 AM)

Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24

00804

Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. # 300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.
Change History	Registration Number: 202411626310 (2024-07-08 10:32:40 AM) Sections Changed: Secured Parties

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END OF EXACT MATCHES

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Business Debtor

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Help

Search by Business Debtor

Date: 2024-07-11
Time: 11:43:32 AM
Transaction Number: 10274351061
User ID: Nicki Fleming

Business Name: Delta 9 Cannabis Store Inc.

Account Balance: \$6,870.00

1 exact match was found.

1 similar match was found.

EXACT MATCHES

Business Debtor Name	No. of Registrations
1. Delta 9 Cannabis Store Inc.	2

1. Delta 9 Cannabis Store Inc.

1.1 Delta 9 Cannabis Store Inc.: Registration 202204341909 (2022-03-22 9:25:43 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2027-03-22
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.
Change History	Registration Number: 202411627316 (2024-07-08 10:39:10 AM) Sections Changed: Secured Parties

1.2 Delta 9 Cannabis Store Inc.: Registration 202202766503 (2022-02-24 9:31:46 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24
Debtor Address	30th Floor – 360 Main Street Winnipeg, MB Canada R3C 4G1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.
Change History	Registration Number: 202411627715 (2024-07-08 10:40:46 AM) Sections Changed: Secured Parties

[Back to Top](#)

END OF EXACT MATCHES

Additional Options:

To view similar matches, please select the "Similar Matches" tab.
To request Printed Search Results or Printed Registered Documents, please select the "Print Requests" tab.
To start a new search, please select the "New Search" button:

New Search

Search Results	Similar Matches	Print Requests	Mailing Information	Payment
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ENGLISH
FRANÇAIS



Nicki Fleming



Business Debtor

- Search Results
- Similar Matches
- Print Requests
- Mailing Information
- Payment

Help

Search by Business Debtor: 1 similar match was found.

Business Debtor Name	No. of Registrations
1. Delta 9 Cannabis Inc.	3

1. Delta 9 Cannabis Inc. ☐ Include in Printed Search Results

1.1 Delta 9 Cannabis Inc.: Registration 202204341003 (2022-03-22 9:21:23 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2027-03-22
Debtor Address	800-885 West Georgia Street Vancouver , BC Canada V6C 3H1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.
Change History	Registration Number: 202411619712 (2024-07-08 9:40:41 AM) Sections Changed: Secured Parties
	Registration Number: 202204364119 (2022-03-22 12:26:03 PM) Sections Changed: Secured Parties

1.2 Delta 9 Cannabis Inc.: Registration 202202766708 (2022-02-24 9:34:04 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24
Debtor Address	800-885 West Georgia Street Vancouver, BC Canada V6C 3H1
This registration is jointly registered with these business debtors	Delta 9 Lifestyle Cannabis Clinic Inc.
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	All indebtedness both present and future of Delta 9 Cannabis Inc. (or any successor entity by amalgamation, reorganization or otherwise) to Delta 9 Lifestyle Cannabis Clinic Inc., and all proceeds thereof, pursuant to an Assignment and Postponement given by Delta 9 Lifestyle Cannabis Clinic Inc. to the Secured Party and acknowledged by Delta 9 Cannabis Inc.
Change History	Registration Number: 202411622217 (2024-07-08 9:52:42 AM) Sections Changed: Secured Parties
	Registration Number: 202202772112 (2022-02-24 10:11:23 AM) Sections Changed: Business Debtors

1.3 Delta 9 Cannabis Inc.: Registration 202202765701 (2022-02-24 9:27:49 AM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2035-02-24
Debtor Address	800-885 West Georgia Street Vancouver , BC Canada V6C 3H1
Secured Parties (party code, name, address)	SNDL Inc. #300, 919 - 11 Avenue SW Calgary, AB Canada T2R 1P3
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.

Services

Registration Services

- Financing Statement
- Change Statement
- Discharge Statement
- Global Change

Search Services

- Individual Debtor
- Business Debtor
- Registration Number
- Serial Number
- Document Copies

Other Services

- Fees
- Party Code
- Registration History
- Contact Us
- eRegistration
- Land Titles Online
- Plan Deposit Submission
- Title Check
- Account Information

Change History		Registration Number: 202411622918 (2024-07-08 10:04:38 AM) Sections Changed: Secured Parties		
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Search Results	Similar Matches	Print Requests	Mailing Information	Payment

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Nicki Fleming



Services

Registration
Services

- Financing Statement
- Change Statement
- Discharge Statement
- Global Change

Search Services

- Individual Debtor
- Business Debtor
- Registration Number
- Serial Number
- Document Copies

Other Services

- Fees
- Party Code
- Registration History
- Contact Us
- eRegistration
- Land Titles Online
- Plan Deposit Submission
- Title Check
- Account Information

Business Debtor

Search Results	Print Requests	Mailing Information	Payment
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Help

Search by Business Debtor

Date: 2024-07-11
Time: 11:41:29 AM
Transaction Number: 10274351016
User ID: Nicki Fleming

Business Name: Delta 9 Logistics Inc.

Account Balance: \$6,906.00

0 exact matches were found.

0 similar matches were found.

Additional Options:

To request Printed Search Results or Printed Registered Documents, please select the "Print Requests" tab.
To start a new search, please select the "New Search" button:

New Search

Search Results	Print Requests	Mailing Information	Payment
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Privacy

THIS IS EXHIBIT "42" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024



A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

PROMISSORY NOTE

Edmonton, Alberta

\$4,990,264.37 CAD

April 22, 2022

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "Note"), Delta 9 Cannabis Store Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Uncle Sam's Cannabis Ltd. (the "**Lender**"), in immediately available funds to the Lender's solicitors, Forum Law LLP, 11835 149 Street, Edmonton, AB T5L 2J1 or such other location as the Lender shall designate in writing, FOUR MILLION NINE HUNDRED NINETY THOUSAND TWO HUNDRED SIXTY-FOUR DOLLARS AND THIRTY-SEVEN CENTS (\$4,990,264.37) and to pay interest on the unpaid principal amount hereof at the rates and on the dates specified below. Repayment shall be made in lawful currency of Canada.

The Borrower agrees to pay interest to the Lender on the unpaid principal amount of this Note from the date hereof at a rate per annum equal to six (**6.0%**) percent until the full and final repayment of the principal amount of this Note. Interest shall be calculated annually and payable monthly in arrears and on the date of any prepayment or repayment. Amounts of principal and interest that are past due under this Note shall bear interest at a rate of six (**6.0%**) percent per annum, payable on demand, from the date of such non-payment until such amount is paid in full.

The aggregate unpaid principal amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on July 20, 2025 (the "**Maturity Date**").

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; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of prepayment.

Upon the occurrence and continuance of any of the following events (each an "**Event of Default**"), the Lender may, at its option and by written notice to the Borrower, declare the entire principal amount of this Note, together with all accrued interest thereon and all other amounts payable hereunder, immediately due and payable:

- (a) The Borrower fails to pay, when due, any amount of principal or interest owing under this Note and such failure continues for 10 days after written notice to the Borrower.

Upon the commencement by or against the Borrower of any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding relating to the Borrower or its debts in any jurisdiction, the unpaid principal

amount of this Note and all interest accrued thereon shall become immediately due and payable without presentment, demand, protest or notice of any kind.

In the event that Delta 9 Cannabis Inc. undergoes a Change of Control (as hereinafter defined) at any time prior to the Maturity Date: (i) should such Change of Control occur prior to March 30, 2023, the Maturity Date shall be accelerated to March 30, 2023 for all purposes of this Note; and (ii) should such Change of Control occur subsequent to March 30, 2023, the Maturity Date shall be accelerated to the date of such Change of Control for all purposes of this Note. Where used herein, a “**Change of Control**” shall be deemed to have occurred upon the happening of any of the following events: (i) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets (including equity interests of the Borrower) of Delta 9 Cannabis Inc. and each of its subsidiaries (including the Borrower), taken as a whole, to any person or group of persons acting jointly or in concert (any such group, a “**Group**”); (ii) the consummation of any transaction (including, without limitation, any plan of arrangement, merger, amalgamation or consolidation) the result of which is that any person or Group beneficially owns, directly or indirectly, more than 50% of the capital stock of Delta 9 Cannabis Inc., measured by voting power rather than number of shares; or (iii) the adoption by the shareholders of Delta 9 Cannabis Inc. of a plan or proposal for the liquidation or dissolution of Delta 9 Cannabis Inc. For purposes of the foregoing definition, (A) a beneficial owner of a security includes any person or Group who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has voting power of such security (which includes the power to vote, or to direct the voting of, such security), (B) a person or Group shall not be deemed to have beneficial ownership of securities subject to a share purchase agreement, merger agreement or similar agreement until the consummation of the transactions contemplated by such agreement, and (C) to the extent that one or more regulatory approvals are required for any of the transactions or circumstances described in clauses (i) to (iii) above to become effective under applicable law and such approvals have not been received before such transactions or circumstances have occurred, such transactions or circumstances shall be deemed to have occurred at the time such approvals have been obtained and become effective under applicable law.

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 holder hereof 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.

Neither the Lender nor the Borrower may assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other party, which consent may be withheld in the sole discretion of such party, provided that should the Lender be party to any written agreement dated prior to or concurrent with this Note providing for the contingent assignment of the Lender’s rights under this Note, and provided further that the Lender shall have provided a copy of such written agreement to the Borrower and the Borrower shall have consented in advance to the potential assignment by the Lender of its rights under this Note, the Lender shall be permitted to make such assignment in the manner described by such written

agreement upon the satisfaction of those conditions of assignment set forth in such written agreement upon written notice to the Borrower.

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

This Note shall be secured by way of a corporate guarantee provided by Delta 9 Cannabis Inc. dated as of the date hereof.

[Signature Page Follows]

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

DELTA 9 CANNABIS STORE INC.

as Borrower

By:  _____

Name: John Arbuthnot

Title: CEO + President

THIS IS EXHIBIT "43" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024



A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

GUARANTEE

This GUARANTEE (this "**Guarantee**") dated as of April 22, 2022, is made by Delta 9 Cannabis Inc., a British Columbia Corporation (the "**Guarantor**") with a business address located at 760 Pandora Ave E, Winnipeg, Manitoba in favour and for the benefit of Uncle Sam's Cannabis Ltd. (the "**Lender**"), with a business address located at #301, 101 Grenada Blvd, Sherwood Park, AB T8A 4W2.

WHEREAS, Delta 9 Cannabis Store Inc., an Alberta Corporation (the "**Borrower**") executed a Promissory Note dated as of April 22, 2022, (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Promissory Note**").

AND WHEREAS, it is a condition precedent to the Lender establishing credit facilities in favour of the Borrower under the Promissory Note that the Guarantor execute and deliver this Guarantee.

AND WHEREAS, the Guarantor is the parent company of the Borrower.

NOW, THEREFORE, in consideration of the Lender establishing credit facilities in favour of the Borrower under the Promissory Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees as follows:

ARTICLE I **Guaranteed Obligations**

Section 1.01 Guaranteed Obligations. The Guarantor hereby absolutely, unconditionally and irrevocably guarantees payment to the Lender of all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or not matured now or at any time, and from time to time, due or owing to the Lender from or by the Borrower or any successor to the Borrower, arising under or in connection with the Promissory Note, whether by lapse of time, by acceleration, at maturity or otherwise, including, without limitation, all principal, interest, fees, costs, and expenses (including, without limitation, the reasonable fees and expenses incurred by the Lender's counsel in enforcing any rights under this Guarantee or the Promissory Note, causes of action and indemnities (collectively, the "**Obligations**").

Section 1.02 Limited Liability Guarantee Notwithstanding anything contained herein to the contrary, the total liability of the Guarantor under this Guarantee shall be limited to an aggregate amount of Five Million Dollars (**\$5,000,000.00**) (subject to the increase of the principal sum represented by the Promissory Note, as amended or replaced from time to time pursuant to the terms of the Promissory Note), plus interest at a rate of 6% per annum from and including the date of demand for payment and all costs, expenses and fees payable thereunder including the reasonable fees and expenses of the Lender's counsel relating to the enforcement of this Guarantee.

Section 1.03 Guarantee of Payment. The Guarantor's liability under this Guarantee shall arise immediately upon written notice of default under the Promissory Note, from the Lender to the

Guarantor where default is not cured within the time provided therefor pursuant to the Promissory Note. The rate of interest payable by the Guarantor from the date of a demand for payment shall be 6% per annum.

ARTICLE II

Waiver of Guarantor Defences

Section 2.01 Waiver of Guarantor Defences. The Guarantor agrees that its Obligations under this Guarantee are irrevocable, continuing, absolute and unconditional and shall not be discharged or impaired or otherwise affected by, and the Guarantor hereby irrevocably waives any defences to enforcement it may have (now or in the future) by reason of one or more of the following:

- (a) Any illegality, invalidity or unenforceability of any Obligation, the Promissory Note or any other Loan Document.
- (b) Any change in the amount, time, place or manner of payment or performance of, or in any other term of the Obligations, or any waiver, release, assignment, amendment or other modification of the Promissory Note or any other Loan Document.
- (c) Any taking, substitution, release, impairment, loss in value, amendment, waiver, or non-perfection of any collateral or any other guarantee for the Obligations.
- (d) Any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Obligations.
- (e) Any default, failure or delay, wilful or otherwise, in the performance of the Obligations.
- (f) Any change in the name, object, capital, ownership or control, or constitution of the Guarantor or the Borrower or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower, the Guarantor or its assets or any resulting restructuring, compromise, release or discharge of any Obligations.
- (g) Any merger, amalgamation, consolidation or other fundamental change of the Borrower or the Guarantor.
- (h) Any failure of the Lender to disclose to the Guarantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower now or hereafter known to the Lender and the Guarantor hereby waives any duty of the Lender to disclose such information.
- (i) The failure of the Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of the Promissory Note, the other Loan Documents or otherwise.

- (j) Any defence, set-off or counterclaim (other than a defence of payment or performance) that may at any time be available to, or be asserted by, the Borrower against the Lender.
- (k) Any other circumstance, act, or omission that might vary the risk of the Guarantor or otherwise operate as a defence available to, or a legal or equitable discharge of, the Guarantor.

ARTICLE III

Guarantor Acknowledgments

Section 3.01 Guarantor Acknowledgments.

- (a) The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guarantee and acknowledges that this Guarantee is continuing in nature, shall guarantee any ultimate balance owing to the Lender pursuant to the Promissory Note, and applies to all presently existing and future Obligations, until the complete, irrevocable and indefeasible payment and satisfaction in full of the Obligations.
- (b) This Guarantee is a guarantee of payment and performance and not of collection. The Lender shall not be obligated to enforce or exhaust its remedies against the Borrower before proceeding to enforce this Guarantee.
- (c) This Guarantee is a direct guarantee and independent of the obligations of the Borrower to the Lender. The Lender may resort to the Guarantor for payment and performance of the Obligations whether or not the Lender shall have resorted to any of its collateral or shall have proceeded against the Borrower or any other guarantors with respect to the Obligations. The Lender may, at the Lender's option, proceed against the Guarantor and the Borrower, jointly and severally, or against the Guarantor only without having obtained a judgment against the Borrower.
- (d) Except as may be required pursuant to the terms of the Promissory Note, the Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of non-performance, default, acceleration, protest or dishonour and any other notice with respect to any of the Obligations and this Guarantee and any requirement that the Lender protect, secure, perfect or insure any encumbrance or any property subject thereto.
- (e) The Guarantor agrees that its guarantee hereunder shall continue to be effective or be reinstated, as the case may be, if at any time all or part of any payment of any Obligation is voided, rescinded or recovered or must otherwise be returned by the Lender upon the insolvency, bankruptcy, reorganization, dissolution or winding-up of the Borrower.

- (f) This Guarantee shall continue to apply to all Obligations owing to the Lender by any amalgamated corporation resulting from the Borrower amalgamating with one or more other corporations.

ARTICLE IV

Subrogation; Contribution; Reimbursement; Indemnification

Section 4.01 Subrogation; Contribution; Reimbursement; Indemnification. The Guarantor waives and shall not exercise any rights that it may acquire by way of subrogation, contribution, reimbursement or indemnification for payments made under this Guarantee until all Obligations shall have been paid and discharged in full. Subject to the foregoing, upon full and final payment and performance of all Obligations, the Guarantor shall be subrogated to the rights of the Lender against the Borrower, and the Lender agrees to take such steps as the Guarantor may reasonably request, at the Guarantor's expense, to implement such subrogation.

ARTICLE V

Representations and Warranties

Section 5.01 Representations and Warranties.

To induce the Lender to enter into the Promissory Note, the Guarantor represents and warrants that:

- (a) There are no conditions precedent to the effectiveness of this Guarantee that have not been satisfied or waived.
- (b) It has the full power and authority to enter into this Guarantee, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.
- (c) The execution and delivery of this Guarantee and performance of its obligations hereunder have been duly authorized by all required corporate action on the part of the Guarantor.
- (d) This Guarantee has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms.

ARTICLE VI

Indemnity

Section 6.01 Indemnity. The Guarantor hereby agrees to indemnify and hold harmless the Lender from any direct losses, damages, liabilities, claims and related expenses incurred by the Lender or asserted against the Lender by an person arising out of, in connection with or resulting from this Guarantee or any failure of any Obligations to be legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms.

ARTICLE VII

Miscellaneous

Section 7.01 Notices. All notices and other communication provided for hereunder (each, a "Notice") shall be in writing and be delivered by personal delivery, nationally recognized courier, certified or registered mail, facsimile or email of a PDF document to the addresses of parties set forth herein or such other address that may be designated by the receiving party from time to time in accordance with this Section. Notices shall be deemed to have been given (a) when received (if delivered by personal delivery, nationally recognized courier, certified or registered mail); (b) when sent (if delivered by facsimile or email), except that, if not given on a business day between 9:00 a.m. and 5:00 p.m. local time where the recipient is located, then on the next business day for the recipient; (c) upon receipt by the sender of an acknowledgment from the recipient, such as by the return receipt requested function, return email or other written acknowledgment (if delivered by email of a PDF document), except that, if not given on a business day between 9:00 a.m. and 5:00 p.m. local time where the recipient is located, then on the next business day for the recipient.

Section 7.02 Successors and Assigns; Assignment. This Guarantee is binding upon the Guarantor and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns. The Guarantor may not, without the prior written consent of the Lender, which consent shall not be unreasonably withheld, assign any of its rights, powers or obligations hereunder. The Lender may assign this Guarantee and its rights hereunder without the consent of the Guarantor. Any purported assignment in violation of this Section shall be null and void.

Section 7.03 Severability. If any term or provision of this Guarantee is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Guarantee or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 7.04 Governing Law. All matters arising out of or relating to this Guarantee are governed by and construed in accordance with the laws of the Province of Alberta, and the federal laws of Canada applicable in that Province.

Section 7.05 Submission to Jurisdiction. Any action or proceeding arising out of or based upon this Guarantee will be instituted in the courts of the Province of Alberta, and the Guarantor irrevocably submits to the exclusive jurisdiction of such courts in any such action or proceeding.

Section 7.06 Cumulative Rights. The rights and remedies of the Lender under this Guarantee are cumulative and are in addition to and not in substitution for any other rights and remedies available at law, or in equity or otherwise.

Section 7.07 Entire Agreement; Amendments; Headings; Effectiveness. This Guarantee constitutes the sole and entire agreement of the Guarantor and the Lender 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. No amendment or waiver of any provision of this Guarantee shall be valid and binding unless it is in writing and signed, in the case of an amendment, by both parties, or in the case of a

waiver, by the party against which the waiver is to be effective. Section headings are for convenience of reference only and shall not define, modify, expand or limit any of the terms of this Guarantee. A signed copy of this Guarantee 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 Guarantee.

[Signature Page Follows]

IN WITNESS WHEREOF, the Guarantor has executed this Guarantee as of the day and year first above written.

GUARANTOR:

DELTA 9 CANNABIS INC.

By:  _____

Name: John Arbuthnot

Title: CEO + President

THIS IS EXHIBIT "44" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024

A handwritten signature in blue ink, appearing to read "Ayah Lander", is written over a horizontal line.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

COPY

DELTA 9 LIFESTYLE CANNABIS CLINIC INC.

DEMAND CONVERTIBLE PROMISSORY NOTE

TO: 7217804 Manitoba Ltd. (the “Holder”)
2nd Floor, 310 Ross Avenue
Winnipeg, MB R3A 0L4

1. PROMISE TO PAY

DELTA 9 LIFESTYLE CANNABIS CLINIC INC. (the “Corporation”), for value received, hereby acknowledges its indebtedness owing as at the date hereof, and promises to pay to the Holder in full, the aggregate principal amount of TWO MILLION FIVE HUNDRED THOUSAND (\$2,500,000) DOLLARS in lawful money of Canada (the “Principal Sum”), at the address noted above or such other address as the Holder may advise the Corporation from time to time, together with interest thereon, in accordance with the terms and conditions set forth herein, and in consideration of the extension of credit by the Holder to the Corporation, the Corporation hereby covenants and agrees to perform the covenants of the Corporation set forth in this promissory note (this “Note”).

2. COMMERCIAL TERMS

- (a) Repayment. The Principal Sum, together with all interest thereon, shall be due and payable ON DEMAND, provided that in no event shall demand be made for repayment of any portion principal amount of the Principal Sum other than in accordance with the following:
- (i) from the date of this Note to June 30, 2019, the Holder shall not make demand for repayment of any amount of the Principal Sum;
 - (ii) from July 1, 2019 to December 31, 2019, the Holder may make demand for, and the Corporation shall upon such demand pay, such amount of the Principal Sum, and in such frequency, as may be unanimously determined by the shareholders of the Corporation from time to time;
 - (iii) from January 1, 2020 until repayment in full of the Principal Sum, the Holder may make demand for, and the Corporation shall upon such demand pay, such amount of the Principal Sum, and in such frequency, as unanimously determined by the shareholders of the Corporation from time to time, and the Principal Sum shall mature upon and the balance thereof be repayable in full on such date as determined by the shareholders of the Corporation from time to time provided however that if the shareholders of the Corporation have not unanimously determined the terms for repayment of the Principal Sum in full by January 1, 2020 then, subject to Section 2(a)(iv), the Principal Sum shall be repayable in equal monthly instalments over a period of 60 months commencing February 1, 2020; and

- (iv) while any principal amount of the Existing Bio-Tech Loan (as hereinafter defined) remains outstanding, no demand may be made by the Holder for any amount of the Principal Sum.
- (b) Interest. While any amount of the Principal Sum remains outstanding under this Note, the amount of the Principal Sum and interest outstanding from time to time under this Note shall accrue and bear interest at a rate determined in accordance with the following:
 - (i) from the date of this Note to December 31, 2018, the Principal Sum shall not accrue or bear interest;
 - (ii) from January 1, 2019 to June 30, 2019, the amount of the Principal Sum from time to time shall bear interest at a rate equal to three (3.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month;
 - (iii) from July 1, 2019 to December 31, 2019, the amount of the Principal Sum from time to time shall bear interest at a rate equal to six (6.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month; and
 - (iv) from January 1, 2020 until repayment in full of the Principal Sum and all interest thereon under this Note, the amount of the Principal Sum and interest outstanding from time to time shall bear interest at a rate, and shall be calculated and repaid in such frequency, as unanimously determined by the shareholders of the Corporation on or before January 1, 2020, but in no event shall such interest rate be less than six (6.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month.
- (c) Prepayment.
 - (i) At any time following the date hereof and upon the Corporation giving not less than ninety (90) days' prior written notice to the Holder of the Corporation's intention to repay any amount of the outstanding Principal Sum and interest under this Note ("**Prepayment Notice**"), provided that no Notice has been delivered by the Holder pursuant to Section 5(c), the Corporation may prepay all, or any amount of, the outstanding Principal Sum, together with the accrued and unpaid interest thereon, provided that the Holder shall have sixty (60) days from the date of receipt of the Prepayment Notice to exercise the Holder's conversion privileges as set forth in Section 5, provided further that no Prepayment Notice may be delivered to the Holder unless the Corporation delivers concurrently to the holder of the other Convertible Note (as hereinafter defined) (if any) a notice of an intended prepayment under such Convertible Note in an

amount equal to: (A) the amount of the principal and interest outstanding under such Convertible Note; multiplied by (B) a fraction, the numerator of which is the amount to be prepaid to the Holder hereof pursuant to the Prepayment Notice, and the denominator of which is the amount of the Principal Sum and interest outstanding hereunder.

- (ii) If the Holder does not exercise the Holder's conversion privileges as set forth in Section 5 within the sixty (60) day period set out in Section 2(c)(i), then upon expiry of that period, the Corporation shall be entitled to make prepayment of such amount of the Principal Sum set out in the Prepayment Notice (provided that, if a Prepayment Notice indicates an intention to prepay the entirety of the Principal Sum, the accrued and unpaid interest thereon shall be included in the amount to be so prepaid) and: (A) if the prepayment is made for any amount less than the total Principal Sum and any accrued and unpaid interest thereon, upon the surrender of this Note by the Holder, the Corporation shall issue a new convertible note in the same form as this Note but for the amount of the Principal Sum which shall equal the balance of the then-outstanding Principal Sum together with all accrued and unpaid interest thereon; or (B) if the prepayment is for the total amount of the Principal Sum and all accrued and unpaid interest thereon, all rights associated with this Note shall terminate, except for the right of the Holder, upon surrender of this Note to the Corporation, to be entitled to immediate payment by the Corporation of the outstanding Principal Sum and any accrued but unpaid interest payable hereunder.

3. RANKING

- (a) The Corporation may enter into one (1) other convertible promissory note with Delta 9 Bio-Tech Inc. (together with this Note, the "**Convertible Notes**") in form identical to this Note but for the identity of the Holder and the amount of the Principal Sum. The Convertible Notes shall rank *pari passu* with respect to each other, and any payment made by the Corporation under the Convertible Notes shall be made *pro rata* among all Convertible Note holders based on the aggregate principal sum of each Convertible Note.
- (b) This Note and the Principal Sum shall rank subordinate to each of: (i) the loan made by Delta 9 Bio-Tech Inc. to the Corporation in the principal amount of up to \$3,000,000 on or about September 30, 2018 (the "**Existing Bio-Tech Loan**"); (ii) any loan extended to the Corporation from time to time by an institutional lender; and (iii) any repayment obligations arising from time to time in connection with the guarantee by the Corporation of the debt of a third party owing to an institutional lender (collectively, "**Senior Indebtedness**"). Upon the reasonable request by the Corporation from time to time while any amount of the Principal Sum remains outstanding, the Holder shall deliver any documentation reasonably requested to evidence the subordination of this Note and the Principal Sum to the loans set forth in this Section 3(b).

- (c) No right of any present or future holder of Senior Indebtedness of the Corporation to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation, or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Note, regardless of any knowledge thereof that any holder may have or otherwise be charged with.
- (d) Each present and future holder of Senior Indebtedness of the Corporation shall be entitled to the benefit of the provisions of this Section 3 notwithstanding that such holder is not a party to this Note.

4. DEFAULT

Notwithstanding the limitations set forth in Section 2 hereof, upon the occurrence of any Event of Default (as hereinafter defined), the Principal Sum and all interest outstanding thereon shall at the option of the Holder and by notice in writing to the Corporation (with a copy of such notice to be delivered concurrently to the holder of the other Convertible Note) become forthwith due and payable and all of the rights and remedies conferred in respect of the Note shall become immediately enforceable. The occurrence of any of the following events shall constitute an “**Event of Default**” under this Note:

- (a) if default occurs in payment when due of any Principal Sum or any interest thereon and such default continues for a period of fourteen (14) days following written notice specifying the same by the Holder;
- (b) if default occurs in performance of any other material covenant of the Corporation under this Note and such default continues for period of thirty (30) days following written notice specifying the same by the Holder; or
- (c) if (i) the Corporation commits an act of bankruptcy or becomes insolvent within the meaning of any bankruptcy or insolvency legislation applicable to it or files an assignment in bankruptcy or (ii) a petition or other process for the bankruptcy of the Corporation is filed or instituted and remains undismissed or unstayed for a period of at least thirty (30) days or any relief sought in such proceeding shall occur.

Should the Holder exercise its right for the Principal Sum and all interest outstanding thereon to be come immediately due and payable on the occurrence of an Event of Default pursuant to this Section 4, and if at such time an Event of Default has occurred in respect of the obligations of the Corporation under the other Convertible Note, any repayment made by the Corporation to the Holder shall be made to the holder of the other Convertible Note, *pro rata*, to a maximum amount equal to the principal and interest outstanding under such other Convertible Note as at the time of the Event of Default.

5. CONVERSION

- (a) The Holder may, at any time during the period commencing on the date that is six (6) months from the date of this Note to the date that is 90 days prior to the maturity date of this Note as determined by the shareholders of the Corporation pursuant to Section 2(a)(iii) (the "**Conversion Period**"), on delivery of a Notice (as hereinafter defined) ninety (90) days in advance, together with delivery of a copy of such Notice to the holder of the other Convertible Note, convert all or any part of the then-outstanding Principal Sum under this Note into Class A common shares of the Corporation ("**Common Shares**") at the price of \$60,000 per Common Share, subject to adjustment in accordance with Section 6 (the "**Conversion Price**"). The right of conversion set out in this Section 5 shall extend only to the maximum number of whole Common Shares into which the aggregate outstanding amount of the Principal Sum may be converted in accordance with this Section 5. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 5(f).
- (b) The conversion of any amount owing by the Corporation to the Holder in accordance with this Section 5 shall be deemed to be in complete payment and satisfaction of the amount so converted.
- (c) In order to exercise the conversion right herein, the Holder shall deliver to the office of the Corporation (or to such other place as the Corporation may direct in writing) a notice signed by the Holder (the "**Notice**") setting out the portion of the then-outstanding Principal Sum owing by the Corporation to the Holder that it wishes to convert and shall surrender this Note to the Corporation at its head office in Winnipeg, Manitoba. The date which is ninety (90) days following the date of delivery of the Notice shall be referred to herein as the "**Conversion Date**". The Holder may deliver a Notice to the Corporation at any time between the date that is ninety (90) days prior to the commencement of the Conversion Period and the last date of the Conversion Period.
- (d) Provided that the Holder delivers this original Note to the Corporation on or prior to the Conversion Date, on the Conversion Date the Holder shall be entered on the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Note is convertible in accordance with the provisions of this Section 5 and the amount of the then-outstanding Principal Sum to be converted pursuant to the Notice, and as soon as practicable thereafter, the Corporation shall issue or cause to be issued and deliver or cause to be delivered to the Holder a certificate in the name of the Holder for such number of Common Shares into which this Note may be converted, and, if applicable, the Corporation shall deliver to the Holder a duly executed promissory note, in the same form as this Note (but for the amount of the Principal Sum), representing: (i) the balance of the then-outstanding Principal Sum following the conversion of such portion of the Principal Sum set forth in the Notice; and (ii) if applicable, any amount representing a fractional interest in a Common Share pursuant to Section 5(f). Such conversion shall be deemed to have been effected immediately prior to the

close of business on the Conversion Date and at such time Holder shall be deemed to have become the holder of record of the Common Shares represented thereby.

- (e) The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Note as provided in this Section 5, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the full conversion of this Note. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (f) The Corporation shall not be required to issue any fractional Common Shares upon the exercise of the conversion right set out herein, and if a fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of this Note, the Corporation shall satisfy such fractional interest by: (i) if the entire amount of the then-outstanding Principal Sum is elected by the Holder to be converted into Common Shares, paying to the Holder the cash equivalent of such fractional Common Share determined by multiplying such fraction by the Conversion Price; and (ii) if less than the entire amount of the then-outstanding Principal Sum is elected by the Holder to be converted into Common Shares, the amount equal to the product of such fraction by the Conversion Price shall be added to the unconverted balance of the Principal Sum represented by the promissory note to be delivered by the Corporation pursuant to Section 5(d).
- (g) As a condition of the issuance of the Common Shares, the Holder is required to, if he/she/it hasn't already, become a party to and agree to be bound by the terms of the unanimous shareholders' agreement among Delta 9 Bio-Tech Inc., 7217804 Manitoba Ltd., John Arbuthnot IV, Len Hirsch and the Corporation dated April 1, 2017, as the same has been or may hereafter be amended and supplemented from time to time, by delivery of a participation agreement and compliance with all other terms set forth in such unanimous shareholders' agreement, as may be amended from time to time. For certainty, this Note shall not be assigned by the Holder at any time except pursuant to and in compliance with Section 9.

6. ADJUSTMENTS

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time the Corporation shall (A) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, (B) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or (C) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a Common Share dividend, the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such

issue of Common Shares by way of a Common Share dividend, as the case may be, shall in the case of the events referred to in (A) and (C) above, be decreased in the proportion that the number of Common Shares outstanding immediately prior to such subdivision, redivision or dividend bears to the number of outstanding Shares resulting from such subdivision, redivision or dividend, or shall, in the case of the events referred to in (B) above, be increased in the proportion that the number of Common Shares outstanding immediately prior to such reduction, combination or consolidation bears to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6(a) shall occur.

- (b) In any case in which this Section 6 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any dividends made on such additional Common Shares declared in favour of holders of record of Shares on or after the Conversion Date or such later date as the Holder would, but for the provisions of this Section 6(b), have become the holder of record of such additional Common Shares pursuant to Section 5.
- (c) The adjustments provided for in this Section 6 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, dividends, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect.
- (d) In the event of any question arising with respect to the adjustments provided in this Section 6, such questions shall be conclusively determined by a firm of chartered accountants (who may be the auditors of the Corporation) appointed by the Corporation; such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.
- (e) Upon the occurrence of each adjustment or readjustment pursuant to this Section 6, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Note a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request, at any time, of any such Holder, furnish or cause to be furnished to such Holder a like certificate setting forth:

(i) such adjustments and readjustments, (ii) the conversion price at the time in effect; and (iii) the number of shares and the amount, if any, of other property that at the time would be received upon the conversion of this Note.

- (f) The Corporation will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders of this Note against impairment.

7. POSITIVE COVENANTS

The Corporation covenants so long as any amount remains outstanding under this Note that the Corporation shall:

- (a) duly and punctually pay or cause to be paid to the Holder the principal of and the interest accrued on this Note on the dates, at the places, in the amounts and in the manner mentioned herein;
- (b) comply in all material respects with all laws, rules and regulations applicable to it and maintain its legal existence;
- (c) carry on and continuously conduct its business in a lawful, efficient, diligent and businesslike manner;
- (d) immediately advise the Holder by written notice of the occurrence of any Event of Default; and
- (e) fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against its business, property and undertaking, or any part thereof.

8. FURTHER ASSURANCES

The Corporation will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, mortgages, transfers and assurances in law as the Holder shall reasonably require to give effect to this Note or to evidence the Indebtedness incurred hereby and for the better accomplishing and effectuating of the intentions of this Note.

9. ASSIGNMENT; ENUREMENT; NON-NEGOTIABLE INSTRUMENT

- (a) This Note is not a negotiable instrument, and this Note, and the amounts payable by the Corporation hereunder, shall not be transferred, assigned, pledged, hypothecated, given as security, or otherwise disposed of by the Holder.

- (b) This Note, and all rights and obligations contained herein, shall enure to the benefit of and be binding upon the Corporation and the Holder and each of their respective successors and permitted assigns.

10. GENERAL

- (a) Unless otherwise provided in this Note, all notices, consents, acknowledgments, directions, resolutions, waivers and other communications required or permitted to be given under this Note shall be in writing and shall be sent by express courier service, first class registered mail, facsimile or other means of electronic mail transfer, or personal delivery, addressed to the party for whom it is intended as set out in Schedule A attached hereto. Notices or other communications delivered by mail shall be deemed given and received on the fifth day after posting, those sent by express courier service on the day following dispatch, those sent by facsimile or other means of electronic mail or document transfer and received prior to 4:00p.m. (recipient's local time) on a day then on the day of transmission but otherwise on the next day following transmission and those personally delivered on the day such delivery is made; provided, however, that during any period of mail service disruption, notices or other communications shall be sent by means other than the mail. Any party may, from time to time, designate a substitute address by giving advance written notice thereof to the other parties pursuant to this Section 10(a).
- (b) If one or more of the provisions of this Note or any part of any of them is, or is adjudged to be, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof is not in any way be affected or impaired thereby, and such invalid, illegal or unenforceable provision or part is he deemed to be severable.
- (c) The Corporation hereby waives presentment, demand, notice of dishonour, notice of protest, notice of non-payment and any other notice required by law to be given to the Corporation on this Note in connection with the delivery, acceptance, performance, default or enforcement of this Note and hereby consents to any delays, extensions, renewals or other modifications of this Note, any waivers of any term or condition of this Note or the release of the Corporation under this Note, and hereby agrees that any action by the Holder or any other person or failure to act by the Holder or any other person shall not affect or impair the obligations of the Corporation, or be construed as being a waiver by the Holder or that other person of its rights under this Note.
- (d) No waiver or variation by the Holder of any provision of this Note will be effective unless evidenced by an instrument in writing dated subsequent to the date hereof and executed by the Holder.

- (e) The headings used in this Note are for convenience only and are not to be considered a part of this Note and do not in any way limit or amplify the terms and provisions of this Note.
- (f) This Note shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.
- (g) Time shall be of the essence of this Note.

[signature page immediately below]

IN WITNESS WHEREOF the Corporation has executed this Note as of December 31, 2018.

DELTA 9 LIFESTYLE CANNABIS CLINIC
INC.

COPY

Per: _____

Name: _____

Title: _____

John J. Rothman
President
I have authority to bind the Corporation.

**SCHEDULE A
NOTICE ADDRESSES**

In the case of the Corporation:

Delta 9 Lifestyle Cannabis Clinic Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

Facsimile: (204) 957-4261

In the case of the Holder:

7217804 Manitoba Ltd.
2nd Floor, 310 Ross Avenue
Winnipeg, MB R3A 0L4
Attn: Len Hirsch

With a copy to:

Soronow Low Office
210 – 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attn: Sidney G. Soronow

DELTA 9 LIFESTYLE CANNABIS CLINIC INC.

DEMAND CONVERTIBLE PROMISSORY NOTE

TO: 7217804 Manitoba Ltd. (the "Holder")
2nd Floor, 310 Ross Avenue
Winnipeg, MB R3A 0L4

1. **PROMISE TO PAY**

DELTA 9 LIFESTYLE CANNABIS CLINIC INC. (the "Corporation"), for value received, hereby acknowledges its indebtedness owing as at the date hereof, and promises to pay to the Holder in full, the aggregate principal amount of ONE HUNDRED SEVENTY ONE THOUSAND FIVE HUNDRED (\$171,500.00) DOLLARS in lawful money of Canada (the "Principal Sum"), at the address noted above or such other address as the Holder may advise the Corporation from time to time, together with interest thereon, in accordance with the terms and conditions set forth herein, and in consideration of the extension of credit by the Holder to the Corporation, the Corporation hereby covenants and agrees to perform the covenants of the Corporation set forth in this promissory note (this "Note").

2. **COMMERCIAL TERMS**

- (a) Repayment. The Principal Sum, together with all interest thereon, shall be due and payable ON DEMAND, provided that in no event shall demand be made for repayment of any portion principal amount of the Principal Sum other than in accordance with the following:
 - (i) from the date of this Note to the date that is twelve (12) months following such date, no repayment of principal may be required;
 - (ii) from the date that is twelve (12) months following the date of this Note until repayment in full, such amount and frequency of repayment of principal as mutually determined by the Shareholders on or before the date that is twelve (12) months following the date of this Note; and
 - (iii) while any principal amount of the Existing Bio-Tech Loan (as hereinafter defined) remains outstanding, no demand may be made by the Holder for any amount of the Principal Sum.
- (b) Interest. While any amount of the Principal Sum remains outstanding under this Note, the amount of the Principal Sum and interest outstanding from time to time under this Note shall accrue and bear interest at a rate equal to six (6.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month.
- (c) Prepayment.

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- (i) At any time following the date hereof and upon the Corporation giving not less than ninety (90) days' prior written notice to the Holder of the Corporation's intention to repay any amount of the outstanding Principal Sum and interest under this Note ("**Prepayment Notice**"), provided that no Notice has been delivered by the Holder pursuant to Section 5(c), the Corporation may prepay all, or any amount of, the outstanding Principal Sum, together with the accrued and unpaid interest thereon, provided that the Holder shall have sixty (60) days from the date of receipt of the Prepayment Notice to exercise the Holder's conversion privileges as set forth in Section 5, provided further that no Prepayment Notice may be delivered to the Holder unless the Corporation delivers concurrently to the holder of the other Convertible Note (as hereinafter defined) (if any) a notice of an intended prepayment under such Convertible Note in an amount equal to: (A) the amount of the principal and interest outstanding under such Convertible Note; multiplied by (B) a fraction, the numerator of which is the amount to be prepaid to the Holder hereof pursuant to the Prepayment Notice, and the denominator of which is the amount of the Principal Sum and interest outstanding hereunder.
- (ii) If the Holder does not exercise the Holder's conversion privileges as set forth in Section 5 within the sixty (60) day period set out in Section 2(c)(i), then upon expiry of that period, the Corporation shall be entitled to make prepayment of such amount of the Principal Sum set out in the Prepayment Notice (provided that, if a Prepayment Notice indicates an intention to prepay the entirety of the Principal Sum, the accrued and unpaid interest thereon shall be included in the amount to be so prepaid) and: (A) if the prepayment is made for any amount less than the total Principal Sum and any accrued and unpaid interest thereon, upon the surrender of this Note by the Holder, the Corporation shall issue a new convertible note in the same form as this Note but for the amount of the Principal Sum which shall equal the balance of the then-outstanding Principal Sum together with all accrued and unpaid interest thereon; or (B) if the prepayment is for the total amount of the Principal Sum and all accrued and unpaid interest thereon, all rights associated with this Note shall terminate, except for the right of the Holder, upon surrender of this Note to the Corporation, to be entitled to immediate payment by the Corporation of the outstanding Principal Sum and any accrued but unpaid interest payable hereunder.

3. RANKING

- (a) The Corporation may enter into two (2) other promissory notes with the Holder and three (3) other convertible promissory notes with Delta 9 Bio-Tech Inc. (together with this Note, collectively, the "**Convertible Notes**") in form identical to this Note but for the identity of the holder thereof and the amount of the Principal Sum. The Convertible Notes shall rank *pari passu* with respect to each other, and any payment made by the Corporation under the Convertible Notes

shall be made *pro rata* among all Convertible Note holders based on the aggregate principal sum of each Convertible Note.

- (b) This Note and the Principal Sum shall rank subordinate to each of: (i) the loan made by Delta 9 Bio-Tech Inc. to the Corporation in the principal amount of up to \$5,000,000 as evidenced by the amended and restated promissory note by the Corporation in favour of Delta 9 Bio-Tech Inc. dated January 20, 2021 (the “**Existing Bio-Tech Loan**”); (ii) any loan extended to the Corporation from time to time by an institutional lender; and (iii) any repayment obligations arising from time to time in connection with the guarantee by the Corporation of the debt of a third party owing to an institutional lender (collectively, “**Senior Indebtedness**”). Upon the reasonable request by the Corporation from time to time while any amount of the Principal Sum remains outstanding, the Holder shall deliver any documentation reasonably requested to evidence the subordination of this Note and the Principal Sum to the loans set forth in this Section 3(b).
- (c) No right of any present or future holder of Senior Indebtedness of the Corporation to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation, or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Note, regardless of any knowledge thereof that any holder may have or otherwise be charged with.
- (d) Each present and future holder of Senior Indebtedness of the Corporation shall be entitled to the benefit of the provisions of this Section 3 notwithstanding that such holder is not a party to this Note.

4. **DEFAULT**

Notwithstanding the limitations set forth in Section 2 hereof, upon the occurrence of any Event of Default (as hereinafter defined), the Principal Sum and all interest outstanding thereon shall at the option of the Holder and by notice in writing to the Corporation (with a copy of such notice to be delivered concurrently to the holder of the other Convertible Note) become forthwith due and payable and all of the rights and remedies conferred in respect of the Note shall become immediately enforceable. The occurrence of any of the following events shall constitute an “**Event of Default**” under this Note:

- (a) if default occurs in payment when due of any Principal Sum or any interest thereon and such default continues for a period of fourteen (14) days following written notice specifying the same by the Holder;
- (b) if default occurs in performance of any other material covenant of the Corporation under this Note and such default continues for period of thirty (30) days following written notice specifying the same by the Holder; or

- (c) if (i) the Corporation commits an act of bankruptcy or becomes insolvent within the meaning of any bankruptcy or insolvency legislation applicable to it or files an assignment in bankruptcy or (ii) a petition or other process for the bankruptcy of the Corporation is filed or instituted and remains undismissed or unstayed for a period of at least thirty (30) days or any relief sought in such proceeding shall occur.

Should the Holder exercise its right for the Principal Sum and all interest outstanding thereon to be come immediately due and payable on the occurrence of an Event of Default pursuant to this Section 4, and if at such time an Event of Default has occurred in respect of the obligations of the Corporation under the other Convertible Note, any repayment made by the Corporation to the Holder shall be made to the holder of the other Convertible Notes, *pro rata*, to a maximum amount equal to the principal and interest outstanding under such other Convertible Note as at the time of the Event of Default.

5. **CONVERSION**

- (a) The Holder may, at any time until the date that is 90 days prior to the maturity date of this Note (the "**Conversion Period**"), on delivery of a Notice (as hereinafter defined) ninety (90) days in advance, together with delivery of a copy of such Notice to the holder of the other Convertible Note, convert all or any part of the then-outstanding Principal Sum, including accrued and unpaid interest, under this Note into Class A common shares of the Corporation ("**Common Shares**") at the price of \$60,000 per Common Share, subject to adjustment in accordance with Section 6 (the "**Conversion Price**").
- (b) The conversion of any amount owing by the Corporation to the Holder in accordance with this Section 5 shall be deemed to be in complete payment and satisfaction of the amount so converted.
- (c) In order to exercise the conversion right herein, the Holder shall deliver to the office of the Corporation (or to such other place as the Corporation may direct in writing) and Delta 9 Bio-Tech Inc. a notice signed by the Holder (the "**Notice**") setting out the portion of the then-outstanding Principal Sum owing by the Corporation to the Holder that it wishes to convert and shall surrender this Note to the Corporation at its head office in Winnipeg, Manitoba. The date which is ninety (90) days following the date of delivery of the Notice shall be referred to herein as the "**Conversion Date**".
- (d) Provided that the Holder delivers this original Note to the Corporation on or prior to the Conversion Date, on the Conversion Date the Holder shall be entered on the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Note is convertible in accordance with the provisions of this Section 5 and the amount of the then-outstanding Principal Sum, including accrued and unpaid interest, to be converted pursuant to the Notice, and as soon as practicable thereafter, the Corporation shall issue or cause

to be issued and deliver or cause to be delivered to the Holder a certificate in the name of the Holder for such number of Common Shares into which this Note may be converted, and, if applicable, the Corporation shall deliver to the Holder a duly executed promissory note, in the same form as this Note (but for the amount of the Principal Sum), representing the balance of the then-outstanding Principal Sum following the conversion of such portion of the Principal Sum set forth in the Notice. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Conversion Date and at such time Holder shall be deemed to have become the holder of record of the Common Shares represented thereby.

- (e) The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Note as provided in this Section 5, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the full conversion of this Note. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (f) As a condition of the issuance of the Common Shares, the Holder is required to, if he/she/it hasn't already, become a party to and agree to be bound by the terms of the unanimous shareholders' agreement among Delta 9 Bio-Tech Inc., 7217804 Manitoba Ltd., John Arbuthnot IV, Len Hirsch and the Corporation dated April 1, 2017, as the same has been or may hereafter be amended and supplemented from time to time, by delivery of a participation agreement and compliance with all other terms set forth in such unanimous shareholders' agreement, as may be amended from time to time. For certainty, this Note shall not be assigned by the Holder at any time except pursuant to and in compliance with Section 9.

6. ADJUSTMENTS

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time the Corporation shall (A) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, (B) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or (C) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a Common Share dividend, the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a Common Share dividend, as the case may be, shall in the case of the events referred to in (A) and (C) above, be decreased in the proportion that the number of Common Shares outstanding immediately prior to such subdivision, redivision or dividend bears to the number of outstanding Shares resulting from such subdivision, redivision or dividend, or shall, in the case of the events referred to in (B) above, be increased in the proportion that the

number of Common Shares outstanding immediately prior to such reduction, combination or consolidation bears to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6(a) shall occur.

- (b) In any case in which this Section 6 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any dividends made on such additional Common Shares declared in favour of holders of record of Shares on or after the Conversion Date or such later date as the Holder would, but for the provisions of this Section 6(b), have become the holder of record of such additional Common Shares pursuant to Section 5.
- (c) The adjustments provided for in this Section 6 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, dividends, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect.
- (d) In the event of any question arising with respect to the adjustments provided in this Section 6, such questions shall be conclusively determined by a firm of chartered accountants (who may be the auditors of the Corporation) appointed by the Corporation; such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.
- (e) Upon the occurrence of each adjustment or readjustment pursuant to this Section 6, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Note a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request, at any time, of any such Holder, furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments, (ii) the conversion price at the time in effect; and (iii) the number of shares and the amount, if any, of other property that at the time would be received upon the conversion of this Note.
- (f) The Corporation will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed

hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders of this Note against impairment.

7. POSITIVE COVENANTS

The Corporation covenants so long as any amount remains outstanding under this Note that the Corporation shall:

- (a) duly and punctually pay or cause to be paid to the Holder the principal of and the interest accrued on this Note on the dates, at the places, in the amounts and in the manner mentioned herein;
- (b) comply in all material respects with all laws, rules and regulations applicable to it and maintain its legal existence;
- (c) carry on and continuously conduct its business in a lawful, efficient, diligent and businesslike manner;
- (d) immediately advise the Holder by written notice of the occurrence of any Event of Default; and
- (e) fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against its business, property and undertaking, or any part thereof.

8. FURTHER ASSURANCES

The Corporation will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, mortgages, transfers and assurances in law as the Holder shall reasonably require to give effect to this Note or to evidence the Indebtedness incurred hereby and for the better accomplishing and effectuating of the intentions of this Note.

9. ASSIGNMENT; ENUREMENT; NON-NEGOTIABLE INSTRUMENT

- (a) This Note is not a negotiable instrument, and this Note, and the amounts payable by the Corporation hereunder, shall not be transferred, assigned, pledged, hypothecated, given as security, or otherwise disposed of by the Holder, except that the Holder shall be permitted to assign the Note to Delta 9 Bio-Tech Inc. on the delivery of notice thereof to the Corporation.
- (b) This Note, and all rights and obligations contained herein, shall enure to the benefit of and be binding upon the Corporation and the Holder and each of their respective successors and permitted assigns.

10. GENERAL

- (a) Unless otherwise provided in this Note, all notices, consents, acknowledgments, directions, resolutions, waivers and other communications required or permitted to be given under this Note shall be in writing and shall be sent by express courier service, first class registered mail, facsimile or other means of electronic mail transfer, or personal delivery, addressed to the party for whom it is intended as set out in Schedule A attached hereto. Notices or other communications delivered by mail shall be deemed given and received on the fifth day after posting, those sent by express courier service on the day following dispatch, those sent by facsimile or other means of electronic mail or document transfer and received prior to 4:00p.m. (recipient's local time) on a day then on the day of transmission but otherwise on the next day following transmission and those personally delivered on the day such delivery is made; provided, however, that during any period of mail service disruption, notices or other communications shall be sent by means other than the mail. Any party may, from time to time, designate a substitute address by giving advance written notice thereof to the other parties pursuant to this Section 10(a).
- (b) If one or more of the provisions of this Note or any part of any of them is, or is adjudged to be, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof is not in any way be affected or impaired thereby, and such invalid, illegal or unenforceable provision or part is be deemed to be severable.
- (c) The Corporation hereby waives presentment, demand, notice of dishonour, notice of protest, notice of non-payment and any other notice required by law to be given to the Corporation on this Note in connection with the delivery, acceptance, performance, default or enforcement of this Note and hereby consents to any delays, extensions, renewals or other modifications of this Note, any waivers of any term or condition of this Note or the release of the Corporation under this Note, and hereby agrees that any action by the Holder or any other person or failure to act by the Holder or any other person shall not affect or impair the obligations of the Corporation, or be construed as being a waiver by the Holder or that other person of its rights under this Note.
- (d) No waiver or variation by the Holder of any provision of this Note will be effective unless evidenced by an instrument in writing dated subsequent to the date hereof and executed by the Holder.
- (e) The headings used in this Note are for convenience only and are not to be considered a part of this Note and do not in any way limit or amplify the terms and provisions of this Note.

- (f) This Note shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.
- (g) Time shall be of the essence of this Note.

[signature page immediately below]

IN WITNESS WHEREOF the Corporation has executed this Note as of January 20, 2021.

**DELTA 9 LIFESTYLE CANNABIS CLINIC
INC.**

COPY

Per: _____

Name: John A. Buttnut

Title: President

I have authority to bind the Corporation.

**SCHEDULE A
NOTICE ADDRESSES**

In the case of the Corporation:

Delta 9 Lifestyle Cannabis Clinic Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

Facsimile: (204) 957-4261

In the case of the Holder:

7217804 Manitoba Ltd.
2nd Floor, 310 Ross Avenue
Winnipeg, MB R3A 0L4
Attn: Len Hirsch

With a copy to:

Soronow Law Office
210-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attn : Sidney G. Soronow

In the case of Delta 9 Bio-Tech Inc.:

Delta 9 Bio-Tech Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn
Facsimile: (204) 957-4261

DELTA 9 LIFESTYLE CANNABIS CLINIC INC.

DEMAND CONVERTIBLE PROMISSORY NOTE

TO: 7217804 Manitoba Ltd. (the “**Holder**”)
2nd Floor, 310 Ross Avenue
Winnipeg, MB R3A 0L4

1. PROMISE TO PAY

DELTA 9 LIFESTYLE CANNABIS CLINIC INC. (the “**Corporation**”), for value received, hereby acknowledges its indebtedness owing as at the date hereof, and promises to pay to the Holder in full, the aggregate principal amount of ONE HUNDRED SEVENTY ONE THOUSAND FIVE HUNDRED (\$171,500.00) DOLLARS in lawful money of Canada (the “**Principal Sum**”), at the address noted above or such other address as the Holder may advise the Corporation from time to time, together with interest thereon, in accordance with the terms and conditions set forth herein, and in consideration of the extension of credit by the Holder to the Corporation, the Corporation hereby covenants and agrees to perform the covenants of the Corporation set forth in this promissory note (this “**Note**”).

2. COMMERCIAL TERMS

- (a) Repayment. The Principal Sum, together with all interest thereon, shall be due and payable ON DEMAND, provided that in no event shall demand be made for repayment of any portion principal amount of the Principal Sum other than in accordance with the following:
 - (i) from the date of this Note to the date that is twelve (12) months following such date, no repayment of principal may be required;
 - (ii) from the date that is twelve (12) months following the date of this Note until repayment in full, such amount and frequency of repayment of principal as mutually determined by the Shareholders on or before the date that is twelve (12) months following the date of this Note; and
 - (iii) while any principal amount of the Existing Bio-Tech Loan (as hereinafter defined) remains outstanding, no demand may be made by the Holder for any amount of the Principal Sum.
- (b) Interest. While any amount of the Principal Sum remains outstanding under this Note, the amount of the Principal Sum and interest outstanding from time to time under this Note shall accrue and bear interest at a rate equal to six (6.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month.
- (c) Prepayment.

- (i) At any time following the date hereof and upon the Corporation giving not less than ninety (90) days' prior written notice to the Holder of the Corporation's intention to repay any amount of the outstanding Principal Sum and interest under this Note ("**Prepayment Notice**"), provided that no Notice has been delivered by the Holder pursuant to Section 5(c), the Corporation may prepay all, or any amount of, the outstanding Principal Sum, together with the accrued and unpaid interest thereon, provided that the Holder shall have sixty (60) days from the date of receipt of the Prepayment Notice to exercise the Holder's conversion privileges as set forth in Section 5, provided further that no Prepayment Notice may be delivered to the Holder unless the Corporation delivers concurrently to the holder of the other Convertible Note (as hereinafter defined) (if any) a notice of an intended prepayment under such Convertible Note in an amount equal to: (A) the amount of the principal and interest outstanding under such Convertible Note; multiplied by (B) a fraction, the numerator of which is the amount to be prepaid to the Holder hereof pursuant to the Prepayment Notice, and the denominator of which is the amount of the Principal Sum and interest outstanding hereunder.
- (ii) If the Holder does not exercise the Holder's conversion privileges as set forth in Section 5 within the sixty (60) day period set out in Section 2(c)(i), then upon expiry of that period, the Corporation shall be entitled to make prepayment of such amount of the Principal Sum set out in the Prepayment Notice (provided that, if a Prepayment Notice indicates an intention to prepay the entirety of the Principal Sum, the accrued and unpaid interest thereon shall be included in the amount to be so prepaid) and: (A) if the prepayment is made for any amount less than the total Principal Sum and any accrued and unpaid interest thereon, upon the surrender of this Note by the Holder, the Corporation shall issue a new convertible note in the same form as this Note but for the amount of the Principal Sum which shall equal the balance of the then-outstanding Principal Sum together with all accrued and unpaid interest thereon; or (B) if the prepayment is for the total amount of the Principal Sum and all accrued and unpaid interest thereon, all rights associated with this Note shall terminate, except for the right of the Holder, upon surrender of this Note to the Corporation, to be entitled to immediate payment by the Corporation of the outstanding Principal Sum and any accrued but unpaid interest payable hereunder.

3. **RANKING**

- (a) The Corporation may enter into two (2) other promissory notes with the Holder and three (3) other convertible promissory notes with Delta 9 Bio-Tech Inc. (together with this Note, collectively, the "**Convertible Notes**") in form identical to this Note but for the identity of the holder thereof and the amount of the Principal Sum. The Convertible Notes shall rank *pari passu* with respect to each other, and any payment made by the Corporation under the Convertible Notes

shall be made *pro rata* among all Convertible Note holders based on the aggregate principal sum of each Convertible Note.

- (b) This Note and the Principal Sum shall rank subordinate to each of: (i) the loan made by Delta 9 Bio-Tech Inc. to the Corporation in the principal amount of up to \$5,000,000 as evidenced by the amended and restated promissory note by the Corporation in favour of Delta 9 Bio-Tech Inc. dated December January 20, 2021 (the “**Existing Bio-Tech Loan**”); (ii) any loan extended to the Corporation from time to time by an institutional lender; and (iii) any repayment obligations arising from time to time in connection with the guarantee by the Corporation of the debt of a third party owing to an institutional lender (collectively, “**Senior Indebtedness**”). Upon the reasonable request by the Corporation from time to time while any amount of the Principal Sum remains outstanding, the Holder shall deliver any documentation reasonably requested to evidence the subordination of this Note and the Principal Sum to the loans set forth in this Section 3(b).
- (c) No right of any present or future holder of Senior Indebtedness of the Corporation to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation, or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Note, regardless of any knowledge thereof that any holder may have or otherwise be charged with.
- (d) Each present and future holder of Senior Indebtedness of the Corporation shall be entitled to the benefit of the provisions of this Section 3 notwithstanding that such holder is not a party to this Note.

4. **DEFAULT**

Notwithstanding the limitations set forth in Section 2 hereof, upon the occurrence of any Event of Default (as hereinafter defined), the Principal Sum and all interest outstanding thereon shall at the option of the Holder and by notice in writing to the Corporation (with a copy of such notice to be delivered concurrently to the holder of the other Convertible Note) become forthwith due and payable and all of the rights and remedies conferred in respect of the Note shall become immediately enforceable. The occurrence of any of the following events shall constitute an “**Event of Default**” under this Note:

- (a) if default occurs in payment when due of any Principal Sum or any interest thereon and such default continues for a period of fourteen (14) days following written notice specifying the same by the Holder;
- (b) if default occurs in performance of any other material covenant of the Corporation under this Note and such default continues for period of thirty (30) days following written notice specifying the same by the Holder; or

- (c) if (i) the Corporation commits an act of bankruptcy or becomes insolvent within the meaning of any bankruptcy or insolvency legislation applicable to it or files an assignment in bankruptcy or (ii) a petition or other process for the bankruptcy of the Corporation is filed or instituted and remains undismissed or unstayed for a period of at least thirty (30) days or any relief sought in such proceeding shall occur.

Should the Holder exercise its right for the Principal Sum and all interest outstanding thereon to be come immediately due and payable on the occurrence of an Event of Default pursuant to this Section 4, and if at such time an Event of Default has occurred in respect of the obligations of the Corporation under the other Convertible Note, any repayment made by the Corporation to the Holder shall be made to the holder of the other Convertible Notes, *pro rata*, to a maximum amount equal to the principal and interest outstanding under such other Convertible Note as at the time of the Event of Default.

5. **CONVERSION**

- (a) The Holder may, at any time until the date that is 90 days prior to the maturity date of this Note (the “**Conversion Period**”), on delivery of a Notice (as hereinafter defined) ninety (90) days in advance, together with delivery of a copy of such Notice to the holder of the other Convertible Note, convert all or any part of the then-outstanding Principal Sum, including accrued and unpaid interest, under this Note into Class A common shares of the Corporation (“**Common Shares**”) at the price of \$60,000 per Common Share, subject to adjustment in accordance with Section 6 (the “**Conversion Price**”).
- (b) The conversion of any amount owing by the Corporation to the Holder in accordance with this Section 5 shall be deemed to be in complete payment and satisfaction of the amount so converted.
- (c) In order to exercise the conversion right herein, the Holder shall deliver to the office of the Corporation (or to such other place as the Corporation may direct in writing) and Delta 9 Bio-Tech Inc. a notice signed by the Holder (the “**Notice**”) setting out the portion of the then-outstanding Principal Sum owing by the Corporation to the Holder that it wishes to convert and shall surrender this Note to the Corporation at its head office in Winnipeg, Manitoba. The date which is ninety (90) days following the date of delivery of the Notice shall be referred to herein as the “**Conversion Date**”.
- (d) Provided that the Holder delivers this original Note to the Corporation on or prior to the Conversion Date, on the Conversion Date the Holder shall be entered on the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Note is convertible in accordance with the provisions of this Section 5 and the amount of the then-outstanding Principal Sum, including accrued and unpaid interest, to be converted pursuant to the Notice, and as soon as practicable thereafter, the Corporation shall issue or cause

to be issued and deliver or cause to be delivered to the Holder a certificate in the name of the Holder for such number of Common Shares into which this Note may be converted, and, if applicable, the Corporation shall deliver to the Holder a duly executed promissory note, in the same form as this Note (but for the amount of the Principal Sum), representing the balance of the then-outstanding Principal Sum following the conversion of such portion of the Principal Sum set forth in the Notice. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Conversion Date and at such time Holder shall be deemed to have become the holder of record of the Common Shares represented thereby.

- (e) The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Note as provided in this Section 5, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the full conversion of this Note. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (f) As a condition of the issuance of the Common Shares, the Holder is required to, if he/she/it hasn't already, become a party to and agree to be bound by the terms of the unanimous shareholders' agreement among Delta 9 Bio-Tech Inc., 7217804 Manitoba Ltd., John Arbuthnot IV, Len Hirsch and the Corporation dated April 1, 2017, as the same has been or may hereafter be amended and supplemented from time to time, by delivery of a participation agreement and compliance with all other terms set forth in such unanimous shareholders' agreement, as may be amended from time to time. For certainty, this Note shall not be assigned by the Holder at any time except pursuant to and in compliance with Section 9.

6. ADJUSTMENTS

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time the Corporation shall (A) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, (B) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or (C) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a Common Share dividend, the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a Common Share dividend, as the case may be, shall in the case of the events referred to in (A) and (C) above, be decreased in the proportion that the number of Common Shares outstanding immediately prior to such subdivision, redivision or dividend bears to the number of outstanding Shares resulting from such subdivision, redivision or dividend, or shall, in the case of the events referred to in (B) above, be increased in the proportion that the

number of Common Shares outstanding immediately prior to such reduction, combination or consolidation bears to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6(a) shall occur.

- (b) In any case in which this Section 6 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any dividends made on such additional Common Shares declared in favour of holders of record of Shares on or after the Conversion Date or such later date as the Holder would, but for the provisions of this Section 6(b), have become the holder of record of such additional Common Shares pursuant to Section 5.
- (c) The adjustments provided for in this Section 6 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, dividends, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect.
- (d) In the event of any question arising with respect to the adjustments provided in this Section 6, such questions shall be conclusively determined by a firm of chartered accountants (who may be the auditors of the Corporation) appointed by the Corporation; such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.
- (e) Upon the occurrence of each adjustment or readjustment pursuant to this Section 6, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Note a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request, at any time, of any such Holder, furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments, (ii) the conversion price at the time in effect; and (iii) the number of shares and the amount, if any, of other property that at the time would be received upon the conversion of this Note.
- (f) The Corporation will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed

hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders of this Note against impairment.

7. POSITIVE COVENANTS

The Corporation covenants so long as any amount remains outstanding under this Note that the Corporation shall:

- (a) duly and punctually pay or cause to be paid to the Holder the principal of and the interest accrued on this Note on the dates, at the places, in the amounts and in the manner mentioned herein;
- (b) comply in all material respects with all laws, rules and regulations applicable to it and maintain its legal existence;
- (c) carry on and continuously conduct its business in a lawful, efficient, diligent and businesslike manner;
- (d) immediately advise the Holder by written notice of the occurrence of any Event of Default; and
- (e) fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against its business, property and undertaking, or any part thereof.

8. FURTHER ASSURANCES

The Corporation will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, mortgages, transfers and assurances in law as the Holder shall reasonably require to give effect to this Note or to evidence the Indebtedness incurred hereby and for the better accomplishing and effectuating of the intentions of this Note.

9. ASSIGNMENT; ENUREMENT; NON-NEGOTIABLE INSTRUMENT

- (a) This Note is not a negotiable instrument, and this Note, and the amounts payable by the Corporation hereunder, shall not be transferred, assigned, pledged, hypothecated, given as security, or otherwise disposed of by the Holder, except that the Holder shall be permitted to assign the Note to Delta 9 Bio-Tech Inc. on the delivery of notice thereof to the Corporation.
- (b) This Note, and all rights and obligations contained herein, shall enure to the benefit of and be binding upon the Corporation and the Holder and each of their respective successors and permitted assigns.

10. GENERAL

- (a) Unless otherwise provided in this Note, all notices, consents, acknowledgments, directions, resolutions, waivers and other communications required or permitted to be given under this Note shall be in writing and shall be sent by express courier service, first class registered mail, facsimile or other means of electronic mail transfer, or personal delivery, addressed to the party for whom it is intended as set out in Schedule A attached hereto. Notices or other communications delivered by mail shall be deemed given and received on the fifth day after posting, those sent by express courier service on the day following dispatch, those sent by facsimile or other means of electronic mail or document transfer and received prior to 4:00p.m. (recipient's local time) on a day then on the day of transmission but otherwise on the next day following transmission and those personally delivered on the day such delivery is made; provided, however, that during any period of mail service disruption, notices or other communications shall be sent by means other than the mail. Any party may, from time to time, designate a substitute address by giving advance written notice thereof to the other parties pursuant to this Section 10(a).
- (b) If one or more of the provisions of this Note or any part of any of them is, or is adjudged to be, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof is not in any way be affected or impaired thereby, and such invalid, illegal or unenforceable provision or part is be deemed to be severable.
- (c) The Corporation hereby waives presentment, demand, notice of dishonour, notice of protest, notice of non-payment and any other notice required by law to be given to the Corporation on this Note in connection with the delivery, acceptance, performance, default or enforcement of this Note and hereby consents to any delays, extensions, renewals or other modifications of this Note, any waivers of any term or condition of this Note or the release of the Corporation under this Note, and hereby agrees that any action by the Holder or any other person or failure to act by the Holder or any other person shall not affect or impair the obligations of the Corporation, or be construed as being a waiver by the Holder or that other person of its rights under this Note.
- (d) No waiver or variation by the Holder of any provision of this Note will be effective unless evidenced by an instrument in writing dated subsequent to the date hereof and executed by the Holder.
- (e) The headings used in this Note are for convenience only and are not to be considered a part of this Note and do not in any way limit or amplify the terms and provisions of this Note.

- (f) This Note shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.
- (g) Time shall be of the essence of this Note.

[signature page immediately below]

IN WITNESS WHEREOF the Corporation has executed this Note as of June 30th, 2021.

**DELTA 9 LIFESTYLE CANNABIS CLINIC
INC.**

Per: _____

Name: *John Arbutnot*

Title: *President + Director*

I have authority to bind the Corporation.

**SCHEDULE A
NOTICE ADDRESSES**

In the case of the Corporation:

Delta 9 Lifestyle Cannabis Clinic Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

Facsimile: (204) 957-4261

In the case of the Holder:

7217804 Manitoba Ltd.
2nd Floor, 310 Ross Avenue
Winnipeg, MB R3A 0L4
Attn: Len Hirsch

With a copy to:

Soronow Law Office
210-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attn : Sidney G. Soronow

In the case of Delta 9 Bio-Tech Inc.:

Delta 9 Bio-Tech Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn
Facsimile: (204) 957-4261

THIS IS EXHIBIT "45" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

DEMAND PROMISSORY NOTE

DATED: September 30, 2018

TO: DELTA 9 BIO-TECH INC. (the "Creditor"),
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9

FOR VALUE RECEIVED the undersigned **DELTA 9 LIFESTYLE CANNABIS CLINIC INC.** (the "Debtor") hereby acknowledges its indebtedness owing as at the date hereof to the Creditor of the principal sum of **THREE MILLION (\$3,000,000.00) DOLLARS** (the "**Principal Amount**"). The Debtor hereby promises to pay to the Creditor at the Creditor's address set forth above (or at such other address which the Creditor notifies the Debtor in writing), by certified cheque or banker's draft, the Principal Amount together with interest thereon in accordance with the terms and conditions of this promissory note (the "**Note**").

The following are the terms and conditions of this Note:

ARTICLE 1 - COMMERCIAL TERMS

1.01 Interest. Interest shall accrue and be calculated at a rate equal to the prime rate of interest charged by the Canadian Western Bank from time to time plus two (2.0%) percent per annum (the "**Rate**") on the Principal Amount outstanding from time to time, calculated, compounded and accrued monthly, and which amount shall be payable concurrently with respect of the Principal Amount in accordance with the terms hereof. Interest shall be determined on the basis of a year of 365 days and the actual number of days elapsed.

1.02 Repayment. The Debtor hereby promises to pay **ON DEMAND** to or to the order of the Creditor, or its successors or permitted assigns, the Principal Amount together with all accrued interest thereon. Until demand is made, all or any part of the Principal Amount and interest outstanding may be repaid at any time by the Debtor without notice, bonus or penalty.

ARTICLE 2 - OTHER TERMS

2.01 Application of Payments. Payments received by the Creditor hereunder shall be applied firstly towards interest then due, and secondly towards the Principal Amount outstanding.

2.02 Default. The whole of the Principal Amount hereof remaining unpaid together with any accrued and unpaid interest thereon shall at the sole option of the Creditor become immediately due and payable upon an Event of Default (as defined herein).

2.03 Event of Default. The following events shall constitute Events of Default hereunder:

- (a) if the Debtor fails to make payment to the Creditor within thirty (30) days of delivery by the Creditor to the Debtor of written notice of demand for such payment;
- (b) an order is made or a resolution is passed for the winding-up of the Debtor; or
- (c) the bankruptcy or insolvency of the Debtor, the filing against the Debtor of a petition in bankruptcy, the making of an authorized assignment for the benefit of creditors by the Debtor or the institution by or against the Debtor of any other type of insolvency or receivership or custodial proceeding under the Bankruptcy and Insolvency Act (Canada) or other legislation, or the committing of any act of bankruptcy by the Debtor.

ARTICLE 3 - GENERAL TERMS

- 3.01 Headings. All headings in this Note are inserted for convenience of reference only and shall not affect the construction and interpretation of this Note.
- 3.02 Enurement. This Note and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their successors and permitted assigns.
- 3.03 Applicable Law. This Note shall be governed by and construed in accordance with the laws of the Province of Manitoba. The parties hereby attorn to the jurisdiction of the courts of the Province of Manitoba.
- 3.04 Time of Essence. Time shall be of the essence of this Note.
- 3.05 Interpretation. Words in the singular shall include the plural and words in the masculine gender shall include feminine and neuter genders, and vice versa, where the context so requires.
- 3.06 Currency. All amounts paid by the Debtor to the Creditor pursuant to this Note shall be paid in Canadian funds.
- 3.07 Presentment. The Debtor hereby waives presentment, demand, notice of dishonour, notice of protest, notice of non-payment and any other notice required by law to be given to the Debtor on this Note in connection with the delivery, acceptance, performance, default or enforcement of this Note and hereby consents to any delays, extensions, renewals or other modifications of this Note, any waivers of any term or condition of this Note, the release of the Debtor under this Note or of any security given by the Debtor in respect of the Debtor's obligations under this Note (by the Creditor or any other person), and hereby agrees that any action by the Creditor or any other person or failure to act by the Creditor or any other person shall not affect or impair the obligations of the Debtor, or be construed as being a waiver by the Creditor or that other person of its rights under this Note.
- 3.08 Non-Negotiable Instrument. This Note is not a negotiable instrument.

[Signature page follows]

FOR VALUE RECEIVED

DATED at Winnipeg, Manitoba as of this 30th day of September, 2018.

**DELTA 9 LIFESTYLE CANNABIS
CLINIC INC.**

Per: _____

Name: Jonathan Arbutnot IV

Title: President

ACKNOWLEDGED by the Creditor as of this 30th day of September, 2018.

DELTA 9 BIO-TECH INC.

Per: _____

Name: Jonathan Arbutnot IV

Title: Vice-President

DELTA 9 LIFESTYLE CANNABIS CLINIC INC.

DEMAND CONVERTIBLE PROMISSORY NOTE

TO: Delta 9 Bio-Tech Inc. (the "**Holder**")
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9

1. PROMISE TO PAY

DELTA 9 LIFESTYLE CANNABIS CLINIC INC. (the "**Corporation**"), for value received, hereby acknowledges its indebtedness owing as at the date hereof, and promises to pay to the Holder in full, the aggregate principal amount of THREE MILLION SIXTY THOUSAND (\$3,060,000) DOLLARS in lawful money of Canada (the "**Principal Sum**"), at the address noted above or such other address as the Holder may advise the Corporation from time to time, together with interest thereon, in accordance with the terms and conditions set forth herein, and in consideration of the extension of credit by the Holder to the Corporation, the Corporation hereby covenants and agrees to perform the covenants of the Corporation set forth in this promissory note (this "**Note**").

2. COMMERCIAL TERMS

- (a) Repayment. The Principal Sum, together with all interest thereon, shall be due and payable ON DEMAND, provided that in no event shall demand be made for repayment of any portion principal amount of the Principal Sum other than in accordance with the following:
- (i) from the date of this Note to June 30, 2019, the Holder shall not make demand for repayment of any amount of the Principal Sum;
 - (ii) from July 1, 2019 to December 31, 2019, the Holder may make demand for, and the Corporation shall upon such demand pay, such amount of the Principal Sum, and in such frequency, as may be unanimously determined by the shareholders of the Corporation from time to time;
 - (iii) from January 1, 2020 until repayment in full of the Principal Sum, the Holder may make demand for, and the Corporation shall upon such demand pay, such amount of the Principal Sum, and in such frequency, as unanimously determined by the shareholders of the Corporation from time to time, and the Principal Sum shall mature upon and the balance thereof be repayable in full on such date as determined by the shareholders of the Corporation from time to time provided however that if the shareholders of the Corporation have not unanimously determined the terms for repayment of the Principal Sum in full by January 1, 2020 then, subject to Section 2(a)(iv), the Principal Sum shall be repayable in equal monthly instalments over a period of 60 months commencing February 1, 2020; and

- (iv) while any principal amount of the Existing Bio-Tech Loan (as hereinafter defined) remains outstanding, no demand may be made by the Holder for any amount of the Principal Sum.
- (b) Interest. While any amount of the Principal Sum remains outstanding under this Note, the amount of the Principal Sum and interest outstanding from time to time under this Note shall accrue and bear interest at a rate determined in accordance with the following:
 - (i) from the date of this Note to December 31, 2018, the Principal Sum shall not accrue or bear interest;
 - (ii) from January 1, 2019 to June 30, 2019, the amount of the Principal Sum from time to time shall bear interest at a rate equal to three (3.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month;
 - (iii) from July 1, 2019 to December 31, 2019, the amount of the Principal Sum from time to time shall bear interest at a rate equal to six (6.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month; and
 - (iv) from January 1, 2020 until repayment in full of the Principal Sum and all interest thereon under this Note, the amount of the Principal Sum and interest outstanding from time to time shall bear interest at a rate, and shall be calculated and repaid in such frequency, as unanimously determined by the shareholders of the Corporation on or before January 1, 2020, but in no event shall such interest rate be less than six (6.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month.
- (c) Prepayment.
 - (i) At any time following the date hereof and upon the Corporation giving not less than ninety (90) days' prior written notice to the Holder of the Corporation's intention to repay any amount of the outstanding Principal Sum and interest under this Note ("**Prepayment Notice**"), provided that no Notice has been delivered by the Holder pursuant to Section 5(c), the Corporation may prepay all, or any amount of, the outstanding Principal Sum, together with the accrued and unpaid interest thereon, provided that the Holder shall have sixty (60) days from the date of receipt of the Prepayment Notice to exercise the Holder's conversion privileges as set forth in Section 5, provided further that no Prepayment Notice may be delivered to the Holder unless the Corporation delivers concurrently to the holder of the other Convertible Note (as hereinafter defined) (if any) a notice of an intended prepayment under such Convertible Note in an

amount equal to: (A) the amount of the principal and interest outstanding under such Convertible Note; multiplied by (B) a fraction, the numerator of which is the amount to be prepaid to the Holder hereof pursuant to the Prepayment Notice, and the denominator of which is the amount of the Principal Sum and interest outstanding hereunder.

- (ii) If the Holder does not exercise the Holder's conversion privileges as set forth in Section 5 within the sixty (60) day period set out in Section 2(c)(i), then upon expiry of that period, the Corporation shall be entitled to make prepayment of such amount of the Principal Sum set out in the Prepayment Notice (provided that, if a Prepayment Notice indicates an intention to prepay the entirety of the Principal Sum, the accrued and unpaid interest thereon shall be included in the amount to be so prepaid) and: (A) if the prepayment is made for any amount less than the total Principal Sum and any accrued and unpaid interest thereon, upon the surrender of this Note by the Holder, the Corporation shall issue a new convertible note in the same form as this Note but for the amount of the Principal Sum which shall equal the balance of the then-outstanding Principal Sum together with all accrued and unpaid interest thereon; or (B) if the prepayment is for the total amount of the Principal Sum and all accrued and unpaid interest thereon, all rights associated with this Note shall terminate, except for the right of the Holder, upon surrender of this Note to the Corporation, to be entitled to immediate payment by the Corporation of the outstanding Principal Sum and any accrued but unpaid interest payable hereunder.

3. RANKING

- (a) The Corporation may enter into one (1) other convertible promissory note with 7217804 Manitoba Ltd. (together with this Note, the "**Convertible Notes**") in form identical to this Note but for the identity of the Holder and the amount of the Principal Sum. The Convertible Notes shall rank *pari passu* with respect to each other, and any payment made by the Corporation under the Convertible Notes shall be made *pro rata* among all Convertible Note holders based on the aggregate principal sum of each Convertible Note.
- (b) This Note and the Principal Sum shall rank subordinate to each of: (i) the loan made by Delta 9 Bio-Tech Inc. to the Corporation in the principal amount of up to \$3,000,000 on or about September 30, 2018 (the "**Existing Bio-Tech Loan**"); (ii) any loan extended to the Corporation from time to time by an institutional lender; and (iii) any repayment obligations arising from time to time in connection with the guarantee by the Corporation of the debt of a third party owing to an institutional lender (collectively, "**Senior Indebtedness**"). Upon the reasonable request by the Corporation from time to time while any amount of the Principal Sum remains outstanding, the Holder shall deliver any documentation reasonably requested to evidence the subordination of this Note and the Principal Sum to the loans set forth in this Section 3(b).

- (c) No right of any present or future holder of Senior Indebtedness of the Corporation to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation, or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Note, regardless of any knowledge thereof that any holder may have or otherwise be charged with.
- (d) Each present and future holder of Senior Indebtedness of the Corporation shall be entitled to the benefit of the provisions of this Section 3 notwithstanding that such holder is not a party to this Note.

4. DEFAULT

Notwithstanding the limitations set forth in Section 2 hereof, upon the occurrence of any Event of Default (as hereinafter defined), the Principal Sum and all interest outstanding thereon shall at the option of the Holder and by notice in writing to the Corporation (with a copy of such notice to be delivered concurrently to the holder of the other Convertible Note) become forthwith due and payable and all of the rights and remedies conferred in respect of the Note shall become immediately enforceable. The occurrence of any of the following events shall constitute an "**Event of Default**" under this Note:

- (a) if default occurs in payment when due of any Principal Sum or any interest thereon and such default continues for a period of fourteen (14) days following written notice specifying the same by the Holder;
- (b) if default occurs in performance of any other material covenant of the Corporation under this Note and such default continues for period of thirty (30) days following written notice specifying the same by the Holder; or
- (c) if (i) the Corporation commits an act of bankruptcy or becomes insolvent within the meaning of any bankruptcy or insolvency legislation applicable to it or files an assignment in bankruptcy or (ii) a petition or other process for the bankruptcy of the Corporation is filed or instituted and remains undismissed or unstayed for a period of at least thirty (30) days or any relief sought in such proceeding shall occur.

Should the Holder exercise its right for the Principal Sum and all interest outstanding thereon to be come immediately due and payable on the occurrence of an Event of Default pursuant to this Section 4, and if at such time an Event of Default has occurred in respect of the obligations of the Corporation under the other Convertible Note, any repayment made by the Corporation to the Holder shall be made to the holder of the other Convertible Note, *pro rata*, to a maximum amount equal to the principal and interest outstanding under such other Convertible Note as at the time of the Event of Default.

5. CONVERSION

- (a) The Holder may, at any time during the period commencing on the date that is six (6) months from the date of this Note to the date that is 90 days prior to the maturity date of this Note as determined by the shareholders of the Corporation pursuant to Section 2(a)(iii) (the "**Conversion Period**"), on delivery of a Notice (as hereinafter defined) ninety (90) days in advance, together with delivery of a copy of such Notice to the holder of the other Convertible Note, convert all or any part of the then-outstanding Principal Sum under this Note into Class A common shares of the Corporation ("**Common Shares**") at the price of \$60,000 per Common Share, subject to adjustment in accordance with Section 6 (the "**Conversion Price**"). The right of conversion set out in this Section 5 shall extend only to the maximum number of whole Common Shares into which the aggregate outstanding amount of the Principal Sum may be converted in accordance with this Section 5. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 5(f).
- (b) The conversion of any amount owing by the Corporation to the Holder in accordance with this Section 5 shall be deemed to be in complete payment and satisfaction of the amount so converted.
- (c) In order to exercise the conversion right herein, the Holder shall deliver to the office of the Corporation (or to such other place as the Corporation may direct in writing) a notice signed by the Holder (the "**Notice**") setting out the portion of the then-outstanding Principal Sum owing by the Corporation to the Holder that it wishes to convert and shall surrender this Note to the Corporation at its head office in Winnipeg, Manitoba. The date which is ninety (90) days following the date of delivery of the Notice shall be referred to herein as the "**Conversion Date**". The Holder may deliver a Notice to the Corporation at any time between the date that is ninety (90) days prior to the commencement of the Conversion Period and the last date of the Conversion Period.
- (d) Provided that the Holder delivers this original Note to the Corporation on or prior to the Conversion Date, on the Conversion Date the Holder shall be entered on the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Note is convertible in accordance with the provisions of this Section 5 and the amount of the then-outstanding Principal Sum to be converted pursuant to the Notice, and as soon as practicable thereafter, the Corporation shall issue or cause to be issued and deliver or cause to be delivered to the Holder a certificate in the name of the Holder for such number of Common Shares into which this Note may be converted, and, if applicable, the Corporation shall deliver to the Holder a duly executed promissory note, in the same form as this Note (but for the amount of the Principal Sum), representing: (i) the balance of the then-outstanding Principal Sum following the conversion of such portion of the Principal Sum set forth in the Notice; and (ii) if applicable, any amount representing a fractional interest in a Common Share pursuant to Section 5(f). Such conversion shall be deemed to have been effected immediately prior to the

close of business on the Conversion Date and at such time Holder shall be deemed to have become the holder of record of the Common Shares represented thereby.

- (e) The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Note as provided in this Section 5, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the full conversion of this Note. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (f) The Corporation shall not be required to issue any fractional Common Shares upon the exercise of the conversion right set out herein, and if a fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of this Note, the Corporation shall satisfy such fractional interest by: (i) if the entire amount of the then-outstanding Principal Sum is elected by the Holder to be converted into Common Shares, paying to the Holder the cash equivalent of such fractional Common Share determined by multiplying such fraction by the Conversion Price; and (ii) if less than the entire amount of the then-outstanding Principal Sum is elected by the Holder to be converted into Common Shares, the amount equal to the product of such fraction by the Conversion Price shall be added to the unconverted balance of the Principal Sum represented by the promissory note to be delivered by the Corporation pursuant to Section 5(d).
- (g) As a condition of the issuance of the Common Shares, the Holder is required to, if he/she/it hasn't already, become a party to and agree to be bound by the terms of the unanimous shareholders' agreement among Delta 9 Bio-Tech Inc., 7217804 Manitoba Ltd., John Arbuthnot IV, Len Hirsch and the Corporation dated April 1, 2017, as the same has been or may hereafter be amended and supplemented from time to time, by delivery of a participation agreement and compliance with all other terms set forth in such unanimous shareholders' agreement, as may be amended from time to time. For certainty, this Note shall not be assigned by the Holder at any time except pursuant to and in compliance with Section 9.

6. ADJUSTMENTS

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time the Corporation shall (A) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, (B) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or (C) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a Common Share dividend, the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such

issue of Common Shares by way of a Common Share dividend, as the case may be, shall in the case of the events referred to in (A) and (C) above, be decreased in the proportion that the number of Common Shares outstanding immediately prior to such subdivision, redivision or dividend bears to the number of outstanding Shares resulting from such subdivision, redivision or dividend, or shall, in the case of the events referred to in (B) above, be increased in the proportion that the number of Common Shares outstanding immediately prior to such reduction, combination or consolidation bears to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6(a) shall occur.

- (b) In any case in which this Section 6 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any dividends made on such additional Common Shares declared in favour of holders of record of Shares on or after the Conversion Date or such later date as the Holder would, but for the provisions of this Section 6(b), have become the holder of record of such additional Common Shares pursuant to Section 5.
- (c) The adjustments provided for in this Section 6 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, dividends, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect.
- (d) In the event of any question arising with respect to the adjustments provided in this Section 6, such questions shall be conclusively determined by a firm of chartered accountants (who may be the auditors of the Corporation) appointed by the Corporation; such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.
- (e) Upon the occurrence of each adjustment or readjustment pursuant to this Section 6, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Note a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request, at any time, of any such Holder, furnish or cause to be furnished to such Holder a like certificate setting forth:

(i) such adjustments and readjustments, (ii) the conversion price at the time in effect; and (iii) the number of shares and the amount, if any, of other property that at the time would be received upon the conversion of this Note.

- (f) The Corporation will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders of this Note against impairment.

7. POSITIVE COVENANTS

The Corporation covenants so long as any amount remains outstanding under this Note that the Corporation shall:

- (a) duly and punctually pay or cause to be paid to the Holder the principal of and the interest accrued on this Note on the dates, at the places, in the amounts and in the manner mentioned herein;
- (b) comply in all material respects with all laws, rules and regulations applicable to it and maintain its legal existence;
- (c) carry on and continuously conduct its business in a lawful, efficient, diligent and businesslike manner;
- (d) immediately advise the Holder by written notice of the occurrence of any Event of Default; and
- (e) fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against its business, property and undertaking, or any part thereof.

8. FURTHER ASSURANCES

The Corporation will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, mortgages, transfers and assurances in law as the Holder shall reasonably require to give effect to this Note or to evidence the Indebtedness incurred hereby and for the better accomplishing and effectuating of the intentions of this Note.

9. ASSIGNMENT; ENUREMENT; NON-NEGOTIABLE INSTRUMENT

- (a) This Note is not a negotiable instrument, and this Note, and the amounts payable by the Corporation hereunder, shall not be transferred, assigned, pledged, hypothecated, given as security, or otherwise disposed of by the Holder.

- (b) This Note, and all rights and obligations contained herein, shall enure to the benefit of and be binding upon the Corporation and the Holder and each of their respective successors and permitted assigns.

10. GENERAL

- (a) Unless otherwise provided in this Note, all notices, consents, acknowledgments, directions, resolutions, waivers and other communications required or permitted to be given under this Note shall be in writing and shall be sent by express courier service, first class registered mail, facsimile or other means of electronic mail transfer, or personal delivery, addressed to the party for whom it is intended as set out in Schedule A attached hereto. Notices or other communications delivered by mail shall be deemed given and received on the fifth day after posting, those sent by express courier service on the day following dispatch, those sent by facsimile or other means of electronic mail or document transfer and received prior to 4:00p.m. (recipient's local time) on a day then on the day of transmission but otherwise on the next day following transmission and those personally delivered on the day such delivery is made; provided, however, that during any period of mail service disruption, notices or other communications shall be sent by means other than the mail. Any party may, from time to time, designate a substitute address by giving advance written notice thereof to the other parties pursuant to this Section 10(a).
- (b) If one or more of the provisions of this Note or any part of any of them is, or is adjudged to be, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof is not in any way be affected or impaired thereby, and such invalid, illegal or unenforceable provision or part is be deemed to be severable.
- (c) The Corporation hereby waives presentment, demand, notice of dishonour, notice of protest, notice of non-payment and any other notice required by law to be given to the Corporation on this Note in connection with the delivery, acceptance, performance, default or enforcement of this Note and hereby consents to any delays, extensions, renewals or other modifications of this Note, any waivers of any term or condition of this Note or the release of the Corporation under this Note, and hereby agrees that any action by the Holder or any other person or failure to act by the Holder or any other person shall not affect or impair the obligations of the Corporation, or be construed as being a waiver by the Holder or that other person of its rights under this Note.
- (d) No waiver or variation by the Holder of any provision of this Note will be effective unless evidenced by an instrument in writing dated subsequent to the date hereof and executed by the Holder.

- (e) The headings used in this Note are for convenience only and are not to be considered a part of this Note and do not in any way limit or amplify the terms and provisions of this Note.
- (f) This Note shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.
- (g) Time shall be of the essence of this Note.

[signature page immediately below]

IN WITNESS WHEREOF the Corporation has executed this Note as of December 31, 2018.

**DELTA 9 LIFESTYLE CANNABIS CLINIC
INC.**

Per: _____

Name: _____

Title: _____

John Arbutnot

President

I have authority to bind the Corporation.

COPY

**SCHEDULE A
NOTICE ADDRESSES**

In the case of the Corporation:

Delta 9 Lifestyle Cannabis Clinic Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

Facsimile: (204) 957-4261

In the case of the Holder:

Delta 9 Bio-Tech Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

Facsimile: (204) 957-4261

NOTICE OF EXERCISE OF OPTION TO ADVANCE

FROM: Delta 9 Bio-Tech Inc. ("Bio-Tech")
TO: Delta 9 Lifestyle Cannabis Clinic Inc. (the "Corporation")
AND TO: 7217804 Manitoba Ltd. ("721")

Reference is made to the special resolution of the shareholders of the Corporation dated December 31, 2018 respecting the making of advances to the Corporation by Bio-Tech and 721 (the "**Special Resolution**").

Pursuant to the Special Resolution, 721 was required to advance \$2,940,000 to the Corporation, on or prior to December 31, 2018. On December 31, 2018, 721 advanced to the Corporation the amount of \$2,500,000.

Also pursuant to the Special Resolution, in the event that 721 failed to advance \$2,940,000 to the Corporation prior to December 31, 2018, but had advanced at least \$2,500,000 to the Corporation on or prior to December 31, 2018, 721 was entitled to advance the balance of \$440,000 (the "**Shortfall**") to the Corporation on the same terms set out for the Convertible Notes (as that term is defined in the Special Resolution) on or before June 30, 2019.

Since 721 did not advance the Shortfall on or prior to June 30, 2019, pursuant to the Special Resolution, Bio-Tech is entitled to, on notice to the Corporation prior to July 31, 2019, advance to the Corporation the Shortfall on the same terms set forth in the Convertible Notes.

This shall serve as notice by Bio-Tech of its intention to advance the Shortfall to the Corporation on or prior to July 31, 2019 on the terms set forth in the Convertible Notes.

DATED this 24th day of July, 2019.

DELTA 9 BIO-TECH INC.

Per: _____

Name: _____

Title: _____

John Asbutknot
CEO

002107

CHEQUE NO.

2107



DATE _____

2 5 0 7 2 0 1 9
D D M M Y Y Y Y

\$**440,000.00

PAY

****Four Hundred Forty Thousand and 00/100
Amount in Canadian Dollars**

TO THE
ORDER
OF

DELTA 9 LIFESTYLE/CANNABIS CLINIC INC.

DELTA 9 BIO-TECH INC.

PER

PER

1100210711 10020700301 10101038033311

DELTA 9 BIO-TECH INC.

CHEQUE NO.

002107

07/25/2019			
	Discount	Amount Paid	
07/25/2019		440,000.00	

Total	440,000.00
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DELTA 9 BIO-TECH INC.

CHEQUE NO. 002107

07/25/2019					
Discount		Amount Paid	Discount		Amount Paid
07/25/2019		440,000.00			

Total	440,000.00
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00877

DELTA 9 LIFESTYLE CANNABIS CLINIC INC.

DEMAND CONVERTIBLE PROMISSORY NOTE

TO: Delta 9 Bio-Tech Inc. (the “**Holder**”)
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9

1. PROMISE TO PAY

DELTA 9 LIFESTYLE CANNABIS CLINIC INC. (the “**Corporation**”), for value received, hereby acknowledges its indebtedness owing as at the date hereof, and promises to pay to the Holder in full, the aggregate principal amount of ONE HUNDRED SEVENTY EIGHT THOUSAND FIVE HUNDRED (\$178,500.00) DOLLARS in lawful money of Canada (the “**Principal Sum**”), at the address noted above or such other address as the Holder may advise the Corporation from time to time, together with interest thereon, in accordance with the terms and conditions set forth herein, and in consideration of the extension of credit by the Holder to the Corporation, the Corporation hereby covenants and agrees to perform the covenants of the Corporation set forth in this promissory note (this “**Note**”).

2. COMMERCIAL TERMS

- (a) Repayment. The Principal Sum, together with all interest thereon, shall be due and payable ON DEMAND, provided that in no event shall demand be made for repayment of any portion principal amount of the Principal Sum other than in accordance with the following:
 - (i) from the date of this Note to the date that is twelve (12) months following such date, no repayment of principal may be required;
 - (ii) from the date that is twelve (12) months following the date of this Note until repayment in full, such amount and frequency of repayment of principal as mutually determined by the Shareholders on or before the date that is twelve (12) months following the date of this Note; and
 - (iii) while any principal amount of the Existing Bio-Tech Loan (as hereinafter defined) remains outstanding, no demand may be made by the Holder for any amount of the Principal Sum.
- (b) Interest. While any amount of the Principal Sum remains outstanding under this Note, the amount of the Principal Sum and interest outstanding from time to time under this Note shall accrue and bear interest at a rate equal to six (6.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month.
- (c) Prepayment.

- (i) At any time following the date hereof and upon the Corporation giving not less than ninety (90) days' prior written notice to the Holder of the Corporation's intention to repay any amount of the outstanding Principal Sum and interest under this Note ("**Prepayment Notice**"), provided that no Notice has been delivered by the Holder pursuant to Section 5(c), the Corporation may prepay all, or any amount of, the outstanding Principal Sum, together with the accrued and unpaid interest thereon, provided that the Holder shall have sixty (60) days from the date of receipt of the Prepayment Notice to exercise the Holder's conversion privileges as set forth in Section 5, provided further that no Prepayment Notice may be delivered to the Holder unless the Corporation delivers concurrently to the holder of the other Convertible Note (as hereinafter defined) (if any) a notice of an intended prepayment under such Convertible Note in an amount equal to: (A) the amount of the principal and interest outstanding under such Convertible Note; multiplied by (B) a fraction, the numerator of which is the amount to be prepaid to the Holder hereof pursuant to the Prepayment Notice, and the denominator of which is the amount of the Principal Sum and interest outstanding hereunder.
- (ii) If the Holder does not exercise the Holder's conversion privileges as set forth in Section 5 within the sixty (60) day period set out in Section 2(c)(i), then upon expiry of that period, the Corporation shall be entitled to make prepayment of such amount of the Principal Sum set out in the Prepayment Notice (provided that, if a Prepayment Notice indicates an intention to prepay the entirety of the Principal Sum, the accrued and unpaid interest thereon shall be included in the amount to be so prepaid) and: (A) if the prepayment is made for any amount less than the total Principal Sum and any accrued and unpaid interest thereon, upon the surrender of this Note by the Holder, the Corporation shall issue a new convertible note in the same form as this Note but for the amount of the Principal Sum which shall equal the balance of the then-outstanding Principal Sum together with all accrued and unpaid interest thereon; or (B) if the prepayment is for the total amount of the Principal Sum and all accrued and unpaid interest thereon, all rights associated with this Note shall terminate, except for the right of the Holder, upon surrender of this Note to the Corporation, to be entitled to immediate payment by the Corporation of the outstanding Principal Sum and any accrued but unpaid interest payable hereunder.

3. **RANKING**

- (a) The Corporation may enter into two (2) other promissory notes with the Holder and three (3) other convertible promissory notes with 7217804 Manitoba Ltd. (together with this Note, collectively, the "**Convertible Notes**") in form identical to this Note but for the identity of the holder thereof and the amount of the Principal Sum. The Convertible Notes shall rank *pari passu* with respect to each other, and any payment made by the Corporation under the Convertible Notes

shall be made *pro rata* among all Convertible Note holders based on the aggregate principal sum of each Convertible Note.

- (b) This Note and the Principal Sum shall rank subordinate to each of: (i) the loan made by Delta 9 Bio-Tech Inc. to the Corporation in the principal amount of up to \$5,000,000 as evidenced by the amended and restated promissory note to the Corporation in favour of Delta 9 Bio-Tech Inc. dated January 20, 2021 (the “**Existing Bio-Tech Loan**”); (ii) any loan extended to the Corporation from time to time by an institutional lender; and (iii) any repayment obligations arising from time to time in connection with the guarantee by the Corporation of the debt of a third party owing to an institutional lender (collectively, “**Senior Indebtedness**”). Upon the reasonable request by the Corporation from time to time while any amount of the Principal Sum remains outstanding, the Holder shall deliver any documentation reasonably requested to evidence the subordination of this Note and the Principal Sum to the loans set forth in this Section 3(b).
- (c) No right of any present or future holder of Senior Indebtedness of the Corporation to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation, or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Note, regardless of any knowledge thereof that any holder may have or otherwise be charged with.
- (d) Each present and future holder of Senior Indebtedness of the Corporation shall be entitled to the benefit of the provisions of this Section 3 notwithstanding that such holder is not a party to this Note.

4. **DEFAULT**

Notwithstanding the limitations set forth in Section 2 hereof, upon the occurrence of any Event of Default (as hereinafter defined), the Principal Sum and all interest outstanding thereon shall at the option of the Holder and by notice in writing to the Corporation (with a copy of such notice to be delivered concurrently to the holder of the other Convertible Note) become forthwith due and payable and all of the rights and remedies conferred in respect of the Note shall become immediately enforceable. The occurrence of any of the following events shall constitute an “**Event of Default**” under this Note:

- (a) if default occurs in payment when due of any Principal Sum or any interest thereon and such default continues for a period of fourteen (14) days following written notice specifying the same by the Holder;
- (b) if default occurs in performance of any other material covenant of the Corporation under this Note and such default continues for period of thirty (30) days following written notice specifying the same by the Holder; or

- (c) if (i) the Corporation commits an act of bankruptcy or becomes insolvent within the meaning of any bankruptcy or insolvency legislation applicable to it or files an assignment in bankruptcy or (ii) a petition or other process for the bankruptcy of the Corporation is filed or instituted and remains undismissed or unstayed for a period of at least thirty (30) days or any relief sought in such proceeding shall occur.

Should the Holder exercise its right for the Principal Sum and all interest outstanding thereon to be come immediately due and payable on the occurrence of an Event of Default pursuant to this Section 4, and if at such time an Event of Default has occurred in respect of the obligations of the Corporation under the other Convertible Note, any repayment made by the Corporation to the Holder shall be made to the holder of the other Convertible Notes, *pro rata*, to a maximum amount equal to the principal and interest outstanding under such other Convertible Note as at the time of the Event of Default.

5. **CONVERSION**

- (a) The Holder may, at any time until the date that is 90 days prior to the maturity date of this Note (the “**Conversion Period**”), on delivery of a Notice (as hereinafter defined) ninety (90) days in advance, together with delivery of a copy of such Notice to the holder of the other Convertible Note, convert all or any part of the then-outstanding Principal Sum, including accrued and unpaid interest, under this Note into Class A common shares of the Corporation (“**Common Shares**”) at the price of \$60,000 per Common Share, subject to adjustment in accordance with Section 6 (the “**Conversion Price**”).
- (b) The conversion of any amount owing by the Corporation to the Holder in accordance with this Section 5 shall be deemed to be in complete payment and satisfaction of the amount so converted.
- (c) In order to exercise the conversion right herein, the Holder shall deliver to the office of the Corporation (or to such other place as the Corporation may direct in writing) and 7217804 Manitoba Ltd. a notice signed by the Holder (the “**Notice**”) setting out the portion of the then-outstanding Principal Sum owing by the Corporation to the Holder that it wishes to convert and shall surrender this Note to the Corporation at its head office in Winnipeg, Manitoba. The date which is ninety (90) days following the date of delivery of the Notice shall be referred to herein as the “**Conversion Date**”.
- (d) Provided that the Holder delivers this original Note to the Corporation on or prior to the Conversion Date, on the Conversion Date the Holder shall be entered on the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Note is convertible in accordance with the provisions of this Section 5 and the amount of the then-outstanding Principal Sum, including accrued and unpaid interest, to be converted pursuant to the Notice, and as soon as practicable thereafter, the Corporation shall issue or cause

to be issued and deliver or cause to be delivered to the Holder a certificate in the name of the Holder for such number of Common Shares into which this Note may be converted, and, if applicable, the Corporation shall deliver to the Holder a duly executed promissory note, in the same form as this Note (but for the amount of the Principal Sum), representing the balance of the then-outstanding Principal Sum following the conversion of such portion of the Principal Sum set forth in the Notice. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Conversion Date and at such time Holder shall be deemed to have become the holder of record of the Common Shares represented thereby.

- (e) The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Note as provided in this Section 5, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the full conversion of this Note. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (f) As a condition of the issuance of the Common Shares, the Holder is required to, if he/she/it hasn't already, become a party to and agree to be bound by the terms of the unanimous shareholders' agreement among Delta 9 Bio-Tech Inc., 7217804 Manitoba Ltd., John Arbuthnot IV, Len Hirsch and the Corporation dated April 1, 2017, as the same has been or may hereafter be amended and supplemented from time to time, by delivery of a participation agreement and compliance with all other terms set forth in such unanimous shareholders' agreement, as may be amended from time to time. For certainty, this Note shall not be assigned by the Holder at any time except pursuant to and in compliance with Section 9.

6. ADJUSTMENTS

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time the Corporation shall (A) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, (B) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or (C) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a Common Share dividend, the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a Common Share dividend, as the case may be, shall in the case of the events referred to in (A) and (C) above, be decreased in the proportion that the number of Common Shares outstanding immediately prior to such subdivision, redivision or dividend bears to the number of outstanding Shares resulting from such subdivision, redivision or dividend, or shall, in the case of the events referred to in (B) above, be increased in the proportion that the

number of Common Shares outstanding immediately prior to such reduction, combination or consolidation bears to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6(a) shall occur.

- (b) In any case in which this Section 6 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any dividends made on such additional Common Shares declared in favour of holders of record of Shares on or after the Conversion Date or such later date as the Holder would, but for the provisions of this Section 6(b), have become the holder of record of such additional Common Shares pursuant to Section 5.
- (c) The adjustments provided for in this Section 6 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, dividends, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect.
- (d) In the event of any question arising with respect to the adjustments provided in this Section 6, such questions shall be conclusively determined by a firm of chartered accountants (who may be the auditors of the Corporation) appointed by the Corporation; such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.
- (e) Upon the occurrence of each adjustment or readjustment pursuant to this Section 6, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Note a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request, at any time, of any such Holder, furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments, (ii) the conversion price at the time in effect; and (iii) the number of shares and the amount, if any, of other property that at the time would be received upon the conversion of this Note.
- (f) The Corporation will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed

hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders of this Note against impairment.

7. POSITIVE COVENANTS

The Corporation covenants so long as any amount remains outstanding under this Note that the Corporation shall:

- (a) duly and punctually pay or cause to be paid to the Holder the principal of and the interest accrued on this Note on the dates, at the places, in the amounts and in the manner mentioned herein;
- (b) comply in all material respects with all laws, rules and regulations applicable to it and maintain its legal existence;
- (c) carry on and continuously conduct its business in a lawful, efficient, diligent and businesslike manner;
- (d) immediately advise the Holder by written notice of the occurrence of any Event of Default; and
- (e) fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against its business, property and undertaking, or any part thereof.

8. FURTHER ASSURANCES

The Corporation will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, mortgages, transfers and assurances in law as the Holder shall reasonably require to give effect to this Note or to evidence the Indebtedness incurred hereby and for the better accomplishing and effectuating of the intentions of this Note.

9. ASSIGNMENT; ENUREMENT; NON-NEGOTIABLE INSTRUMENT

- (a) This Note is not a negotiable instrument, and this Note, and the amounts payable by the Corporation hereunder, shall not be transferred, assigned, pledged, hypothecated, given as security, or otherwise disposed of by the Holder, except that the Holder shall be permitted to assign the Note to 7217804 Manitoba Ltd. on the delivery of notice thereof to the Corporation.
- (b) This Note, and all rights and obligations contained herein, shall enure to the benefit of and be binding upon the Corporation and the Holder and each of their respective successors and permitted assigns.

10. GENERAL

- (a) Unless otherwise provided in this Note, all notices, consents, acknowledgments, directions, resolutions, waivers and other communications required or permitted to be given under this Note shall be in writing and shall be sent by express courier service, first class registered mail, facsimile or other means of electronic mail transfer, or personal delivery, addressed to the party for whom it is intended as set out in Schedule A attached hereto. Notices or other communications delivered by mail shall be deemed given and received on the fifth day after posting, those sent by express courier service on the day following dispatch, those sent by facsimile or other means of electronic mail or document transfer and received prior to 4:00p.m. (recipient's local time) on a day then on the day of transmission but otherwise on the next day following transmission and those personally delivered on the day such delivery is made; provided, however, that during any period of mail service disruption, notices or other communications shall be sent by means other than the mail. Any party may, from time to time, designate a substitute address by giving advance written notice thereof to the other parties pursuant to this Section 10(a).
- (b) If one or more of the provisions of this Note or any part of any of them is, or is adjudged to be, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof is not in any way be affected or impaired thereby, and such invalid, illegal or unenforceable provision or part is be deemed to be severable.
- (c) The Corporation hereby waives presentment, demand, notice of dishonour, notice of protest, notice of non-payment and any other notice required by law to be given to the Corporation on this Note in connection with the delivery, acceptance, performance, default or enforcement of this Note and hereby consents to any delays, extensions, renewals or other modifications of this Note, any waivers of any term or condition of this Note or the release of the Corporation under this Note, and hereby agrees that any action by the Holder or any other person or failure to act by the Holder or any other person shall not affect or impair the obligations of the Corporation, or be construed as being a waiver by the Holder or that other person of its rights under this Note.
- (d) No waiver or variation by the Holder of any provision of this Note will be effective unless evidenced by an instrument in writing dated subsequent to the date hereof and executed by the Holder.
- (e) The headings used in this Note are for convenience only and are not to be considered a part of this Note and do not in any way limit or amplify the terms and provisions of this Note.

- (f) This Note shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.
- (g) Time shall be of the essence of this Note.

[signature page immediately below]

IN WITNESS WHEREOF the Corporation has executed this Note as of January 20, 2021.

**DELTA 9 LIFESTYLE CANNABIS CLINIC
INC.**

Per: _____

Name: John Arbutnot

Title: President

I have authority to bind the Corporation.

**SCHEDULE A
NOTICE ADDRESSES**

In the case of the Corporation:

Delta 9 Lifestyle Cannabis Clinic Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

Facsimile: (204) 957-4261

In the case of the Holder:

Delta 9 Bio-Tech Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn
Facsimile: (204) 957-4261

In the case of 7217804 Manitoba Ltd.:

7217804 Manitoba Ltd.
2nd Floor, 310 Ross Avenue
Winnipeg, MB R3A 0L4
Attn: Len Hirsch

With a copy to:

Soronow Law Office
210-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attn : Sidney G. Soronow

DELTA 9 LIFESTYLE CANNABIS CLINIC INC.

DEMAND CONVERTIBLE PROMISSORY NOTE

TO: Delta 9 Bio-Tech Inc. (the "Holder")
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9

1. PROMISE TO PAY

DELTA 9 LIFESTYLE CANNABIS CLINIC INC. (the "Corporation"), for value received, hereby acknowledges its indebtedness owing as at the date hereof, and promises to pay to the Holder in full, the aggregate principal amount of ONE HUNDRED SEVENTY EIGHT THOUSAND FIVE HUNDRED (\$178,500.00) DOLLARS in lawful money of Canada (the "Principal Sum"), at the address noted above or such other address as the Holder may advise the Corporation from time to time, together with interest thereon, in accordance with the terms and conditions set forth herein, and in consideration of the extension of credit by the Holder to the Corporation, the Corporation hereby covenants and agrees to perform the covenants of the Corporation set forth in this promissory note (this "Note").

2. COMMERCIAL TERMS

- (a) Repayment. The Principal Sum, together with all interest thereon, shall be due and payable ON DEMAND, provided that in no event shall demand be made for repayment of any portion principal amount of the Principal Sum other than in accordance with the following:
 - (i) from the date of this Note to the date that is twelve (12) months following such date, no repayment of principal may be required;
 - (ii) from the date that is twelve (12) months following the date of this Note until repayment in full, such amount and frequency of repayment of principal as mutually determined by the Shareholders on or before the date that is twelve (12) months following the date of this Note; and
 - (iii) while any principal amount of the Existing Bio-Tech Loan (as hereinafter defined) remains outstanding, no demand may be made by the Holder for any amount of the Principal Sum.
- (b) Interest. While any amount of the Principal Sum remains outstanding under this Note, the amount of the Principal Sum and interest outstanding from time to time under this Note shall accrue and bear interest at a rate equal to six (6.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month.
- (c) Prepayment.

- (i) At any time following the date hereof and upon the Corporation giving not less than ninety (90) days' prior written notice to the Holder of the Corporation's intention to repay any amount of the outstanding Principal Sum and interest under this Note ("**Prepayment Notice**"), provided that no Notice has been delivered by the Holder pursuant to Section 5(c), the Corporation may prepay all, or any amount of, the outstanding Principal Sum, together with the accrued and unpaid interest thereon, provided that the Holder shall have sixty (60) days from the date of receipt of the Prepayment Notice to exercise the Holder's conversion privileges as set forth in Section 5, provided further that no Prepayment Notice may be delivered to the Holder unless the Corporation delivers concurrently to the holder of the other Convertible Note (as hereinafter defined) (if any) a notice of an intended prepayment under such Convertible Note in an amount equal to: (A) the amount of the principal and interest outstanding under such Convertible Note; multiplied by (B) a fraction, the numerator of which is the amount to be prepaid to the Holder hereof pursuant to the Prepayment Notice, and the denominator of which is the amount of the Principal Sum and interest outstanding hereunder.
- (ii) If the Holder does not exercise the Holder's conversion privileges as set forth in Section 5 within the sixty (60) day period set out in Section 2(c)(i), then upon expiry of that period, the Corporation shall be entitled to make prepayment of such amount of the Principal Sum set out in the Prepayment Notice (provided that, if a Prepayment Notice indicates an intention to prepay the entirety of the Principal Sum, the accrued and unpaid interest thereon shall be included in the amount to be so prepaid) and: (A) if the prepayment is made for any amount less than the total Principal Sum and any accrued and unpaid interest thereon, upon the surrender of this Note by the Holder, the Corporation shall issue a new convertible note in the same form as this Note but for the amount of the Principal Sum which shall equal the balance of the then-outstanding Principal Sum together with all accrued and unpaid interest thereon; or (B) if the prepayment is for the total amount of the Principal Sum and all accrued and unpaid interest thereon, all rights associated with this Note shall terminate, except for the right of the Holder, upon surrender of this Note to the Corporation, to be entitled to immediate payment by the Corporation of the outstanding Principal Sum and any accrued but unpaid interest payable hereunder.

3. RANKING

- (a) The Corporation may enter into two (2) other promissory notes with the Holder and three (3) other convertible promissory notes with 7217804 Manitoba Ltd. (together with this Note, collectively, the "**Convertible Notes**") in form identical to this Note but for the identity of the holder thereof and the amount of the Principal Sum. The Convertible Notes shall rank *pari passu* with respect to each other, and any payment made by the Corporation under the Convertible Notes

shall be made *pro rata* among all Convertible Note holders based on the aggregate principal sum of each Convertible Note.

- (b) This Note and the Principal Sum shall rank subordinate to each of: (i) the loan made by Delta 9 Bio-Tech Inc. to the Corporation in the principal amount of up to \$5,000,000 as evidenced by the amended and restated promissory note to the Corporation in favour of Delta 9 Bio-Tech Inc. dated January 20, 2021 (the "**Existing Bio-Tech Loan**"); (ii) any loan extended to the Corporation from time to time by an institutional lender; and (iii) any repayment obligations arising from time to time in connection with the guarantee by the Corporation of the debt of a third party owing to an institutional lender (collectively, "**Senior Indebtedness**"). Upon the reasonable request by the Corporation from time to time while any amount of the Principal Sum remains outstanding, the Holder shall deliver any documentation reasonably requested to evidence the subordination of this Note and the Principal Sum to the loans set forth in this Section 3(b).
- (c) No right of any present or future holder of Senior Indebtedness of the Corporation to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation, or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Note, regardless of any knowledge thereof that any holder may have or otherwise be charged with.
- (d) Each present and future holder of Senior Indebtedness of the Corporation shall be entitled to the benefit of the provisions of this Section 3 notwithstanding that such holder is not a party to this Note.

4. DEFAULT

Notwithstanding the limitations set forth in Section 2 hereof, upon the occurrence of any Event of Default (as hereinafter defined), the Principal Sum and all interest outstanding thereon shall at the option of the Holder and by notice in writing to the Corporation (with a copy of such notice to be delivered concurrently to the holder of the other Convertible Note) become forthwith due and payable and all of the rights and remedies conferred in respect of the Note shall become immediately enforceable. The occurrence of any of the following events shall constitute an "**Event of Default**" under this Note:

- (a) if default occurs in payment when due of any Principal Sum or any interest thereon and such default continues for a period of fourteen (14) days following written notice specifying the same by the Holder;
- (b) if default occurs in performance of any other material covenant of the Corporation under this Note and such default continues for period of thirty (30) days following written notice specifying the same by the Holder; or

- (c) if (i) the Corporation commits an act of bankruptcy or becomes insolvent within the meaning of any bankruptcy or insolvency legislation applicable to it or files an assignment in bankruptcy or (ii) a petition or other process for the bankruptcy of the Corporation is filed or instituted and remains undismissed or unstayed for a period of at least thirty (30) days or any relief sought in such proceeding shall occur.

Should the Holder exercise its right for the Principal Sum and all interest outstanding thereon to be come immediately due and payable on the occurrence of an Event of Default pursuant to this Section 4, and if at such time an Event of Default has occurred in respect of the obligations of the Corporation under the other Convertible Note, any repayment made by the Corporation to the Holder shall be made to the holder of the other Convertible Notes, *pro rata*, to a maximum amount equal to the principal and interest outstanding under such other Convertible Note as at the time of the Event of Default.

5. CONVERSION

- (a) The Holder may, at any time until the date that is 90 days prior to the maturity date of this Note (the "**Conversion Period**"), on delivery of a Notice (as hereinafter defined) ninety (90) days in advance, together with delivery of a copy of such Notice to the holder of the other Convertible Note, convert all or any part of the then-outstanding Principal Sum, including accrued and unpaid interest, under this Note into Class A common shares of the Corporation ("**Common Shares**") at the price of \$60,000 per Common Share, subject to adjustment in accordance with Section 6 (the "**Conversion Price**").
- (b) The conversion of any amount owing by the Corporation to the Holder in accordance with this Section 5 shall be deemed to be in complete payment and satisfaction of the amount so converted.
- (c) In order to exercise the conversion right herein, the Holder shall deliver to the office of the Corporation (or to such other place as the Corporation may direct in writing) and 7217804 Manitoba Ltd. a notice signed by the Holder (the "**Notice**") setting out the portion of the then-outstanding Principal Sum owing by the Corporation to the Holder that it wishes to convert and shall surrender this Note to the Corporation at its head office in Winnipeg, Manitoba. The date which is ninety (90) days following the date of delivery of the Notice shall be referred to herein as the "**Conversion Date**".
- (d) Provided that the Holder delivers this original Note to the Corporation on or prior to the Conversion Date, on the Conversion Date the Holder shall be entered on the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Note is convertible in accordance with the provisions of this Section 5 and the amount of the then-outstanding Principal Sum, including accrued and unpaid interest, to be converted pursuant to the Notice, and as soon as practicable thereafter, the Corporation shall issue or cause

to be issued and deliver or cause to be delivered to the Holder a certificate in the name of the Holder for such number of Common Shares into which this Note may be converted, and, if applicable, the Corporation shall deliver to the Holder a duly executed promissory note, in the same form as this Note (but for the amount of the Principal Sum), representing the balance of the then-outstanding Principal Sum following the conversion of such portion of the Principal Sum set forth in the Notice. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Conversion Date and at such time Holder shall be deemed to have become the holder of record of the Common Shares represented thereby.

- (e) The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Note as provided in this Section 5, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the full conversion of this Note. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (f) As a condition of the issuance of the Common Shares, the Holder is required to, if he/she/it hasn't already, become a party to and agree to be bound by the terms of the unanimous shareholders' agreement among Delta 9 Bio-Tech Inc., 7217804 Manitoba Ltd., John Arbuthnot IV, Len Hirsch and the Corporation dated April 1, 2017, as the same has been or may hereafter be amended and supplemented from time to time, by delivery of a participation agreement and compliance with all other terms set forth in such unanimous shareholders' agreement, as may be amended from time to time. For certainty, this Note shall not be assigned by the Holder at any time except pursuant to and in compliance with Section 9.

6. ADJUSTMENTS

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time the Corporation shall (A) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, (B) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or (C) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a Common Share dividend, the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a Common Share dividend, as the case may be, shall in the case of the events referred to in (A) and (C) above, be decreased in the proportion that the number of Common Shares outstanding immediately prior to such subdivision, redivision or dividend bears to the number of outstanding Shares resulting from such subdivision, redivision or dividend, or shall, in the case of the events referred to in (B) above, be increased in the proportion that the

number of Common Shares outstanding immediately prior to such reduction, combination or consolidation bears to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6(a) shall occur.

- (b) In any case in which this Section 6 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any dividends made on such additional Common Shares declared in favour of holders of record of Shares on or after the Conversion Date or such later date as the Holder would, but for the provisions of this Section 6(b), have become the holder of record of such additional Common Shares pursuant to Section 5.
- (c) The adjustments provided for in this Section 6 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, dividends, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect.
- (d) In the event of any question arising with respect to the adjustments provided in this Section 6, such questions shall be conclusively determined by a firm of chartered accountants (who may be the auditors of the Corporation) appointed by the Corporation; such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.
- (e) Upon the occurrence of each adjustment or readjustment pursuant to this Section 6, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Note a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request, at any time, of any such Holder, furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments, (ii) the conversion price at the time in effect; and (iii) the number of shares and the amount, if any, of other property that at the time would be received upon the conversion of this Note.
- (f) The Corporation will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed

hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders of this Note against impairment.

7. POSITIVE COVENANTS

The Corporation covenants so long as any amount remains outstanding under this Note that the Corporation shall:

- (a) duly and punctually pay or cause to be paid to the Holder the principal of and the interest accrued on this Note on the dates, at the places, in the amounts and in the manner mentioned herein;
- (b) comply in all material respects with all laws, rules and regulations applicable to it and maintain its legal existence;
- (c) carry on and continuously conduct its business in a lawful, efficient, diligent and businesslike manner;
- (d) immediately advise the Holder by written notice of the occurrence of any Event of Default; and
- (e) fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against its business, property and undertaking, or any part thereof.

8. FURTHER ASSURANCES

The Corporation will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, mortgages, transfers and assurances in law as the Holder shall reasonably require to give effect to this Note or to evidence the Indebtedness incurred hereby and for the better accomplishing and effectuating of the intentions of this Note.

9. ASSIGNMENT; ENUREMENT; NON-NEGOTIABLE INSTRUMENT

- (a) This Note is not a negotiable instrument, and this Note, and the amounts payable by the Corporation hereunder, shall not be transferred, assigned, pledged, hypothecated, given as security, or otherwise disposed of by the Holder, except that the Holder shall be permitted to assign the Note to 7217804 Manitoba Ltd. on the delivery of notice thereof to the Corporation.
- (b) This Note, and all rights and obligations contained herein, shall enure to the benefit of and be binding upon the Corporation and the Holder and each of their respective successors and permitted assigns.

10. GENERAL

- (a) Unless otherwise provided in this Note, all notices, consents, acknowledgments, directions, resolutions, waivers and other communications required or permitted to be given under this Note shall be in writing and shall be sent by express courier service, first class registered mail, facsimile or other means of electronic mail transfer, or personal delivery, addressed to the party for whom it is intended as set out in Schedule A attached hereto. Notices or other communications delivered by mail shall be deemed given and received on the fifth day after posting, those sent by express courier service on the day following dispatch, those sent by facsimile or other means of electronic mail or document transfer and received prior to 4:00p.m. (recipient's local time) on a day then on the day of transmission but otherwise on the next day following transmission and those personally delivered on the day such delivery is made; provided, however, that during any period of mail service disruption, notices or other communications shall be sent by means other than the mail. Any party may, from time to time, designate a substitute address by giving advance written notice thereof to the other parties pursuant to this Section 10(a).
- (b) If one or more of the provisions of this Note or any part of any of them is, or is adjudged to be, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof is not in any way be affected or impaired thereby, and such invalid, illegal or unenforceable provision or part is be deemed to be severable.
- (c) The Corporation hereby waives presentment, demand, notice of dishonour, notice of protest, notice of non-payment and any other notice required by law to be given to the Corporation on this Note in connection with the delivery, acceptance, performance, default or enforcement of this Note and hereby consents to any delays, extensions, renewals or other modifications of this Note, any waivers of any term or condition of this Note or the release of the Corporation under this Note, and hereby agrees that any action by the Holder or any other person or failure to act by the Holder or any other person shall not affect or impair the obligations of the Corporation, or be construed as being a waiver by the Holder or that other person of its rights under this Note.
- (d) No waiver or variation by the Holder of any provision of this Note will be effective unless evidenced by an instrument in writing dated subsequent to the date hereof and executed by the Holder.
- (e) The headings used in this Note are for convenience only and are not to be considered a part of this Note and do not in any way limit or amplify the terms and provisions of this Note.

- (f) This Note shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.
- (g) Time shall be of the essence of this Note.

[signature page immediately below]

IN WITNESS WHEREOF the Corporation has executed this Note as of March 31st,
2021.

DELTA 9 LIFESTYLE CANNABIS CLINIC
INC.

Per: _____

Name: _____

Title: _____

I have authority to bind the Corporation.

COPY

**SCHEDULE A
NOTICE ADDRESSES**

In the case of the Corporation:

Delta 9 Lifestyle Cannabis Clinic Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

Facsimile: (204) 957-4261

In the case of the Holder:

Delta 9 Bio-Tech Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn
Facsimile: (204) 957-4261

In the case of 7217804 Manitoba Ltd.:

7217804 Manitoba Ltd.
2nd Floor, 310 Ross Avenue
Winnipeg, MB R3A 0L4
Attn: Len Hirsch

With a copy to:

Soronow Law Office
210-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attn : Sidney G. Soronow

DELTA 9 LIFESTYLE CANNABIS CLINIC INC.

DEMAND CONVERTIBLE PROMISSORY NOTE

TO: Delta 9 Bio-Tech Inc. (the “**Holder**”)
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9

1. PROMISE TO PAY

DELTA 9 LIFESTYLE CANNABIS CLINIC INC. (the “**Corporation**”), for value received, hereby acknowledges its indebtedness owing as at the date hereof, and promises to pay to the Holder in full, the aggregate principal amount of ONE HUNDRED SEVENTY EIGHT THOUSAND FIVE HUNDRED (\$178,500.00) DOLLARS in lawful money of Canada (the “**Principal Sum**”), at the address noted above or such other address as the Holder may advise the Corporation from time to time, together with interest thereon, in accordance with the terms and conditions set forth herein, and in consideration of the extension of credit by the Holder to the Corporation, the Corporation hereby covenants and agrees to perform the covenants of the Corporation set forth in this promissory note (this “**Note**”).

2. COMMERCIAL TERMS

- (a) Repayment. The Principal Sum, together with all interest thereon, shall be due and payable ON DEMAND, provided that in no event shall demand be made for repayment of any portion principal amount of the Principal Sum other than in accordance with the following:
 - (i) from the date of this Note to the date that is twelve (12) months following such date, no repayment of principal may be required;
 - (ii) from the date that is twelve (12) months following the date of this Note until repayment in full, such amount and frequency of repayment of principal as mutually determined by the Shareholders on or before the date that is twelve (12) months following the date of this Note; and
 - (iii) while any principal amount of the Existing Bio-Tech Loan (as hereinafter defined) remains outstanding, no demand may be made by the Holder for any amount of the Principal Sum.
- (b) Interest. While any amount of the Principal Sum remains outstanding under this Note, the amount of the Principal Sum and interest outstanding from time to time under this Note shall accrue and bear interest at a rate equal to six (6.0%) percent per annum, calculated and payable on the last business day of each month in respect of that month.
- (c) Prepayment.

- (i) At any time following the date hereof and upon the Corporation giving not less than ninety (90) days' prior written notice to the Holder of the Corporation's intention to repay any amount of the outstanding Principal Sum and interest under this Note ("**Prepayment Notice**"), provided that no Notice has been delivered by the Holder pursuant to Section 5(c), the Corporation may prepay all, or any amount of, the outstanding Principal Sum, together with the accrued and unpaid interest thereon, provided that the Holder shall have sixty (60) days from the date of receipt of the Prepayment Notice to exercise the Holder's conversion privileges as set forth in Section 5, provided further that no Prepayment Notice may be delivered to the Holder unless the Corporation delivers concurrently to the holder of the other Convertible Note (as hereinafter defined) (if any) a notice of an intended prepayment under such Convertible Note in an amount equal to: (A) the amount of the principal and interest outstanding under such Convertible Note; multiplied by (B) a fraction, the numerator of which is the amount to be prepaid to the Holder hereof pursuant to the Prepayment Notice, and the denominator of which is the amount of the Principal Sum and interest outstanding hereunder.
- (ii) If the Holder does not exercise the Holder's conversion privileges as set forth in Section 5 within the sixty (60) day period set out in Section 2(c)(i), then upon expiry of that period, the Corporation shall be entitled to make prepayment of such amount of the Principal Sum set out in the Prepayment Notice (provided that, if a Prepayment Notice indicates an intention to prepay the entirety of the Principal Sum, the accrued and unpaid interest thereon shall be included in the amount to be so prepaid) and: (A) if the prepayment is made for any amount less than the total Principal Sum and any accrued and unpaid interest thereon, upon the surrender of this Note by the Holder, the Corporation shall issue a new convertible note in the same form as this Note but for the amount of the Principal Sum which shall equal the balance of the then-outstanding Principal Sum together with all accrued and unpaid interest thereon; or (B) if the prepayment is for the total amount of the Principal Sum and all accrued and unpaid interest thereon, all rights associated with this Note shall terminate, except for the right of the Holder, upon surrender of this Note to the Corporation, to be entitled to immediate payment by the Corporation of the outstanding Principal Sum and any accrued but unpaid interest payable hereunder.

3. RANKING

- (a) The Corporation may enter into two (2) other promissory notes with the Holder and three (3) other convertible promissory notes with 7217804 Manitoba Ltd. (together with this Note, collectively, the "**Convertible Notes**") in form identical to this Note but for the identity of the holder thereof and the amount of the Principal Sum. The Convertible Notes shall rank *pari passu* with respect to each other, and any payment made by the Corporation under the Convertible Notes

shall be made *pro rata* among all Convertible Note holders based on the aggregate principal sum of each Convertible Note.

- (b) This Note and the Principal Sum shall rank subordinate to each of: (i) the loan made by Delta 9 Bio-Tech Inc. to the Corporation in the principal amount of up to \$5,000,000 as evidenced by the amended and restated promissory note to the Corporation in favour of Delta 9 Bio-Tech Inc. dated January 20, 2021 (the “**Existing Bio-Tech Loan**”); (ii) any loan extended to the Corporation from time to time by an institutional lender; and (iii) any repayment obligations arising from time to time in connection with the guarantee by the Corporation of the debt of a third party owing to an institutional lender (collectively, “**Senior Indebtedness**”). Upon the reasonable request by the Corporation from time to time while any amount of the Principal Sum remains outstanding, the Holder shall deliver any documentation reasonably requested to evidence the subordination of this Note and the Principal Sum to the loans set forth in this Section 3(b).
- (c) No right of any present or future holder of Senior Indebtedness of the Corporation to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation, or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Note, regardless of any knowledge thereof that any holder may have or otherwise be charged with.
- (d) Each present and future holder of Senior Indebtedness of the Corporation shall be entitled to the benefit of the provisions of this Section 3 notwithstanding that such holder is not a party to this Note.

4. **DEFAULT**

Notwithstanding the limitations set forth in Section 2 hereof, upon the occurrence of any Event of Default (as hereinafter defined), the Principal Sum and all interest outstanding thereon shall at the option of the Holder and by notice in writing to the Corporation (with a copy of such notice to be delivered concurrently to the holder of the other Convertible Note) become forthwith due and payable and all of the rights and remedies conferred in respect of the Note shall become immediately enforceable. The occurrence of any of the following events shall constitute an “**Event of Default**” under this Note:

- (a) if default occurs in payment when due of any Principal Sum or any interest thereon and such default continues for a period of fourteen (14) days following written notice specifying the same by the Holder;
- (b) if default occurs in performance of any other material covenant of the Corporation under this Note and such default continues for period of thirty (30) days following written notice specifying the same by the Holder; or

- (c) if (i) the Corporation commits an act of bankruptcy or becomes insolvent within the meaning of any bankruptcy or insolvency legislation applicable to it or files an assignment in bankruptcy or (ii) a petition or other process for the bankruptcy of the Corporation is filed or instituted and remains undismissed or unstayed for a period of at least thirty (30) days or any relief sought in such proceeding shall occur.

Should the Holder exercise its right for the Principal Sum and all interest outstanding thereon to be come immediately due and payable on the occurrence of an Event of Default pursuant to this Section 4, and if at such time an Event of Default has occurred in respect of the obligations of the Corporation under the other Convertible Note, any repayment made by the Corporation to the Holder shall be made to the holder of the other Convertible Notes, *pro rata*, to a maximum amount equal to the principal and interest outstanding under such other Convertible Note as at the time of the Event of Default.

5. **CONVERSION**

- (a) The Holder may, at any time until the date that is 90 days prior to the maturity date of this Note (the "**Conversion Period**"), on delivery of a Notice (as hereinafter defined) ninety (90) days in advance, together with delivery of a copy of such Notice to the holder of the other Convertible Note, convert all or any part of the then-outstanding Principal Sum, including accrued and unpaid interest, under this Note into Class A common shares of the Corporation ("**Common Shares**") at the price of \$60,000 per Common Share, subject to adjustment in accordance with Section 6 (the "**Conversion Price**").
- (b) The conversion of any amount owing by the Corporation to the Holder in accordance with this Section 5 shall be deemed to be in complete payment and satisfaction of the amount so converted.
- (c) In order to exercise the conversion right herein, the Holder shall deliver to the office of the Corporation (or to such other place as the Corporation may direct in writing) and 7217804 Manitoba Ltd. a notice signed by the Holder (the "**Notice**") setting out the portion of the then-outstanding Principal Sum owing by the Corporation to the Holder that it wishes to convert and shall surrender this Note to the Corporation at its head office in Winnipeg, Manitoba. The date which is ninety (90) days following the date of delivery of the Notice shall be referred to herein as the "**Conversion Date**".
- (d) Provided that the Holder delivers this original Note to the Corporation on or prior to the Conversion Date, on the Conversion Date the Holder shall be entered on the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Note is convertible in accordance with the provisions of this Section 5 and the amount of the then-outstanding Principal Sum, including accrued and unpaid interest, to be converted pursuant to the Notice, and as soon as practicable thereafter, the Corporation shall issue or cause

to be issued and deliver or cause to be delivered to the Holder a certificate in the name of the Holder for such number of Common Shares into which this Note may be converted, and, if applicable, the Corporation shall deliver to the Holder a duly executed promissory note, in the same form as this Note (but for the amount of the Principal Sum), representing the balance of the then-outstanding Principal Sum following the conversion of such portion of the Principal Sum set forth in the Notice. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Conversion Date and at such time Holder shall be deemed to have become the holder of record of the Common Shares represented thereby.

- (e) The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Note as provided in this Section 5, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the full conversion of this Note. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (f) As a condition of the issuance of the Common Shares, the Holder is required to, if he/she/it hasn't already, become a party to and agree to be bound by the terms of the unanimous shareholders' agreement among Delta 9 Bio-Tech Inc., 7217804 Manitoba Ltd., John Arbuthnot IV, Len Hirsch and the Corporation dated April 1, 2017, as the same has been or may hereafter be amended and supplemented from time to time, by delivery of a participation agreement and compliance with all other terms set forth in such unanimous shareholders' agreement, as may be amended from time to time. For certainty, this Note shall not be assigned by the Holder at any time except pursuant to and in compliance with Section 9.

6. ADJUSTMENTS

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time the Corporation shall (A) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, (B) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or (C) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a Common Share dividend, the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a Common Share dividend, as the case may be, shall in the case of the events referred to in (A) and (C) above, be decreased in the proportion that the number of Common Shares outstanding immediately prior to such subdivision, redivision or dividend bears to the number of outstanding Shares resulting from such subdivision, redivision or dividend, or shall, in the case of the events referred to in (B) above, be increased in the proportion that the

number of Common Shares outstanding immediately prior to such reduction, combination or consolidation bears to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6(a) shall occur.

- (b) In any case in which this Section 6 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any dividends made on such additional Common Shares declared in favour of holders of record of Shares on or after the Conversion Date or such later date as the Holder would, but for the provisions of this Section 6(b), have become the holder of record of such additional Common Shares pursuant to Section 5.
- (c) The adjustments provided for in this Section 6 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, dividends, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect.
- (d) In the event of any question arising with respect to the adjustments provided in this Section 6, such questions shall be conclusively determined by a firm of chartered accountants (who may be the auditors of the Corporation) appointed by the Corporation; such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.
- (e) Upon the occurrence of each adjustment or readjustment pursuant to this Section 6, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Note a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request, at any time, of any such Holder, furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments, (ii) the conversion price at the time in effect; and (iii) the number of shares and the amount, if any, of other property that at the time would be received upon the conversion of this Note.
- (f) The Corporation will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed

hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders of this Note against impairment.

7. POSITIVE COVENANTS

The Corporation covenants so long as any amount remains outstanding under this Note that the Corporation shall:

- (a) duly and punctually pay or cause to be paid to the Holder the principal of and the interest accrued on this Note on the dates, at the places, in the amounts and in the manner mentioned herein;
- (b) comply in all material respects with all laws, rules and regulations applicable to it and maintain its legal existence;
- (c) carry on and continuously conduct its business in a lawful, efficient, diligent and businesslike manner;
- (d) immediately advise the Holder by written notice of the occurrence of any Event of Default; and
- (e) fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against its business, property and undertaking, or any part thereof.

8. FURTHER ASSURANCES

The Corporation will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, mortgages, transfers and assurances in law as the Holder shall reasonably require to give effect to this Note or to evidence the Indebtedness incurred hereby and for the better accomplishing and effectuating of the intentions of this Note.

9. ASSIGNMENT; ENUREMENT; NON-NEGOTIABLE INSTRUMENT

- (a) This Note is not a negotiable instrument, and this Note, and the amounts payable by the Corporation hereunder, shall not be transferred, assigned, pledged, hypothecated, given as security, or otherwise disposed of by the Holder, except that the Holder shall be permitted to assign the Note to 7217804 Manitoba Ltd. on the delivery of notice thereof to the Corporation.
- (b) This Note, and all rights and obligations contained herein, shall enure to the benefit of and be binding upon the Corporation and the Holder and each of their respective successors and permitted assigns.

10. GENERAL

- (a) Unless otherwise provided in this Note, all notices, consents, acknowledgments, directions, resolutions, waivers and other communications required or permitted to be given under this Note shall be in writing and shall be sent by express courier service, first class registered mail, facsimile or other means of electronic mail transfer, or personal delivery, addressed to the party for whom it is intended as set out in Schedule A attached hereto. Notices or other communications delivered by mail shall be deemed given and received on the fifth day after posting, those sent by express courier service on the day following dispatch, those sent by facsimile or other means of electronic mail or document transfer and received prior to 4:00p.m. (recipient's local time) on a day then on the day of transmission but otherwise on the next day following transmission and those personally delivered on the day such delivery is made; provided, however, that during any period of mail service disruption, notices or other communications shall be sent by means other than the mail. Any party may, from time to time, designate a substitute address by giving advance written notice thereof to the other parties pursuant to this Section 10(a).
- (b) If one or more of the provisions of this Note or any part of any of them is, or is adjudged to be, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof is not in any way be affected or impaired thereby, and such invalid, illegal or unenforceable provision or part is be deemed to be severable.
- (c) The Corporation hereby waives presentment, demand, notice of dishonour, notice of protest, notice of non-payment and any other notice required by law to be given to the Corporation on this Note in connection with the delivery, acceptance, performance, default or enforcement of this Note and hereby consents to any delays, extensions, renewals or other modifications of this Note, any waivers of any term or condition of this Note or the release of the Corporation under this Note, and hereby agrees that any action by the Holder or any other person or failure to act by the Holder or any other person shall not affect or impair the obligations of the Corporation, or be construed as being a waiver by the Holder or that other person of its rights under this Note.
- (d) No waiver or variation by the Holder of any provision of this Note will be effective unless evidenced by an instrument in writing dated subsequent to the date hereof and executed by the Holder.
- (e) The headings used in this Note are for convenience only and are not to be considered a part of this Note and do not in any way limit or amplify the terms and provisions of this Note.

- (f) This Note shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.
- (g) Time shall be of the essence of this Note.

[signature page immediately below]

IN WITNESS WHEREOF the Corporation has executed this Note as of June 30th, 2021.

**DELTA 9 LIFESTYLE CANNABIS CLINIC
INC.**

Per: _____

Name: John Arbutnot

Title: President & Director

I have authority to bind the Corporation.

**SCHEDULE A
NOTICE ADDRESSES**

In the case of the Corporation:

Delta 9 Lifestyle Cannabis Clinic Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

Facsimile: (204) 957-4261

In the case of the Holder:

Delta 9 Bio-Tech Inc.
P.O. Box 68096 Osborne Village
Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

With a copy to:

MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn
Facsimile: (204) 957-4261

In the case of 7217804 Manitoba Ltd.:

7217804 Manitoba Ltd.
2nd Floor, 310 Ross Avenue
Winnipeg, MB R3A 0L4
Attn: Len Hirsch

With a copy to:

Soronow Law Office
210-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attn : Sidney G. Soronow

THIS IS EXHIBIT "46" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024

A handwritten signature in blue ink, appearing to read "Amyal Landin", is written over a horizontal line.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

NOTICE OF PROMISSORY NOTE CONVERSION

TO: Delta 9 Lifestyle Cannabis Clinic Inc. (the "Corporation")
P.O. Box 68096 Osborne Village, Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

COPY TO: MLT Aikins LLP
30th Floor, 360 Main Street, Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

AND TO: 7217804 Manitoba Ltd.
2nd Floor, 310 Ross Avenue, Winnipeg, MB R3A 0L4
Attn: Len Hirsch

COPY TO: Soronow Law Office
210 – 400 St. Mary Avenue, Winnipeg, MB R3C 4K5
Attn: Sidney G. Soronow

FROM: Delta 9 Bio-Tech Inc. ("Bio-Tech")

RE: Exercise of Options for Conversion of Promissory Notes by Bio-Tech

Reference is made to: (i) that certain convertible promissory note by the Corporation in favour of Bio-Tech dated December 31, 2018 in the principal amount of \$3,060,000 (the "**December 2018 Note**"); (ii) that certain convertible promissory note by the Corporation in favour of Bio-Tech dated July 31, 2019 in the principal amount of \$440,000 (the "**Shortfall Take-Up Note**"); (iii) that certain convertible promissory note by the Corporation in favour of Bio-Tech dated January 20, 2021 in the principal amount of \$178,500 (the "**January 2021 Note**"); and (iv) that certain convertible promissory note by the Corporation in favour of Bio-Tech dated March 31, 2021 (the "**March 2021 Note**", and together with the December 2018 Note, the Shortfall Take-Up Note, the January 2021 Note and the March 2021 Note, collectively, the "**Promissory Notes**").

Pursuant to the terms of the Promissory Notes, Bio-Tech, as the holder of each of the Promissory Notes, hereby delivers notice of its exercise of the options to convert the full balance of the outstanding principal sums owing by the Corporation to Bio-Tech under each of the Promissory Notes into Class A common shares in the capital of the Corporation to be issued to Bio-Tech, at a price of \$60,000 per Class A common share, comprising:

Aggregate Principal sum:	\$3,857,000
Class A common shares on conversion:	63.95
Balance payable to BioTech in lieu of fractional shares, pursuant to December 2018 Note and Shortfall Take-Up Note:	\$20,000

The foregoing is calculated based on each Promissory Note as follows:

December 2018 Note: 51 Class A common shares

Shortfall Take-Up Note: 7 Class A common shares; \$20,000 payable to Bio-Tech for fractional share on conversion

January 2021 Note: 2.975 Class A common shares

March 2021 Note: 2.975 Class A common shares

In accordance with the terms of the Promissory Notes, the original Promissory Notes are enclosed with this notice and have been surrendered to the Corporation pending completion of aforementioned conversion. Pursuant to the Promissory Notes, the date of conversion shall be the date which is 90 days following the date of delivery of this notice to the Corporation, being 11, 2021.

August 3, 2021

DATED this 5th day of May, 2021.

DELTA 9 BIO-TECH INC.

Per: 

Name:

Title:

John Arbuthnot
President

NOTICE OF PROMISSORY NOTE CONVERSION

TO: Delta 9 Lifestyle Cannabis Clinic Inc. (the "Corporation")
P.O. Box 68096 Osborne Village, Winnipeg, MB R3L 2V9
Attn: John Arbuthnot

COPY TO: MLT Aikins LLP
30th Floor, 360 Main Street, Winnipeg, MB R3C 4G1
Attn: Steven J. Kohn

AND TO: 7217804 Manitoba Ltd.
2nd Floor, 310 Ross Avenue, Winnipeg, MB R3A 0L4
Attn: Len Hirsch

COPY TO: Soronow Law Office
210 – 400 St. Mary Avenue, Winnipeg, MB R3C 4K5
Attn: Sidney G. Soronow

FROM: Delta 9 Bio-Tech Inc. ("Bio-Tech")

RE: Exercise of Options for Conversion of Promissory Notes by Bio-Tech

Reference is made to that certain convertible promissory note by the Corporation in favour of Bio-Tech dated June 30, 2021 in the principal amount of \$178,000 (the "**June 2021 Note**").

Pursuant to the terms of the June 2021 Note, Bio-Tech, as the holder thereof, hereby delivers notice of its exercise of the option to convert the full balance of the outstanding principal sum owing by the Corporation to Bio-Tech under the June 2021 Note into Class A common shares in the capital of the Corporation to be issued to Bio-Tech, at a price of \$60,000 per Class A common share, comprising:

Aggregate Principal sum:	\$178,000
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Class A common shares on conversion:	2.975
--------------------------------------	-------

In accordance with the terms of the June 2021 Note, the original June 2021 Note is enclosed with this notice and has been surrendered to the Corporation pending completion of aforementioned conversion. Pursuant to the June 2021 Note, the date of conversion shall be the date which is 90 days following the date of delivery of this notice to the Corporation, being September 28, 2021.

DATED this 30th day of June, 2021.

DELTA 9 BIO-TECH INC.

Per: _____

Name: John Arbutnot
Title: President + Director

THIS IS EXHIBIT "47" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA



HDI Global Specialty SE - Canadian Branch

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

Telephone: (+1) 416-814-8200

Primary Directors and Officers Liability Insurance Policy

for

Delta 9 Cannabis Inc.

Policy Number: CC0063524000

Producer:

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





HDI Global Specialty SE Canada Branch

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

Telephone: (+1) 416-814-8200

PRIMARY DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY DECLARATIONS

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

Policy Number: CC0063524000

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



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

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

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

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

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

 E-mail: HGS_Canada_Claims@hdi-specialty.com

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

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

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



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

Authorized Signatory

Marco Zonni
Underwriting Manager, Financial Lines

Authorized Signatory

Derek Spafford
Managing Director & Chief Agent



THIS IS A CLAIMS MADE AND REPORTED POLICY

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

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

SECTION 1. INSURING AGREEMENTS

A. Directors and Officers Coverage

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

B. Named Organization Indemnification Coverage

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

C. Named Organization Liability Coverage for Securities Claims

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

SECTION 2. COVERAGE EXTENSIONS

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

A. Inquiry Defence Costs Coverage

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

B. Derivative Investigative Costs Coverage

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

C. Employment Practice Liability Coverage

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

D. Extradition Proceeding Defence Costs Coverage

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

SECTION 3. DEFINITIONS

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

3.2 “**Claim**” shall mean:

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

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

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

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

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

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

Limits of Liability in ITEM 3. of the Declarations.

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

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

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

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

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

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

3.17 “**Insured**” shall mean:

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

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

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

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

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

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

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

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

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

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

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

However, **Loss** does not include:

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

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

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

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

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

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

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

SECTION 4. EXCLUSIONS

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

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

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

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

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

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

SECTION 5. LIMIT OF LIABILITY AND PRIORITY OF PAYMENTS

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

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

SECTION 6. RETENTION

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

SECTION 7. REPORTING – CONDITION PRECEDENT

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

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

SECTION 8. DEFENCE, INVESTIGATION, AND SETTLEMENT

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

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

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

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

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

SECTION 9. GENERAL CONDITIONS

9.1 Acquisition

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

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

9.2 Change of Control

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

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

9.3 Cancellation / Termination

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

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

9.4 Other Insurance

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

9.5 Allocation

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

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

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

9.6 Extended Reporting Period

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

9.7 Action Against the Insurer

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

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

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

9.8 Assignment of Policy

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

9.9 Acceptance and Severability of Application

The **Application** for this **Policy** shall be construed as a separate **Application** by each **Insured**. With respect to the declarations and statements contained in the **Application**, no statement in the **Application** or knowledge possessed by any **Insured** shall be imputed to any other **Insured**, provided, however, that statements made in the **Application** and/or knowledge possessed by the Chief Executive Officer, or Chief Financial Officer (or the equivalents thereof) shall be imputed to the **Named Organization** for purposes of determining the coverage available to it under this **Policy**. To the best respective knowledge of each **Insured**, the particulars and statements contained in the **Application** are true in all material respects and this **Policy** is issued in reliance upon the truth of such representations.

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

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

9.10 Subrogation and Assignment of Rights

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

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

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

9.11 Authorization of the Named Organization

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

9.12 Singular and Plural / Masculine and Feminine

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

9.13 Territory and Valuation

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

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

9.14 Provincial Inconsistency Section

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

9.15 Waiver in Stay of Bankruptcy

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

9.16 Alternative Dispute Resolution

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

a) Mediation.

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

b) Arbitration.

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

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

9.17 Economic or Trade Sanctions Section

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

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



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

Endorsement 1

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

USA SECURITIES VIOLATION EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

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

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

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

9.18 Notice of Public Filing

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

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

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

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

Endorsement 2

Policy No: CC0063524000

Named Organization: Delta 9 Cannabis Inc.

AMENDMENT ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is understood and agreed that:

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

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

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

9.5 Allocation

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

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

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

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

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

Endorsement 3

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

ABSOLUTE BI/PD EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

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

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

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

Endorsement 4

Policy No: CC0063524000

Named Organization: Delta 9 Cannabis Inc.

10% EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

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

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

of the **Named Organization**.

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

Endorsement 5

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

SIDE A + B COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

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

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

3.17 “**Insured**” shall mean:

- a) any **Insured Person**;

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

Endorsement 6

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

AMENDMENT ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

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

9.3 Cancellation / Termination

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

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

Endorsement 7

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

CYBER COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

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

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

E. a) First Party Coverage

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

b) Privacy Event Expenses Provision

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

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

AMENDMENT TO DEFINITIONS

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

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

"Cyber Claim" shall mean:

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

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

Cyber Loss does not include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AMENDMENT TO EXCLUSIONS

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

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

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

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

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

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

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

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

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

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

AMENDMENTS TO LIMITS OF LIABILITY AND RETENTIONS

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

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

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

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

AMENDMENT TO REPORTING – CONDITION PRECEDENT

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

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

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

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

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

AMENDMENT TO GENERAL CONDITIONS

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

9.4 Other Insurance

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

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

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

Endorsement 8

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

RELIANCE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

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

Victor Application signed and dated February 16, 2024

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

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

Sanctions clause

HDI Global Specialty SE

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

Privacy Notice

HDI Global Specialty SE

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

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

Collecting your personal information

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

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

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

Consent

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

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

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

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

Automated Processing

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

Using and disclosing your personal information

We may disclose your personal information to:

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

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

Rights of access / challenges

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

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

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

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

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

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

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

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

Making a Complaint

HDI Global Specialty SE

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

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

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

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

General Insurance OmbudService (GIO):

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

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

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

PROVINCIAL STATUTORY CONDITIONS

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

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

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

1. Change of Interest

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

2. Material Change in Risk

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

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

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

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

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

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

3. Termination of Insurance

(1) The contract may be terminated

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

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

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

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

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

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

4. Fraud

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

5. Who May Give Notice and Proof

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

(a) by the agent of the insured, if

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

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

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

6. Notice

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

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

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

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

1. Change of Interest

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

2. Material Change in Risk

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

3. Termination of Contract

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

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

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

4. Fraud

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

5. Notice

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

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

C. Statutory Conditions applicable to **Alberta** only

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

1. Change of Interest

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

2. Material Change in Risk

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

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

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

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

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

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

3. Termination of Insurance

(1) The contract may be terminated

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

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

- (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract, and
- (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.

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

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

4. Fraud

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

5. Notice

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

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

D. Statutory Conditions Applicable to Saskatchewan Only

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

1. Change of Interest

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

2. Material Change in Risk

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

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

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

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

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

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

3. Termination of Insurance

(1) The contract may be terminated:

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

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

- (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract; and
- (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as is practicable.

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

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

4. Fraud

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

5. Notice

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

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

E. General Conditions Applicable in the Province of Quebec

This policy is subject to the Civil Code of the Province of Québec. Reference to Civil Code articles in some instances is for easier reading only and should not be construed as exact quotations.

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

1. Statements

(1) Representation of risk (Article 2408)

The client, and the Insured if the Insurer requires it, is bound to represent all the facts known to him which are likely to materially influence an insurer in the setting of the premium, the appraisal of the risk or the decision to cover it, but he is not bound to represent facts known to the Insurer or which from their notoriety he is presumed to know, except in answer to inquiries.

The client means the person submitting an insurance application.

(2) Material change in risk (Articles 2466 and 2467)

The Insured shall promptly notify the Insurer of any change that increases the risks stipulated in the policy and that results from events within his control if it is likely to materially influence an insurer in setting the rate of the premium, appraising the risk or deciding to continue to insure it.

On being notified of any material change in the risk, the Insurer may cancel the contract or propose, in writing, a new rate of premium. Unless the new premium is accepted and paid by the Insured within thirty days of the proposal, the policy ceases to be in force.

(3) Misrepresentations or concealment (Articles 2410, 2411 and 2466)

Any misrepresentation or concealment of relevant facts mentioned in section 1.1 and in the first paragraph of section 1.2 by the client or the Insured nullifies the contract at the instance of the Insurer, even in respect of losses not connected with the risk so misrepresented or concealed.

Unless the bad faith of the client or of the Insured is established or unless it is established that the Insurer would not have covered the risk if he had known the true facts, the Insurer remains liable towards the Insured for such proportion of the indemnity as the premium he collected bears to the premium he should have collected.

(4) Warranties (Article 2412)

Any increase in risk resulting from a breach of warranty suspends the coverage until accepted by the Insurer or until such breach has been remedied by the Insured.

2. General Provisions

(1) Changes (Article 2405)

The terms of this policy shall not be waived or changed except by endorsement.

(2) Assignment (Articles 2475 and 2476)

This policy may be assigned only with the consent of the Insurer and in favour of a person who has an insurable interest in the insured property.

Upon the death or bankruptcy of the Insured or the assignment of his interest in the insurance to a co-Insured, the insurance continues in favour of the heir, trustee in bankruptcy or remaining Insured, subject to his performing the obligations that were incumbent upon the Insured.

3. Losses

(1) Notice of loss (Article 2470)

The Insured shall notify the Insurer of any loss which may give rise to an indemnity, as soon as he becomes aware of it. Any interested person may give such notice.

In the event that the requirement set out in the preceding paragraph is not fully complied with, all rights to compensation shall be forfeited by the Insured where such non-compliance has caused prejudice to the Insurer.

(2) Information to be provided (Article 2471)

The Insured shall inform the Insurer as soon as possible of all the circumstances surrounding the loss, including its probable cause, the nature and extent of the damage, the location of the insured property, the rights of third parties, and any concurrent insurance; he shall also furnish him with vouchers and swear or warrant to the truth of the information.

Where, for a serious reason, the Insured is unable to fulfil such obligation, he is entitled to a reasonable time in which to do so. If the Insured fails to fulfil his obligation, any interested person may do so on his behalf.

In addition, the Insured shall forthwith send to the Insurer a copy of any notice, letter, subpoena or writ or document received in connection with a claim.

(3) False representation (Article 2472)

Any deceitful representation entails the loss of the right of the person making it to any indemnity in respect of the risk to which the representation relates.

However, if the occurrence of the event insured against entails the loss of both movable and immovable property or of both property for occupational use and personal property, forfeiture is incurred only with respect to the class of property to which the representation relates.

(4) Intentional Fault (Article 2464)

The Insurer is never liable to compensate for injury resulting from the Insured's intentional fault.

Where there is more than one Insured, the obligation of coverage remains in respect of those Insureds who have not committed an intentional fault.

Where the Insurer is liable for injury caused by a person for whose acts the Insured is liable, the obligation of coverage subsists regardless of the nature or gravity of that person's fault.

4. Compensation and Settlement

(6) Time of payment (Articles 1591, 2469 and 2473)

The Insurer shall pay the indemnity within sixty (60) days after receiving the notice of loss or, at his request, all relevant information and vouchers, provided the Insured shall have complied with all the terms of the contract.

Any outstanding premium may be deducted from the indemnity payable.

(7) Waiver

Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of the policy by any act relating to arbitration or to the completion or delivery of proof of loss, or to the investigation or adjustment of the claim.

(8) Limitation of actions (Article 2925)

Every action or proceeding against the Insurer under this policy shall be commenced within three (3) years from the date the right of action has arisen.

(9) Subrogation (Article 2474)

Unless otherwise provided, the Insurer shall be subrogated to the extent of the amount paid or the liability assumed therefore under this policy to the rights of the Insured against persons responsible for the loss except when they are members of the Insured's household. The Insurer may be fully or partly released from his obligation towards the Insured where, owing to any act of the Insured, he cannot be so subrogated.

5. Other Insurance

(1) Liability insurance

The liability insurance provided under this policy is primary insurance except when stated to apply in excess of, or contingent upon the absence of, other insurance. When this insurance is primary and the Insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Insurer's liability under this policy shall not be reduced by the existence of such other insurance. When both this insurance and other insurance apply to the loss on the same basis whether primary, excess or contingent, the Insurer shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

- Contribution by equal share:

If all of such other collectible insurance provides for contribution by equal shares, this Insurer shall not be liable for a greater proportion of such loss than would be payable if each insurer contributed an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and

with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

- Contribution by limits:

If any such other insurance does not provide for contribution by equal shares, this Insurer shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

6. Cancellation (Articles 2477 and 2479)

This policy may be cancelled at any time:

(a) By mere written notice from each of the Named Insureds. Termination takes effect upon receipt of the notice and the Insured shall therefore be entitled to a refund of the excess of the premium actually paid over the short-term rate for the expired time.

(b) By the Insurer giving written notice to each Named Insureds. Termination takes effect fifteen (15) days following receipt of such notice by the Insured at his last known address and the Insurer shall refund the excess of premium actually paid over the pro rata premium for the expired time. If the premium is subject to adjustment or determination as to amount, the refund shall be made as soon as practicable.

Where one or more of the Names Insureds have been mandated to receive or send the notices provided for under paragraph a) or b) above, notices sent or received by them shall be deemed to have been sent or received by all Named Insureds.

In this Condition, the words "premium actually paid" means the premium actually paid by the Insured to the Insurer or its representative but do not include any premium or part thereof paid to the Insurer by a representative unless actually paid to the representative by the Insured.

7. Notice

Any notice to the Insurer may be sent by any recognized means of communication to the Insurer or its authorized representative. Notice may be given to the named Insured by letter personally delivered to him or by mail addressed to him at his last known address.

It is incumbent upon the sender to prove that such notice was received.

THIS IS EXHIBIT "48" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024

A handwritten signature in blue ink, appearing to read "Arathnot", is written over a horizontal line.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

THE KING'S BENCH
WINNIPEG CENTRE

BETWEEN:

6599362 CANADA LTD.,

applicant,

- and -

DELTA 9 BIO-TECH INC.,

respondent.

APPLICATION UNDER: *The Landlord and Tenant Act*, CCSM c L70, Part III

NOTICE OF APPLICATION
CIVIL UNCONTESTED LIST
HEARING DATE: JUNE 21, 2024 at 10:00 a.m.

FILED JUN 17 2024

Thompson Dorfman Sweatman LLP
Barristers & Solicitors
1700 – 242 Hargrave Street
Winnipeg MB R3C 0V1

Meghan C. Ross
(Phone: 204-934-2467)
(Email: mcr@tdslaw.com)
(Matter No. 0210979 MCR)

THE KING'S BENCH
WINNIPEG CENTRE

BETWEEN:

6599362 CANADA LTD.,

applicant,

- and -

DELTA 9 BIO-TECH INC.,

respondent.

APPLICATION UNDER: *The Landlord and Tenant Act*, CCSM c L70, Part III

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant.
The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a judge, on
Friday, June 21, 2024 at 10:00 a.m. at the Law Courts Building, 408 York Avenue,
Winnipeg, Manitoba.

IF YOU WISH TO OPPOSE THIS APPLICATION, you or a Manitoba
lawyer acting for you must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER
DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-
EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must serve a
copy of the evidence on the applicant's lawyer or, where the applicant does not have
a lawyer, serve it on the applicant, and file it, with proof of service, in the court office
where the application is to be heard as soon as possible, but not later than 2:00 p.m.
on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE
GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

June 17, 2024

Issued by _____
Registrar

TO: DELTA 9 BIO-TECH INC.
c/o MLT AIKINS LLP
30th Floor – 360 Main Street
Winnipeg MB R3C 4G1

APPLICATION

1. The applicant makes application for an order that:
 - (a) the time for service of this application on the respondent be abridged, or that service of this application be dispensed with or effected substitutionally, if required;
 - (b) a writ of possession issue in favour of the applicant with respect to the lands and premises commonly known as Building D, located on 770 Pandora Avenue East, Winnipeg, Manitoba and legally described as:

PARCEL "G" PLAN 51110 WLTO EXC ALL MINES AND MINERALS
AS SET FORTH IN TRANSFER 2374748 WLTO IN SW 1/4 3 AND
SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE
(CLOSED) BETWEEN SAID SECTIONS

(the "Property");

- (c) damages against the respondent, Delta 9 Bio-Tech Inc. ("Delta 9") in an amount to be determined by this Honourable Court;
- (d) Delta 9 pay the applicant its costs on a solicitor and own client basis;
- (e) such further and other orders be made as may be just.

2. The grounds for the application are:

- (a) the applicant is the owner of the Property;
- (b) Delta 9 is unlawfully in possession of the Property without the consent of the applicant;
- (c) the applicant has demanded vacant possession of the Property; however, the Delta 9 has not delivered same;
- (d) Delta 9 remains unlawfully in possession of the Property without the consent of the applicant;
- (e) the applicant has suffered loss and damages as a result of the actions of the respondents;
- (f) *The Landlord and Tenant Act*, CCSM c L70, sections 67, 68, 70, 71;

- (g) King's Bench Rules 2.03, 3.02(1) 14.05(2)(b), 60.09;
- (h) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

- (a) the Affidavit of Andrew DeFehr, to be filed; and
- (b) such further and other evidence as counsel may advise and this Honourable Court may permit.

June 17, 2024

THOMPSON DORFMAN SWEATMAN LLP
Barristers & Solicitors
1700 – 242 Hargrave Street
Winnipeg MB R3C 0V1
Meghan C. Ross
204-934-2467
mcr@tdslaw.com
Counsel for the applicant

THIS IS EXHIBIT "49" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024



A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA



June 13, 2024

Writer's Direct Line: (403)736-4181
E-Mail: gcalabrese@connectfirstcu.com

Delta 9 Cannabis Inc.
2759054 Ontario Inc. (o/a FIKA)

Dear Sir(s):

RE: Proposed transaction between Delta 9 Cannabis Inc. ("Delta 9") and 2759054 Ontario Inc. ("FIKA")

We acknowledge receipt of your letter dated June 5, 2024 where you noted a potential transaction with 2759054 Ontario Inc. that would contemplate Fika acquiring all of the shares of Delta 9. As requested, please find below:

I. the list of documents/information requirement to move these discussions forward.

- Receipt of any outstanding reporting requirements from Delta 9, as per the existing agreement.
- Copy of detailed transaction information memo detailing the following:
 - o Transaction structure
 - o Financial model
 - o Collateral structure
 - o Repayment structure
 - o Regulatory approvals and consents required
 - o Key Employee Retention Plan Term Sheet
 - o Updated asset valuation
- Receipt of Corporate and financial information from FIKA, including, but not limited to, three years of accountant-prepared yearend statements, quarterly statements, in-house statements, detailed projections, budgets, monthly aged listings, inventory reporting, and any other information deemed to be necessary during the due diligence process.
- Proposal for treatment of outstanding D9 excise tax liability
- Plan Sponsor (Fika) Term Sheet (RECEIVED)
- Debtor in Possession Term Sheet
- Estimation/Valuation of D9 and Fika businesses (individual or consolidated)
- Any other information deemed to be necessary during the due diligence process.

Any consent or new credit authorization may be subject to revision and/or introduction of new conditions to support the proposed structure.

- I. Once the above is received, we would revert with a time for a meeting to discuss the proposed logistics and process for implementing the transaction

We wish to thank you for giving the Credit Union the opportunity to support your business and look forward to

working together on this transaction.

Yours truly,

Per: 

Connect First and Servus Credit Union Ltd.
Name: Gianfelice Calabrese
Title: AVP

THIS IS EXHIBIT "50" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024



A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

From: John Arbuthnot <john.arbuthnot@delta9.ca>

Sent: Friday, June 21, 2024 5:24 PM

To: Kunle Popoola (kpopoola@connectfirstcu.com) <kpopoola@connectfirstcu.com>; Ryan Zahara <RZahara@mltaikins.com>; Chris Nyberg <cnyberg@mltaikins.com>; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>

Subject: Fika <> Delta 9 Term Sheet and Next Steps

[EXTERNAL MESSAGE]

Hello Kunle,

Please see attached Non-Binding Term Sheet between Delta 9 and Fika. The term sheet contemplates negotiation and execution of a Binding Term Sheet which is subject to approval by CFCU.

As you advised we have now engaged Alvarez & Marsal as Financial Advisor to assist with the process. I have Cc'd Orest Konowalchuk with A&M on this email.

I understand our group and Fika have now provided all information requested by the CFCU banking team. We look forward to discussing the application and working with you on next steps.

Regards,

John

THIS IS EXHIBIT "51" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

From: Kunle Popoola <kpopoola@connectfirstcu.com>

Sent: Saturday, June 22, 2024 11:14 PM

To: John Arbuthnot <john.arbuthnot@delta9.ca>; Ryan Zahara <RZahara@mltaikins.com>; Chris Nyberg <cnyberg@mltaikins.com>; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>

Cc: Ryan Andries <randries@connectfirstcu.com>; Domenic Maucieri <DMAucieri@connectfirstcu.com>; Jonathan Clement <jclement@connectfirstcu.com>; Gianfelice Calabrese <gcalabrese@connectfirstcu.com>

Subject: RE: Fika <> Delta 9 Term Sheet and Next Steps

[EXTERNAL MESSAGE]

Hello John,

Thanks for your email. I have forwarded same to Ryan and his team for their review. They will come back to you with questions if any. Just to clarify, your account management team continues to be Ryan and his team.

Regards

Kunle Popoola

Director, Corporate Credit

T (403) 736-4194 T (403) 370-6003 F (403) 277-1341

200, 2850 Sunridge Blvd NE, Calgary, AB T1Y 6G2



connectfirstcu.com



From: John Arbuthnot <john.arbuthnot@delta9.ca>

00974

Sent: Friday, June 21, 2024 5:24 PM

To: Kunle Popoola <kpopoola@connectfirstcu.com>; rzahara@mltaikins.com; cnyberg@mltaikins.com; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>

Subject: Fika <> Delta 9 Term Sheet and Next Steps

EXTERNAL EMAIL ADVISORY: This is an external email. Before proceeding, review the email carefully and exercise caution when clicking on links or downloading attachments. Should you have any doubts regarding the authenticity of this email, please utilize the phish alert button or reach out to Help Desk.

Hello Kunle,

Please see attached Non-Binding Term Sheet between Delta 9 and Fika. The term sheet contemplates negotiation and execution of a Binding Term Sheet which is subject to approval by CFCU.

As you advised we have now engaged Alvarez & Marsal as Financial Advisor to assist with the process. I have Cc'd Orest Konowalchuk with A&M on this email.

I understand our group and Fika have now provided all information requested by the CFCU banking team. We look forward to discussing the application and working with you on next steps.

Regards,

John

If this email was sent to you in error, please discard it immediately and send an email to privacy@connectfirstcu.com. Please do not reply to this email. Want more information on how you're personal data is handled? Visit our Privacy Code (<https://www.connectfirstcu.com/en/about/privacy/privacy-code>) for more information.

If you wish to stop receiving email from us, simply forward this message to unsubscribe@connectfirstcu.com. All unsubscribe requests are handled within 10 days of receipt. We'll be sad to see you go, but we'll understand! If you have a banking relationship with us, this will not unsubscribe you from account related email communications you receive from us.

200 – 2850 Sunridge Blvd. NE, Calgary, AB, T1Y 6G2 - connectFirst Credit Union

THIS IS EXHIBIT "52" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024



A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

From: John Arbuthnot <john.arbuthnot@delta9.ca>
Sent: Friday, July 5, 2024 5:13 PM
To: Chris Nyberg <cnyberg@mltaikins.com>; Ryan Zahara <RZahara@mltaikins.com>
Subject: Fwd: Update

[EXTERNAL MESSAGE]

Get [Outlook for Android](#)

From: Gianfelice Calabrese <gcalabrese@connectfirstcu.com>
Sent: Friday, July 5, 2024 6:09:11 PM
To: John Arbuthnot <john.arbuthnot@delta9.ca>
Cc: Ryan Andries <randries@connectfirstcu.com>; Domenic Maucieri <DMaucieri@connectfirstcu.com>; Jonathan Clement <jclement@connectfirstcu.com>
Subject: Update

[This message originated outside of Delta 9]

Hi John,

I am sorry we weren't able to connect by phone today. Further to my voicemail, please find attached letter outlining the assignment of Delta 9's credit facilities to SNDL Inc., effective today's date.

I understand this may come as a surprise and we would be more than happy to have a conversation with you on Monday morning.

00977

Regards,

Gianfelice Calabrese, CFA

AVP

T (403) 736-4181 M (403) 993-9655



connectfirstcu.com



connectFirst is a trade name of Connect First and Servus Credit Union Ltd.

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200 – 2850 Sunridge Blvd. NE, Calgary, AB, T1Y 6G2 - connectFirst Credit Union



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Reply to the Attention of: Ryan Andries
July 5, 2024

EMAIL AND MAIL

Mr. John Arbuthnot
Delta 9 Cannabis Inc.
Unit 210, 777 - 8th Ave SW
Calgary, AB

Dear Mr. Arbuthnot,

Re: Sale of Debt and Security – Commercial Loans# 701, 702 & AOD - 3105110

Please refer to the Commitment Letter dated February 1, 2022 between Connect First Credit Union Ltd. ("**Connect First**"), as lender, Delta 9 Cannabis Inc. (the "**Borrower**"), as borrower, and Delta 9 Bio-Tech Inc. ("**Bio-Tech**"), Delta 9 Lifestyle Cannabis Clinic Inc. ("**Lifestyle**"), and Delta 9 Cannabis Store Inc. ("**Store**" and, collectively with Bio-Tech and Lifestyle, including each of their respective successors and assigns, the "**Guarantors**" and, together with the Borrower, the "**Obligors**"), as guarantors (the "**Commitment Letter**") wherein Connect First agreed to advance certain credit facilities to the Borrower, subject to the covenants and conditions contained therein.

Please be advised that as of the date hereof (the "**Effective Date**"), further to our letters dated September 30, 2022 and June 13, 2024 (copies of which are attached as Schedule A hereto) and in accordance with our rights under the Commitment Letter, Connect First has assigned the loans and security granted pursuant to the Commitment Letter described on Schedule B hereto (collectively, the "**Loans and Security**") to SNDL Inc. pursuant to a Purchase and Sale of Indebtedness Agreement dated as of the Effective Date. A copy of the Bill of Sale for this transaction is attached as Schedule C hereto.

According to our records, the total indebtedness under the Commitment Letter as of the Effective Date is \$27,868,283.94.

Please direct any future communications regarding the Loans and Security to:

SNDL Inc.
300 – 919 11th Avenue SW
Calgary, AB T2R 1P3

00979

Attention: Zachary George
Email: zgeorge@sndl.com

Yours truly,

CONNECT FIRST AND SERVUS CREDIT UNION LTD.

Ryan Andries,
VP Commercial Markets

Encl.

Schedule A

Letters dated September 30, 2022 and June 13, 2024

See attached.



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Writer's Direct Line: (403)736-4172

E-Mail: sneogi@connectfirstcu.com

Sept 30, 2022

Delta 9 Cannabis Inc.

Unit 210, 777- 8th Ave SW Calgary, AB

Attention: Mr. John Arbuthnot

Dear Member,

Re: Notice of Breach for Financial Covenant- **Commercial Loans# 701, 702 & AOD - 3105110**

Please refer to Commitment Letter(s) dated February 01, 2022 (the "Agreement"), wherein Connect First Credit Union Ltd (the "Credit Union") has advanced monies Delta 9 Cannabis Inc. (the "Borrower") subject to certain covenants and conditions.

We acknowledge receipt of the Borrower's financial statements for FY22 Q3-ending Sep 30, 2022, reflecting a breach of the covenant in the Agreement, as follows:

- Debt Service Coverage Ratio based on a trailing 4 Quarters to be a minimum of **1.40:1**
- The Debt Service Coverage Ratio was calculated to be **Negative**

The Credit Union acknowledges the breach(es) and waives its rights pursuant to the Agreement for enforcement in relation to the above breach(es) until January 1, 2023 (or such later date as may be agreed) when the Debt Service Coverage Ratio covenant will be tested on the basis of the Company's Year End Audited Financial Statements for the Year Ending December 31, 2022.

In addition, the Credit Union does not waive its rights resulting from any future breaches or unknown current breaches in the Agreement that would constitute a default, and our waiver of the breach(es) is not to be construed as an indication of a waiver of these rights.

The implementation and continuation of these credit facilities is subject to periodic review, at least annually, by the Credit Union, and is subject to no adverse change in the financial position of the Borrower. The next FY2022 annual review date has been set for May 31, 2023, but may be changed at the discretion of the Credit Union.



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Connect First Credit Union requires that these items be brought into compliance as per terms and conditions of the most recent Commitment Letter. As such, we would encourage you to share a copy of this letter with your Accountant. If you are unable to comply with any covenants or conditions, we would encourage you to contact the Credit Union at your earliest opportunity.

If you have any questions or concerns, please do not hesitate in contacting myself.

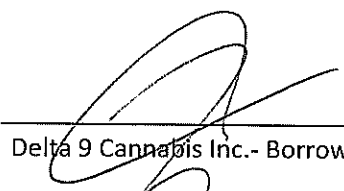
Regards,

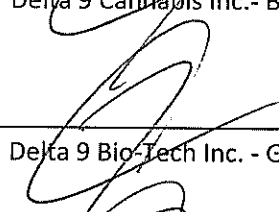
Craig Zaychkowsky, AVP

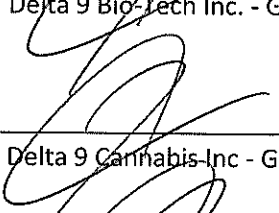
Corporate & Commercial Banking

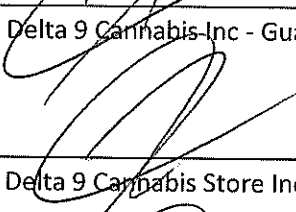
Sourav Neogi, Relationship Manager

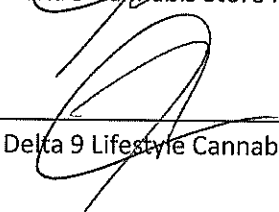
Corporate & Commercial Banking

Acknowledged  Date Nov 14, 2022
Delta 9 Cannabis Inc.- Borrower

Acknowledged  Date Nov 14, 2022
Delta 9 Bio-Tech Inc. - Guarantor

Acknowledged  Date Nov 14, 2022
Delta 9 Cannabis Inc - Guarantor

Acknowledged  Date Nov 14, 2022
Delta 9 Cannabis Store Inc. - Guarantor

Acknowledged  Date Nov 14, 2022
Delta 9 Lifestyle Cannabis Clinic Inc. - Guarantor



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Writer's Direct Line: (403)736-4181

E-Mail: gcalabrese@connectfirstcu.com

June 13, 2024

Delta 9 Cannabis Inc.

Unit 210, 777- 8th Ave SW Calgary, AB

Attention: Mr. John Arbuthnot

Dear Member,

Re: Notice of Breach for Financial Covenant- **Commercial Loans# 701, 702 & AOD - 3105110**

Please refer to Commitment Letter(s) dated February 01, 2022 (the "Agreement"), wherein Connect First Credit Union Ltd (the "Credit Union") has advanced monies to Delta 9 Cannabis Inc. (the "Borrower") subject to certain covenants and conditions.

We acknowledge receipt of the Borrower's annual financial statements for fiscal 2023, ending December 31, 2023, which reflect a breach of the covenants in the Agreement, as follows:

- Debt Service Coverage Ratio based on a trailing 4 Quarters to be a minimum of **1.40:1**. The Debt Service Coverage Ratio was below this threshold.
- Current Ratio to be a minimum of **1.25:1**. The Current Ratio was calculated below this threshold.

The Credit Union acknowledges the past breaches from fiscal 2022 as well as the current breach(es) and *reserves the option to enforce its rights under the terms of the Commitment Letter*.

In addition, the Credit Union does not waive its rights resulting from any future breaches or unknown current breaches in the Agreement that would constitute a default, and any waiver of the breach(es) is not to be construed as an indication of a waiver of these rights.

The implementation and continuation of these credit facilities is subject to periodic review, at least annually, by the Credit Union, and is subject to no adverse change in the financial position of the Borrower.

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Connect First Credit Union requires that these items be brought into compliance as per terms and conditions of the most recent Commitment Letter. As such, we would encourage you to share a copy of this letter with your Accountant. If you are unable to comply with any covenants or conditions, we would encourage you to contact the Credit Union at your earliest opportunity.

If you have any questions or concerns, please do not hesitate to contact the undersigned.

Regards,

Gianfelice Calabrese

Corporate & Commercial Banking

Acknowledged _____ Date _____
Delta 9 Cannabis Inc.- Borrower

Acknowledged _____ Date _____
Delta 9 Bio-Tech Inc. - Guarantor

Acknowledged _____ Date _____
Delta 9 Cannabis Inc - Guarantor

Acknowledged _____ Date _____
Delta 9 Cannabis Store Inc. - Guarantor

Acknowledged _____ Date _____
Delta 9 Lifestyle Cannabis Clinic Inc. - Guarantor

Schedule B

Loans and Security

1. Commitment Letter
2. Loan Agreement in the amount of \$23,000,000, dated March 11, 2022, granted by the Borrower in favour of Connect First
3. Loan Agreement in the amount of \$5,000,000, dated March 11, 2022, granted by the Borrower in favour of Connect First
4. Overdraft Protection Agreement in the amount of \$4,000,000, dated March 11, 2022, granted by the Borrower in favour of Connect First
5. Unlimited Guarantee and Postponement of Claim, dated March 11, 2022, granted by Bio-Tech in favour of Connect First
6. Unlimited Guarantee and Postponement of Claim, dated March 11, 2022, granted by Lifestyle in favour of Connect First
7. Unlimited Guarantee and Postponement of Claim, dated March 11, 2022, granted by Store in favour of Connect First
8. General Security Agreement, dated March 11, 2022, granted by the Borrower in favour of Connect First
9. General Security Agreement, dated March 11, 2022, granted by Bio-Tech in favour of Connect First
10. General Security Agreement, dated March 11, 2022, granted by Lifestyle in favour of Connect First
11. General Security Agreement, dated March 11, 2022, granted by Store in favour of Connect First
12. First Charge Demand Collateral Mortgage of a freehold interest over the property known municipally as 760 Pandora Ave, Winnipeg, MB ("**760 Pandora**"), dated March 11, 2022, granted by Bio-Tech in favour of Connect First
13. First Assignment of Rents and Leases over property owned and registered in the name of Bio-Tech, dated March 11, 2022, granted by Bio-Tech in favour of Connect First
14. First Charge Demand Collateral Mortgage of a leasehold interest in a portion the property known municipally as 770 Pandora Ave, Winnipeg, MB ("**770 Pandora**" and, together with 760 Pandora, the "**Lands**"), described as Building "C", dated March 14, 2022, granted by Bio-Tech in favour of Connect First
15. First Charge Demand Collateral Mortgage of a leasehold interest in a portion the property known municipally as 770 Pandora, described as Building "D", dated March 14, 2022, granted by Bio-Tech in favour of Connect First
16. Environmental Indemnity Agreement, dated March 11, 2022, granted by the Borrower and the Guarantors in favour of Connect First

17. Assignment and Postponement of shareholders' loans/affiliation company loans/debentures in the amount of \$2,459,856.00, dated March 11, 2022, granted by Lifestyle in favour of Connect First
18. Instruments, documents, and agreements evidencing and/or creating Connect First's interests in the Obligors' policies of insurance
19. Title insurance policies of Connect First with respect to the Lands
20. Officer's certificates in connection with the Loan Documents executed by the Obligors

Schedule C

Bill of Sale dated July 5, 2024

See attached.

BILL OF SALE

This bill of sale (this “**Bill of Sale**”) is entered into on July 5, 2024 between **CONNECT FIRST AND SERVUS CREDIT UNION LTD.** (formerly Connect First Credit Union Ltd.) (“**Connect First**”) and **SNDL INC.** (“**SNDL**”).

WHEREAS, this Bill of Sale is made in connection with the purchase and sale of indebtedness agreement, dated on or about the date hereof, between Connect First and SNDL (the “**Purchase Agreement**”);

AND WHEREAS, reference is made to the commitment letter, dated February 1, 2022, among Connect First, as lender, Delta 9 Cannabis Inc. (including its successors and assigns, the “**Borrower**”), as borrower, and Delta 9 Bio-Tech Inc. (“**Bio-Tech**”), Delta 9 Lifestyle Cannabis Clinic Inc. (“**Lifestyle**”), and Delta 9 Cannabis Store Inc. (“**Store**” and, collectively with Bio-Tech and Lifestyle, including each of their respective successors and assigns, the “**Guarantors**” and, together with the Borrower, the “**Obligors**”), as guarantors (as amended, amended and restated, renewed, extended, supplemented, replaced, or otherwise modified from time to time, the “**Commitment Letter**”);

AND WHEREAS, under the Commitment Letter, the Obligors are, as of the date hereof, indebted, liable, or otherwise obligated to Connect First (the “**Debt**”);

AND WHEREAS, the Debt is evidenced, guaranteed, and secured, as applicable, by the Commitment Letter and the other Loan Documents;

AND WHEREAS, SNDL is the subordinate lender to the Borrower and holds security over the Obligors subject to the Priority Agreement;

AND WHEREAS, Connect First has agreed to sell, and SNDL has agreed to purchase, the Purchased Indebtedness, including, without limitation, the Debt and the Loan Documents;

NOW, THEREFORE, for good and valuable consideration in the form and amount paid in accordance with Section 4 of the Purchase Agreement, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Capitalized terms used and not otherwise defined in this Bill of Sale have the meanings given to them in the Purchase Agreement.
2. Effective on the date hereof and in accordance with the Purchase Agreement:
 - a. Connect First irrevocably sells, assigns, transfers, and sets over unto SNDL, and SNDL irrevocably purchases from Connect First, the Purchased Indebtedness, including, without limitation, all of Connect First’s right, title, and interest in and to the Debt and to the Loan Documents listed on Schedule “A” hereto, on a non-recourse and without liability basis to Connect First; and
 - b. SNDL assumes, covenants, and agrees to be responsible for the payment and performance of all obligations of Connect First under the Purchased Indebtedness.
3. This Bill of Sale incorporates by reference all of the terms of the Purchase Agreement as if each term was fully set forth herein. In the event of conflict

between the terms of the Purchase Agreement and the terms of this Bill of Sale, the terms of the Purchase Agreement govern and control.

4. This Bill of Sale and any amendments, waivers, consents, notice, or other forms of communication may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute one and the same agreement. A handwritten or electronically signed counterpart of this Bill of Sale delivered by email ("PDF" or "tif" format) or other electronic or digital transmission (including by transmission over an electronic signature platform acceptable to the parties, such as DocuSign or the equivalent thereof) is deemed to have the same legal effect as delivery of a manually executed original counterpart of this Bill of Sale.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Bill of Sale as of the date first written above.

**CONNECT FIRST AND SERVUS
CREDIT UNION LTD.**

By Ryan Andries

Name: Ryan Andries

Title: VP Corporate & Commercial Banking

By: Dominic Maucieri

Name: Dominic Maucieri

Title: AVP Commercial Markets

SNDL INC.

By _____

Name:

Title:

IN WITNESS WHEREOF, the parties have duly executed and delivered this Bill of Sale as of the date first written above.

**CONNECT FIRST AND SERVUS CREDIT
UNION LTD.**

By _____

Name:

Title:

SNDL INC.

Signed by:
By Zachary George
820ED00DEEC594A0...

Name: Zachary George

Title: Chief Executive Officer

**SCHEDULE A
LOAN DOCUMENTS**

1. Commitment Letter
2. Loan Agreement in the amount of \$23,000,000, dated March 11, 2022, granted by the Borrower in favour of Connect First
3. Loan Agreement in the amount of \$5,000,000, dated March 11, 2022, granted by the Borrower in favour of Connect First
4. Overdraft Protection Agreement in the amount of \$4,000,000, dated March 11, 2022, granted by the Borrower in favour of Connect First
5. Unlimited Guarantee and Postponement of Claim, dated March 11, 2022, granted by Bio-Tech in favour of Connect First
6. Unlimited Guarantee and Postponement of Claim, dated March 11, 2022, granted by Lifestyle in favour of Connect First
7. Unlimited Guarantee and Postponement of Claim, dated March 11, 2022, granted by Store in favour of Connect First
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16. Environmental Indemnity Agreement, dated March 11, 2022, granted by the Obligors in favour of Connect First
17. Assignment and Postponement of shareholders' loans/affiliation company loans/debentures, dated March 11, 2022, granted by Lifestyle in favour of Connect First
18. Instruments, documents, and agreements evidencing and/or creating Connect First's interests in the Obligors' policies of insurance
19. Title insurance policies of Connect First with respect to the Lands

20. Officer's certificates in connection with the Loan Documents executed by the Obligors

THIS IS EXHIBIT "53" TO THE
AFFIDAVIT OF JOHN ARBUTHNOT IV
SWORN BEFORE ME AT WINNIPEG, MANITOBA,
this 12th day of July, 2024



A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

COURT FILE NUMBER: 2401-
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PROCEEDINGS IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DELTA 9 CANNABIS INC., DELTA 9 LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE CANNABIS CLINIC INC. and DELTA 9 CANNABIS STORE INC.
APPLICANTS DELTA 9 CANNABIS INC., DELTA 9 LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE CANNABIS CLINIC INC. and DELTA 9 CANNABIS STORE INC.
DOCUMENT **CONSENT TO ACT AS MONITOR**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **MLT AIKINS LLP**
2100, 222 - 3rd Ave SW
Calgary, AB T2P 0B4
Telephone: 403.693.5420/4311
Fax: 403.508.4349
Attention: Ryan Zahara/Kaitlin Ward
File: 0136555.00034

TAKE NOTICE THAT Alvarez & Marsal Canada Inc., a licensed trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, if so appointed, hereby consents to act as the Court-appointed Monitor of Delta 9 Cannabis Inc., Delta 9 Logistics Inc., Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc., and Delta 9 Cannabis Store Inc. pursuant to section 11.7 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended.

DATED at Calgary, Alberta and effective this 11th day of July, 2024.

ALVAREZ & MARSAL CANADA INC.



Per: _____
Orest Konowalchuk, LIT
Senior Vice President