

COURT FILE NUMBER 2401-09688
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

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 **AFFIDAVIT OF RYAN HELLARD**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT
McCarthy Tétrault LLP
4000, 421 – 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Sean Collins, KC / Lance Williams / Ashley Bowron
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AFFIDAVIT #1 OF RYAN HELLARD
Sworn on December 19, 2024

I, Ryan Hellard, of the City of Victoria, in the Province of British Columbia, SWEAR AND
SAY THAT:

Introduction

1. I am the Chief Strategy Officer with SNDL Inc. ("**SNDL**"). I have been employed at SNDL since March, 2018, and in my current role since May, 2021. I have been personally involved in negotiations and administering the \$10 million Senior Second Lien Convertible Debenture issue by Delta 9 Cannabis Inc. ("**Delta 9**") to SNDL. I have personal knowledge of the matters deposed to herein except where stated to be based on information and belief, and where so stated, I verily believe the same to be true.

2. SNDL is a corporation incorporated under the provisions of the Alberta *Business Corporations Act* having its head office in the City of Calgary in the Province of Alberta.
3. The loan and security documentation referred to in this my Affidavit was entered into on March 30, 2022 between Delta 9 and Sundial Growers Inc. On July 25, 2022, Sundial Growers Inc. changed its name to SNDL Inc.

\$10 million SNDL Financing

4. In and around March, 2022, SNDL agreed to provide Delta 9 with a \$10 million financing to be used by Delta 9 for general corporate purposes and growth capital of which \$7.5 million was made available to finance Delta 9's \$12.5 million acquisition of Uncle Sam's Cannabis Ltd. (the "**SNDL Financing**").
5. Delta 9's acquisition of Uncle Sam closed on March 31, 2022. Concurrent with the acquisition, Delta 9, in addition to the SNDL Financing, Delta 9 closed a \$32 million first lien financing with Connect First Credit Union Ltd. (the "**Senior Debt**").
6. SNDL and Delta 9 entered into a Note Purchase Agreement dated March 30, 2022 pursuant to which SNDL advanced \$9.6 million in cash (the remaining \$400,000 or 4% represented an original discount) to Delta 9 in return for Delta 9 issuing in favour of SNDL a \$10 million senior secured second lien convertible Debenture due March 30, 2025. Attached hereto and marked as **Exhibit "A"**, to this my Affidavit, is a true copy of the Note Purchase Agreement.
7. On March 30, 2022, SNDL and Delta 9 Cannabis Inc. ("**Delta 9**") executed a Convertible Debenture Agreement (the "**Debenture**"). Attached hereto and marked as **Exhibit "B"**, to this my Affidavit, is a true copy of the executed Debenture.
8. Delta 9 granted SNDL a General Security Agreement (the "**GSA**") to secure Delta 9's obligations to SNDL. Attached hereto and marked as **Exhibit "C"**, to this my Affidavit, is a true copy of the GSA.

Breach of Debenture / Waivers by Delta 9

9. On April 25, 2022 Delta 9 obtained a shareholder loan from one of its shareholders in the amount of \$4,990,264.37, due July 15, 2025 (the "**SH Loan**").

10. The SH Loan was obtained to fund the acquisition of certain properties in accordance with subsection 8(e)(vii) of the Debenture, which contains a use of proceeds (the “**UOP Covenant**”) covenant that requires Delta 9 to utilize the SH Loan to fund the acquisition of three warehouse buildings and approximately 30 acres of land located adjacent to Delta 9’s facility located at 760 and 770 Pandora Avenue, in the City of Winnipeg, in the Province of Manitoba (the “**Expansion Properties**”).
11. By August 11, 2022, Delta 9 had not complied with the UOP Requirement in relation to the SH Loan.
12. On August 11, 2022 SNDL, at Delta 9’s request, waived the UOP Requirement. Delta 9 signed and acknowledged such waiver (the “**First Waiver**”). Attached hereto and marked as **Exhibit “D”**, to this my Affidavit, is a true copy of the First Waiver.
13. The First Waiver stipulates that if Delta 9 failed to comply with the conditions contained in the First Waiver, the First Waiver would automatically cease to apply without any requirement of SNDL to provide further notice to Delta 9.
14. One of the conditions of the First Waiver was that Delta 9 was to complete a public or private offering of common shares before 5pm (Calgary time) on August 22, 2022 such that the Conversion Price (as that term is defined in the Debenture) would be adjusted downward to an amount not greater than \$.145. Delta 9 did not satisfy this condition.
15. On September 9, 2022, at Delta 9’s request, SNDL granted Delta 9 a second waiver. Delta 9 signed and acknowledged this waiver (the “**Second Waiver**”). Attached hereto and marked as **Exhibit “E”**, to this my Affidavit, is a true copy of the Second Waiver.
16. One of the conditions of the Second Waiver was that Delta 9 would close the acquisition of the Expansion Properties by March 31, 2023, failing which, Delta 9 would repay \$4,000,000 of the SH Loan to the shareholder. If this condition was not complied with then the Second Waiver would automatically cease to apply without any requirement of SNDL to provide further notice to Delta 9.
17. The acquisition of the Expansion Properties did not close by March 31, 2023 and Delta 9 did not repay \$4,000,000 of the SH Loan. Instead, Delta 9 used the proceeds for general corporate purposes.

18. On March 7, 2024, SNDL delivered correspondence to Delta 9 confirming Delta's 9 default of the Second Waiver and automatic cessation of the same (the "**Notice Letter**"). Attached hereto and marked as **Exhibit "F"**, to this my Affidavit, is a true copy of the Notice Letter.
19. On March 31, 2024, Delta 9 was in breach of its Debt Service Coverage Ratio and Current Ratio covenants under the Senior Debt.
20. On May 21, 2024, SNDL, through its counsel, delivered a demand letter (the "**Demand Letter**"), to Delta 9, a corresponding Notice of Intention to Enforce Security (the "**244 Notice**"), in accordance with section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, and a Notice of Intention by Secured Creditor (the "**FDMA Notice**"), in accordance with section 21 of the *Farm Debt Mediation Act*, SC 1997, c. 21, to Delta 9. Concurrent Demand Letters, 244 Notices, and FDMA Notices, were concurrently issued upon each of Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Bio-Tech Inc., and Delta 9 Cannabis Store Inc. (collectively, the "**Guarantors**"). Attached hereto and collectively marked as **Exhibit "G"**, to this my Affidavit, are true copies of the Demand Letters, 244 Notices, and FDMA Notices issued to each of Delta 9 and the Guarantors.
21. On May 22, 2024, a subsequent letter (the "**Second Letter**") was delivered to Delta 9 Bio-Tech Inc., enclosing new copies of the Demand Letter, 244 Notice, and FDMA Notice issued to Delta 9 Bio-Tech Inc., due to a clerical error in the documents. Attached hereto and marked as **Exhibit "H"**, to this my Affidavit, is a true copy of the Second Letter.
22. On July 5, 2024, SNDL acquired the Senior Debt. Attached hereto and marked as **Exhibit "I"**, to this my Affidavit, is a true copy of the Purchase and Sale of Indebtedness Agreement between SNDL and Connect First.
23. Delta 9 commenced its CCAA proceedings and obtained the initial order on July 15, 2024. Delta 9 remains in default of the UOP Covenant.

The MOIC Premium

24. The documents executed and delivered in connection with the SNDL Financing were negotiated between SNDL and Delta 9. Delta 9 was represented by counsel throughout.

25. The Debenture defines “MOIC Premium” as follows:

“**MOIC Premium**” means, with respect to (i) any portion of this Convertible Debenture called for redemption pursuant to Section 3 or (ii) the entire Principal Amount in the event of an Event of Default, all required interest payments due from the redemption date or the date the Event of Default first occurred, as applicable, through to the Maturity Date calculated at the rate of 10.00% per annum.

26. The MOIC Premium compensates SNDL for loss of interest income if Delta 9 repays the Debenture prior to the scheduled maturity of March 30, 2025, either voluntarily or involuntarily.
27. The MOIC Premium is designed to provide stability and predictability in respect of SNDL’s investment on the theory that Delta 9 would be less likely to redeem the Debenture early knowing the additional costs Delta 9 would incur, thus managing the risk surrounding SNDL’s ability to receive the interest income it expected to receive when it advances the SNDL Loan.
28. The MOIC Premium is also designed to account for the financial losses and administrative costs associated with enforcing the Debenture and associated security following an Event of Default. The MOIC Premium is intended to mitigate these losses which is especially important in this case where the early repayment is due to Delta 9’s default.

Default Interest on the MOIC Premium

29. The applicable rate of any interest payable on the MOIC Premium depends on the fashion by which the MOIC Premium is triggered. If the MOIC Premium is triggered by Delta 9 voluntarily exercising its redemption right, then the applicable rate of interest is the non-default rate applicable under the Debenture. This is because an early voluntary redemption does not increase the risk profile.
30. However, if the MOIC Premium is triggered by an Event of Default, then the applicable rate of interest is the Default Rate of 18%. The MOIC Premium is subject to the Default Rate to account for the risk that Delta 9 might not immediately pay the amounts owing when liability for the MOIC Premium is triggered. A delay in payment increases the risk that Delta 9 will be unwilling or unable to pay the MOIC Premium.

31. On September 12, 2024, Delta 9 made a payment on account of the amounts outstanding under the Debenture in the amount of \$11,696,814.00. Such payment did not include the MOIC Premium, interest at the Default Rate nor SNDL's recoverable fees, costs and other expenses. The September 12, 2024 payment was made without prejudice to SNDL's right to claim such amounts from Delta 9.
32. After accounting for the September 12, 2024 payment, the balance outstanding as at December 31, 2024, inclusive of the MOIC Premium, but exclusive of SNDL's recoverable fees, costs and other expenses, calculated from the date of the Event of Default occurring on April 1, 2023 is set out in the table below:

Period		Outstanding	Interest Rate	Interest Accrued	Interest Paid	Repayment	Payment Gap	Updated Balance		
03/31/23	Principal	\$ 10,000,000.00								
04/01/23	MOIC Premium	\$ 2,000,000.00								
04/01/23		\$ 12,000,000.00						\$ 12,000,000.00		
04/30/23		\$ 12,000,000.00	18%	\$ 177,534.25	\$ 83,347.33		\$ 94,186.92	\$ 12,094,186.92		
05/31/23		\$ 12,094,186.92	18%	\$ 184,891.95	\$ 83,347.33		\$ 101,544.62	\$ 12,195,731.54		
06/30/23		\$ 12,195,731.54	18%	\$ 180,430.00	\$ 83,347.33		\$ 97,082.67	\$ 12,292,814.21		
07/31/23		\$ 12,292,814.21	18%	\$ 187,928.50	\$ 83,347.33		\$ 104,581.17	\$ 12,397,395.38		
08/31/23		\$ 12,397,395.38	18%	\$ 189,527.30	\$ 83,347.33		\$ 106,179.97	\$ 12,503,575.36		
09/30/23		\$ 12,503,575.36	18%	\$ 184,984.40	\$ 83,347.33		\$ 101,637.07	\$ 12,605,212.43		
10/31/23		\$ 12,605,212.43	18%	\$ 192,704.34	\$ 83,347.33		\$ 109,357.01	\$ 12,714,569.44		
11/30/23		\$ 12,714,569.44	18%	\$ 188,105.96	\$ 83,347.33		\$ 104,758.63	\$ 12,819,328.07		
12/31/23		\$ 12,819,328.07	18%	\$ 195,977.67	\$ 83,347.33		\$ 112,630.34	\$ 12,931,958.42		
01/31/24		\$ 12,931,958.42	18%	\$ 197,699.53	\$ 83,347.33		\$ 114,352.20	\$ 13,046,310.61		
02/29/24		\$ 13,046,310.61	18%	\$ 186,580.11	\$ 83,347.33		\$ 103,232.78	\$ 13,149,543.40		
03/31/24		\$ 13,149,543.40	18%	\$ 201,025.90	\$ 83,347.33		\$ 117,678.57	\$ 13,267,221.96		
04/30/24		\$ 13,267,221.96	18%	\$ 196,282.19	\$ 83,347.33		\$ 112,934.86	\$ 13,380,156.82		
05/31/24		\$ 13,380,156.82	18%	\$ 204,551.44			\$ 204,551.44	\$ 13,584,708.26		
06/30/24		\$ 13,584,708.26	18%	\$ 200,979.25			\$ 200,979.25	\$ 13,785,687.51		
07/31/24		\$ 13,785,687.51	18%	\$ 210,751.06			\$ 210,751.06	\$ 13,996,438.56		
08/31/24		\$ 13,996,438.56	18%	\$ 213,972.95			\$ 213,972.95	\$ 14,210,411.52	Per Diem	
09/11/24		\$ 14,210,411.52	18%	\$ 77,086.62			\$ 77,086.62	\$ 14,287,498.13		
09/30/24		\$ 14,287,498.13	18%	\$ 133,871.90		\$ 11,696,814	\$ (11,562,942.29)	\$ 2,724,555.84		
10/31/24		\$ 2,724,555.84	18%	\$ 41,652.11			\$ 41,652.11	\$ 2,766,207.96		
11/30/24		\$ 2,766,207.96	18%	\$ 40,924.72			\$ 40,924.72	\$ 2,807,132.68		
12/31/24		\$ 2,807,132.68	18%	\$ 42,914.52			\$ 42,914.52	\$ 2,850,047.20		
12/31/24		\$ 2,850,047.20	18%							1,405.50

33. Section 17(c) of the GSA provides:

17. COSTS AND EXPENSES

[...]

- (c) Sundial may pay or satisfy any Encumbrances or pay any sum necessary to clear title to any Collateral, and the Debtor agrees to repay the same on demand, plus interest thereon at the Agreed Rate.

34. Delta 9 is required to pay SNDL the interest penalty paid by SNDL for the purchase of the Senior Debt (equal to 3-months interest) in the amount of \$270,000.00 in addition to SNDL's fees, costs and expenses, including legal fees calculated as between a solicitor and own client with a right to full indemnity.

35. I make this Affidavit in support of SNDL's application to be filed concurrently with this Affidavit and for no other or improper purpose.
36. I am not physically present before the Commissioner for Oaths (the "**Commissioner**") taking this Affidavit, but I am linked with the Commissioner by video technology. The following steps have been or will be taken by me and the Commissioner:
 - (a) I have shown the Commissioner the front and back of my current government-issued photo identification ("**ID**") and the Commissioner has compared my video image to the information on my ID;
 - (b) the Commissioner has taken a screenshot of the front and back of my ID to retain it;
 - (c) the Commissioner and I have a paper copy of this Affidavit before us;
 - (d) the Commissioner and I have reviewed each page of this Affidavit to verify that the pages are identical and have initialed each page in the lower right corner;
 - (e) at the conclusion of our review of the Affidavit, the Commissioner administered the oath to me, and the Commissioner watched me sign my name to this Affidavit; and
 - (f) I will send this signed Affidavit electronically to the Commissioner.

SWORN BEFORE ME via two-way video)
conference in the City of Calgary, in the)
Province of Alberta, this ____ day of)
December, 2024.)

A Commissioner for Oaths in and for the
Province of Alberta

RYAN HELLARD

CERTIFICATE

CANADA)	<i>IN THE MATTER OF THE COMPANIES' CREDITORS</i>
)	<i>ARRANGEMENT ACT, RSC 1985, c C-36, AS AMENDED</i>
PROVINCE OF)	
)	<i>AND IN THE MATTER OF A PLAN OF COMPROMISE OR</i>
ALBERTA)	<i>ARRANGEMENT OF DELTA 9 CANNABIS INC., DELTA 9</i>
)	<i>LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE</i>
)	<i>CANNABIS CLINIC INC. and DELTA 9 CANNABIS STORE INC.</i>

I, _____, of the City of Calgary, in the Province of Alberta, Student-At-Law, **DO CERTIFY** that:

1. I remotely commissioned the affidavit of Ryan Hellard dated December __, 2024, attached hereto, using videoconferencing software in accordance with the procedure set out in the Court of King's Bench of Alberta Notice to the Profession and Public NPP#2020-02 regarding Remote Commissioning of Affidavits for Use in Civil and Family Proceedings During The COVID-19 Pandemic.
2. The remote commissioning process was necessary because it was impossible or unsafe, for medical reasons, for the deponent and I to be physically present together.

IN TESTIMONY WHEREOF I have hereunto subscribed my name and affixed my seal of office at the City of Calgary, in the Province of Alberta, this ____ day of December, 2024.

Name:
A Commissioner for Oaths in and for the
Province of Alberta

This is Exhibit "A" referred to in the Affidavit of Ryan Hellard
sworn before me via two-way video conference this _____ day of December, 2024.

A Commissioner for Oaths in and for the Province of Alberta

NOTE PURCHASE AGREEMENT

between

SUNDIAL GROWERS INC.

and

DELTA 9 CANNABIS INC.

March 30, 2022

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NOTE PURCHASE AGREEMENT

This **NOTE PURCHASE AGREEMENT** is made effective March 30, 2022 between:

SUNDIAL GROWERS INC a corporation existing under the laws of the Province of Alberta
(the “**Lender**”)

- and -

DELTA 9 CANNABIS INC., a corporation existing under the laws of the Province of British Columbia (the “**Corporation**”)

WHEREAS:

- A. the Lender is prepared to make the Loan (as defined herein), subject to the terms and conditions of this Agreement and the Debenture Certificate (as defined herein); and
- B. the Corporation’s board of directors has unanimously resolved that the Corporation enter into this Agreement providing for, among other things, the Loan.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

- (a) “**Agreement**” means this Note Purchase Agreement (and not any particular Article or Section of this Note Purchase Agreement), and includes the Schedules to this Note Purchase Agreement.
- (b) “**Anti-Corruption Laws**” has the meaning given thereto in Section 5.1(eee)(ii).
- (c) “**Applicable Laws**” has the meaning given thereto in Section 5.1(l).
- (d) “**Applicable Securities Laws**” means all applicable securities laws, rules, regulations, notices and policies in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
- (e) “**Assets and Properties**” with respect to any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including the goodwill related thereto, operated, owned or leased by or in the possession of such Person and, for greater certainty, with respect to the Corporation, includes the Delta Facility and the Delta 9 Retail Stores.
- (f) “**Business**” means the business of the Corporation and the Subsidiaries of cannabis cultivation, processing, extraction, wholesale distribution, retail, and business to business activities, including the business of Uncle Sam’s Cannabis Ltd. following the closing of the Uncle Sam Transaction.

- (g) **"Business Day"** means any day excepting a Saturday, Sunday and statutory holiday in Calgary, Alberta and Winnipeg, Manitoba.
- (h) **"Cannabis Laws"** has the meaning given thereto in Section 5.1(j).
- (i) **"Cannabis Licences"** has the meaning given thereto in Section 5.1(j).
- (j) **"CFCU Facility"** means, collectively, the credit facilities established in favour of the Issuer by Connect First Credit Union Ltd., pursuant to that certain commitment letter dated February 1, 2022, as may be amended, supplemented, replaced, restated, or otherwise modified from time to time.
- (k) **"Closing Date"** has the meaning given thereto in Section 10.1.
- (l) **"Closing Time"** means 10:00 a.m. (Calgary time) on the Closing Date or such other time on the Closing Date as the Lender and the Corporation may agree upon.
- (m) **"Common Shares"** means common shares in the capital of the Corporation.
- (n) **"Contracts"** means all agreements, contracts or commitments of any nature, written or oral, including, for greater certainty and without limitation, leases, loan documents and security documents.
- (o) **"Corporation"** means Delta 9 Cannabis Inc.
- (p) **"Corporation's Auditors"** means Baker Tilly HMA LLP, Chartered Professional Accountants, or such other firm of chartered accountants as the Corporation may have appointed or may from time to time appoint as auditors of the Corporation.
- (q) **"Covered Persons"** has the meaning given thereto in Section 5.1(k)(viii).
- (r) **"COVID-19 Outbreak"** has the meaning given thereto in Section 5.1(uu).
- (s) **"Debenture Certificate"** means the debenture certificate to be dated as of the Closing Date among the Corporation, as borrower, and the Lender, as lender, providing for the issue of the Debenture, substantially in the form attached as Schedule "A" hereto.
- (t) **"Debenture"** means the \$10,000,000 aggregate principal amount 10% senior secured convertible debenture of the Corporation due March 30, 2025 purchased by the Lender pursuant to this Agreement.
- (u) **"Debenture Shares"** means the Common Shares issuable pursuant to the conversion of the Debenture.
- (v) **"Debt Participation Right"** has the meaning given thereto in Section 6.6(a).
- (w) **"Debt Participation Right Exercise Notice"** has the meaning given thereto in Section 6.6(c).
- (x) **"Debt Participation Right Offer Notice"** has the meaning given thereto in Section 6.6(b).
- (y) **"Debt Participation Right Notice Period"** has the meaning given thereto in Section 6.6(c).
- (z) **"Delta 9 Retail Stores"** means the retail cannabis stores currently operated by the Corporation or the Subsidiaries in Alberta, Saskatchewan and Manitoba.

- (aa) **"Delta Facility"** means the Corporation's cannabis production facility located at 760 Pandora Avenue East, in Winnipeg, Manitoba, having a total floor area of approximately 80,000 square feet.
- (bb) **"Disclosure Letter"** means the disclosure letter dated March 30, 2022 between the Lender and the Corporation.
- (cc) **"Documents"** means, collectively, this Agreement, the Debenture Certificate and the Security Documents.
- (dd) **"Environmental Laws"** means any applicable federal, provincial, state, local, municipal or foreign statute, law, rule, regulation, ordinance, code, legally binding policy or rule of common law or civil law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of Hazardous Materials or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.
- (ee) **"Environmental Permits"** includes all orders, permits, certificates, approvals, consents, registrations and licences issued by any authority of competent jurisdiction under any Environmental Law.
- (ff) **"Equity Participation Right"** has the meaning given thereto in Section 6.5(a).
- (gg) **"Equity Participation Right Exercise Notice"** has the meaning given thereto in Section 6.5(c).
- (hh) **"Equity Participation Right Offer Notice"** has the meaning given thereto in Section 6.5(b).
- (ii) **"Equity Participation Right Notice Period"** has the meaning given thereto in Section 6.5(c).
- (jj) **"Equity Securities"** means: (i) any Common Shares, preferred shares or other equity security of the Corporation; (ii) any security convertible, with or without consideration, into any Common Shares, preferred shares or other equity security (including any option to purchase such a convertible security); (iii) any security carrying any warrant or right to subscribe to or purchase any Common Shares, preferred shares or other equity security; or (iv) any such warrant or right.
- (kk) **"Exchange"** means the Toronto Stock Exchange.
- (ll) **"Excluded Securities"** means: (i) Common Shares issuable under the Corporation's stock option plan or performance and restricted share unit plan as adjusted for any stock dividends, combinations, splits, recapitalizations and the like issued or to be issued after the Closing Date to employees, officers or directors of, or consultants to the Corporation; (ii) Common Shares issued upon the exercise of any rights having been granted by the Corporation as of the Closing Date, pursuant to the terms of agreements entered into by the Corporation before the Closing Date or upon the exercise of any options and warrants of the Corporation issued and outstanding as of the Closing Date; (iii) Common Shares issued upon the exercise of any rights granted by the Corporation after the Closing Date provided that the issuance of such rights was made subject to the exercise of the Equity

Participation Right, if applicable; and (iv) Common Shares issued in connection with any stock split, stock dividend or recapitalization by the Corporation.

- (mm) **"Financial Statements"** means: (i) audited annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2020, together with the notes thereto and the auditor's report thereon; and (ii) unaudited interim consolidated financial statements of the Corporation as at and for the three and nine months ended September 30, 2021, together with the notes thereto.
- (nn) **"FCPA"** has the meaning given thereto in Section 5.1(eee)(iii).
- (oo) **"Financing Fee"** means the fee payable by the Corporation to ATB Capital Markets Inc. in an amount equal to \$200,000.
- (pp) **"Governmental Authority"** means any governmental authority and includes, without limitation, any national or federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.
- (qq) **"Governmental Licences"** has the meaning given thereto in Section 5.1(i).
- (rr) **"Hazardous Materials"** has the meaning given thereto in Section 5.1(rr).
- (ss) **"Health Care Laws"** has the meaning given thereto in Section 5.1(j).
- (tt) **"IFRS"** means International Financial Reporting Standards applicable as at the date on which date such calculation is made or required to be made in accordance with generally accepted accounting principles applied on a basis consistent with preceding years.
- (uu) **"Indebtedness"** means all indebtedness and other similar obligations of the Corporation on a consolidated basis, including: (a) indebtedness for borrowed money, (b) any obligation to reimburse any bank, lender, creditor or any other person in respect of amounts paid or payable under any credit agreement, loan agreement, note or a standby letter of credit, (c) all obligations evidenced by bonds, debentures, notes, or similar instruments, (d) all obligations to pay the deferred purchase price of property or services, (e) all capitalized obligations as a lessee, (f) all obligations, contingent or otherwise, under letters of credit, performance bonds, surety bonds, and similar instruments, and (g) any guaranty with respect to any of clauses (a) through (f) above; provided, however, that, for clarity, **"Indebtedness"** expressly exclude trade payables, purchase money security interests, and similar obligations incurred in the ordinary course of business, contingent liabilities, and asset retirement obligations.
- (vv) **"Intellectual Property"** means all of the following which is currently owned by or licensed for use to the Corporation or the Subsidiaries: (a) all trade or brand names, business names, trademarks, service marks, copyrights to any original works of authorship, patents, licences, industrial designs, and other industrial or intellectual property of any nature in any form whatsoever recognized in any jurisdiction throughout the world; and (b) inventions, discoveries, developments, concepts, ideas, improvements, processes and methods, know-how, trade secrets, confidential information, systems, procedures, computer software, designs whether or not patentable or registrable, anywhere in the world.

- (ww) **"Intercreditor Agreement"** means the Intercreditor Agreement dated March 30, 2022 between Connect First Credit Union Ltd. and the Lender, as amended, modified, restated, supplement or replaced from time to time.
- (xx) **"Lien"** means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature, or any other arrangement or condition which, in substance, secures payment or performance of an obligation.
- (yy) **"Loan"** means the Lender's purchase, and the Corporation's sale, of the Debenture pursuant to this Agreement.
- (zz) **"Locked-Up Shareholders"** means each of John William Arbuthnot III and John William Arbuthnot IV, each of which have agreed to vote all of the Common Shares held or controlled by them in favour of the Loan, subject to the terms and conditions of the applicable Voting Support Agreements.
- (aaa) **"MSC"** means The Manitoba Securities Commission.
- (bbb) **"material adverse effect"** means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision of the board of directors is probable), event, violation, inaccuracy, circumstance, development or effect that is materially adverse to the business, assets (including intangible assets), capitalization, liabilities (contingent or otherwise), condition (financial or otherwise), prospects or results of operations of the Corporation and the Subsidiaries, taken as a whole, whether or not arising in the ordinary course of business.
- (ccc) **"Meeting"** has the meaning given thereto in Section 6.7(a).
- (ddd) **"Meeting Business"** has the meaning given thereto in Section 6.7(a).
- (eee) **"NI 45-106"** means National Instrument 45-106 *Prospectus Exemptions*.
- (fff) **"NI 51-102"** means National Instrument 51-102 *Continuous Disclosure Obligations*.
- (ggg) **"OFAC"** has the meaning given thereto in Section 5.1(eee)(iv).
- (hhh) **"Offered Securities"** means, collectively, the Debenture and the Debenture Shares.
- (iii) **"Partially Diluted Basis"** means, with respect to the number of outstanding Common Shares at any time, the number of Common Shares that would be outstanding if all rights to acquire Common Shares were exercised by the Lender.
- (jjj) **"Parties"** means the Corporation and the Lender; and **"Party"** means the applicable one of them.
- (kkk) **"Person"** means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government, government body or agency or other entity.
- (III) **"Permitted Encumbrances"** means: (i) any validly perfected security interest given by the Corporation in respect of any Indebtedness as set forth in the Disclosure Letter; (ii) any other security given by the Corporation in connection with the operation of the Business as set forth in the Disclosure Letter; (iii) Liens against the Corporation or its assets for taxes,

assessments or governmental charges or levies not due and delinquent; (iv) undetermined or inchoate Liens and charges incidental to the current operations of the Corporation which have not been filed pursuant to law or which relate to obligations not due or delinquent; and (v) those otherwise disclosed in the Disclosure Letter.

- (mmm) **"Personally Identifiable Information"** means any information that alone or in combination with other information held by the Corporation or the Subsidiaries can be used to specifically identify a person including but not limited to a natural person's name, street address, telephone number, e-mail address, photograph, social insurance number, driver's license number, passport number, credit or debit card number or customer or financial account number or any similar information that is treated as "Personally Identifiable Information" under any Applicable Laws;
- (nnn) **"Premises"** has the meaning given thereto in Section 5.1(qq).
- (ooo) **"pro rata share"** equals the ratio of (a) the number of the issued and outstanding Common Shares of the Corporation on a Partially Diluted Basis which the Lender is deemed to be a holder of immediately prior to the issuance of such Common Shares to (b) the total number of then issued and outstanding Common Shares of the Corporation on a Partially Diluted Basis.
- (ppp) **"Regulation D"** means Regulation D adopted by the SEC under the U.S. Securities Act.
- (qqq) **"SEC"** means the United States Securities and Exchange Commission.
- (rrr) **"Securities Authorities"** means the securities commissions or similar regulatory authorities in each of the provinces of Canada, except Québec.
- (sss) **"Security Documents"** means the Intercreditor Agreement and all of the security agreements, pledges, collateral assignments, mortgages, deeds of hypothec, deeds of trust or other instruments from time to time evidencing or creating or purporting to create any security interests in favour of the Lender for its benefit, in all or any portion of the Collateral (as defined in the Debenture Certificate), as amended, modified, restated, supplemented or replaced from time to time.
- (ttt) **"Subsidiaries"** means the Corporation's material subsidiaries, being Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc., 10007705 Manitoba Ltd., Delta 9 Cannabis Store Inc., Blue Horseshoe Manufacturing Inc, Delta 9 Logistics Inc., and, following the closing of the Uncle Sam Transaction, Uncle Sam's Cannabis Ltd., and **"Subsidiary"** means any one of them.
- (uuu) **"subsidiary"** has the meaning ascribed thereto in *The Corporations Act* (Manitoba).
- (vvv) **"Taxes"** has the meaning given thereto in Section 5.1(aa).
- (www) **"U.S. Securities Act"** means the *United States Securities Act of 1933*, as amended.
- (xxx) **"U.S. Securities Laws"** means the U.S. Securities Act, the *United States Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated under each, and any applicable state securities laws.
- (yyy) **"Uncle Sam Agreement"** means the asset purchase agreement dated November 1, 2021 between Delta 9 Cannabis Store Inc., Uncle Sam's Cannabis Ltd. and Wissam El Annan, as amended by the first amending agreement dated December 20, 2021, the second amending agreement dated February 16, 2022 and the third amending agreement dated

March 22, 2022, with respect to the purchase of substantially all of the assets utilized in the operation of seventeen retail cannabis stores located in the Province of Alberta.

(zzz) **"Uncle Sam Transaction"** means the transaction(s) contemplated by the Uncle Sam Agreement.

(aaaa) **"Voting Support Agreements"** means, collectively, the voting support agreements substantially in the form attached hereto as Schedule "B" dated as of the Closing Date between the Lender and each of the Locked-Up Shareholders.

1.2 Interpretation

Unless the context otherwise requires, the following provisions will govern the interpretation of this Agreement:

- (a) the words "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule, and other references are to those contained in or attached to this Agreement unless otherwise specified;
- (b) each reference to "days" in this Agreement means calendar days, unless the term "Business Days" shall be used. Each reference to a time of day in this Agreement means that time in Calgary, Alberta, unless otherwise specified. In computation of periods of time in this Agreement from a specified date to a later specified date, the word "from" means "from and excluding" and the words "to" and "until" each means "to and including";
- (c) the words "include", "including" and similar expressions mean "including but not limited to";
- (d) the meanings given to terms defined in this Agreement apply to both the singular and plural forms of those terms;
- (e) except as otherwise specified in this Agreement, each reference in this Agreement to a statute, requirement of law or governmental consent shall be deemed to refer to such statute, requirement of law or governmental consent as the same may be amended, supplemented or otherwise modified from time to time; and
- (f) except as otherwise specified in this Agreement, each reference in this Agreement to any agreement (including a reference to this Agreement):
 - (i) includes all schedules, exhibits, annexes or other attachments thereto;
 - (ii) refers to that agreement as it may be amended, supplemented or otherwise modified from time to time;
 - (iii) each reference in this Agreement to a Party shall be deemed to include that Party's permitted successors and assigns;
 - (iv) all references in this Agreement to "Dollars" or "\$" are to lawful money of Canada;
 - (v) where in this Agreement a term is defined, a derivative of that term shall have a corresponding meaning; and
 - (vi) the headings of Sections, Articles or Schedules will not be considered in interpreting the text of this Agreement.

1.3 Date for any Action

In the event that any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day that action shall be required to be taken on the next succeeding day which is a Business Day.

1.4 Governing Law

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

1.5 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the Corporation's "**Knowledge**", it refers to the actual knowledge, after due inquiry, of each of the Chief Executive Officer, the Chief Financial Officer, and the Chief Operating Officer of the Corporation, in each case in their capacity as officers of the Corporation and not in their personal capacity.

1.6 Incorporation of Schedules

The following Schedules shall form part of this Agreement:

SCHEDULE "A" – DEBENTURE CERTIFICATE
SCHEDULE "B" – VOTING SUPPORT AGREEMENT

ARTICLE 2 THE LOAN

2.1 Loan by the Lender

Subject to the terms and conditions of this Agreement, the Lender hereby agrees to purchase the Debenture on the Closing Date for an aggregate issue price of \$9,600,000.

2.2 Acceptance of the Loan by the Corporation

The Corporation hereby accepts the subscription by the Lender for the Debenture and agrees to issue such Debenture in accordance with Section 2.1 to the Lender on the Closing Date, in accordance with the provisions of this Agreement and the Debenture Certificate.

2.3 Acknowledgements; Transfer Restrictions

The Offered Securities have not been and will not be qualified for sale to the public under Applicable Securities Laws or U.S. Securities Laws and, accordingly, the offer or sale of the Offered Securities is being made on a basis which is exempt from the prospectus requirements of Applicable Securities Laws and the registration requirements of U.S. Securities Laws.

The Lender acknowledges that the Offered Securities will be subject to transfer restrictions pursuant to Section 2.5 of National Instrument 45-102 *Resale of Securities* and may not be traded in Canada before the date that is four months and one day after the sale of such securities except pursuant to an exemption from the prospectus requirements of Applicable Securities Laws and that each certificate representing the Offered Securities, as applicable, or the applicable ownership statement issued under a direct registration system or other electronic book-entry system, will bear the following legend as per Section 2.5(2)(3(i)) of National Instrument 45-102 *Resale of Securities*:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THIS SECURITY BEFORE [4 MONTHS + 1 DAY AFTER THE CLOSING DATE].”

ARTICLE 3 PUBLICITY

3.1 Press Releases

The Corporation shall issue a press release, in a form acceptable to the Lender, as soon as practicable after the signing of this Agreement and in any event in accordance with Applicable Securities Laws and the rules of the Exchange. The Corporation shall file or cause to be filed, where required, a copy of such press release and a material change report describing the principal terms of this Agreement with the MSC and the other Securities Authorities as soon as possible after the issuance of such press release and in any event within the time periods set out in Applicable Securities Laws.

3.2 Publicity and Filings

Except for the press release provided for in Section 3.1, neither of the Parties shall issue, or permit any of its affiliates, directors, officers, employees or agents to issue any other press release or other written statement to the press with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the other Party, that consent not to be unreasonably withheld. Notwithstanding the foregoing, either the Lender or the Corporation may issue a press release or other written statement prior to obtaining that consent from the other Party if on the advice of counsel that action is required by Applicable Laws or by obligations pursuant to the requirements of the Exchange or Nasdaq, as applicable, but only after using its reasonable commercial efforts to consult with the other Party taking into account the time constraints to which it is subject as a result of that law or obligation. For greater certainty, the Parties acknowledge and agree that the transactions contemplated herein will be disclosed in their respective financial statements and associated management's discussion and analysis and other continuous disclosure filings under NI 51-102, and neither Party shall be required to seek consent from the other Party prior to making such continuous disclosure filings. The parties acknowledge that the Corporation may be required, in accordance with Applicable Securities Laws, to file a copy of this Agreement on its profile at www.sedar.com, and in such case the Corporation agrees that it shall make such redactions to this Agreement as are permitted under Section 12.2(3) of NI 51-102) (subject to compliance by the Corporation with the remaining provisions of Section 12.2 of NI 51-102) and with the prior consultation of the Lender.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE LENDER

4.1 Representations and Warranties

As of the date hereof, the Lender hereby represents and warrants to the Corporation as follows and acknowledge that the Corporation is relying on these representations and warranties in entering into this Agreement:

- (a) the Lender is an “accredited investor” as defined in Section 2.3(m) of NI 45-106 and is either purchasing the Offered Securities as principal for its own account, or is deemed to be purchasing the Offered Securities as principal for its own account in accordance with Applicable Securities Laws;
- (b) the Lender was not created or is being used solely to purchase or hold securities as an “accredited investor” pursuant to NI 45-106;
- (c) the Lender is duly organized and is validly existing under the laws of its respective jurisdiction of organization;

- (d) the Lender acknowledges that it is not purchasing the Offered Securities as a result of any general solicitation or general advertisement (as those terms are used in Regulation D);
- (e) the Lender has the corporate capacity, power and authority to enter into the Documents and to perform its obligations set out therein and each of the Documents has been duly authorized, executed and delivered by the Lender and each of Documents is a legal, valid and binding obligation of the Lender enforceable against the Lender in accordance with their terms, subject to the general qualifications that: (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally; and (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
- (f) the execution and delivery of, and the performance of and compliance with the terms of, the Documents by the Lender or any of the transactions contemplated hereby, do not and will not result in any breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, (i) any term or provision of the applicable articles, by-laws or constating documents of the Lender, (ii) any applicable resolutions of shareholders, members, partners or directors (or any committee thereof), as applicable, of the Lender, or (iii) any law, judgment, decree, order, statute, rule or regulation applicable to the Lender, which default or breach might reasonably be expected to impair the ability of the Lender to consummate the transactions contemplated hereby or to duly observe and perform any of its respective covenants or obligations contained in any of the Documents;
- (g) (i) there is no legal impediment to the consummation by the Lender of the transactions contemplated by this Agreement and the Debenture Certificate; and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by the Lender in connection with the making or the consummation of the Loan, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not restrict the ability of the Lender to consummate the transactions contemplated hereby; and
- (h) the Lender is entitled under Applicable Securities Laws to acquire the Offered Securities without the benefit of a prospectus qualified under such securities laws and the Lender has not received, nor has the Lender requested, nor does the Lender have any need to receive, any prospectus, sales or advertising literature, offering memorandum or any other document describing or purporting to describe the business and affairs of the Corporation which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an Loan decision in respect of the purchase of the Debenture pursuant to the Loan.

4.2 Survival of Representations and Warranties

No investigations made by or on behalf of the Corporation at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty made by the Lender herein or pursuant hereto.

Except as expressly set out herein, the representations and warranties of the Lender contained in this Agreement, or in any certificate or other document furnished by or on behalf of the Lender on the Closing Date or pursuant hereto, shall survive the completion of the Loan herein for a period of two (2) years following the Closing Date. Notwithstanding the foregoing, the provisions contained in this Agreement in any way related to indemnification or contribution obligations shall survive and continue in full force and effect, indefinitely.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

5.1 Representations and Warranties

As of the date hereof, the Corporation represents and warrants (and, as applicable, covenants) to the Lender as follows and acknowledges that the Lender is relying on these representations and warranties (and, as applicable, covenants) in entering into this Agreement:

- (a) the Corporation and each of the Subsidiaries has been duly incorporated or otherwise organized and is validly existing as a corporation under the laws of the jurisdiction in which it was incorporated, or otherwise organized, as the case may be, and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Corporation or the Subsidiaries;
- (b) the Corporation and each of the Subsidiaries is duly qualified to carry on the Business in each jurisdiction in which the conduct of the Business or the ownership, leasing or operation of its material Assets and Properties requires such qualification (except for such jurisdictions where the failure to be so qualified would not result in a material adverse effect) and has all requisite corporate power and authority to conduct the Business and to own, lease and operate its material Assets and Properties and to execute, deliver and perform its obligations under this Agreement and any other document, filing, instrument or agreement delivered in connection with the Loan;
- (c) neither the Corporation nor any of the Subsidiaries is (i) in violation of its articles of incorporation or, if applicable, by-laws; or (ii) in default of the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, joint venture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or its property may be bound, except in the case of clause (ii), for any such violations or defaults that would not result in a material adverse effect;
- (d) the Corporation has no direct or indirect material subsidiaries other than the Subsidiaries, nor any investment in any Person which currently accounts for or which, for the financial year ended December 31, 2021, accounted for more than ten percent of the assets or revenues of the Corporation or would otherwise be material to the Business and affairs of the Corporation. Except as set forth in the Disclosure Letter, the Corporation owns, directly or indirectly, all of the voting securities of the Subsidiaries, in each case free and clear of all Liens and no Person has any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement, for the purchase from the Corporation or any of the Subsidiaries of the Corporation of any interest in any of the shares in the capital or membership interests, as applicable, of the Subsidiaries;
- (e) each of the Corporation and the Subsidiaries owns or has the right to use all material Assets and Properties currently owned or used in the Business, including: (A) all Contracts that are material to its Business; and (B) all material Assets and Properties necessary to enable the Corporation to carry on its Business as now conducted and as presently proposed to be conducted;
- (f) except for the Permitted Encumbrances, no third party has any ownership right, title, interest in, claim in, lien against or any other right to any material Assets and Properties purported to be owned by the Corporation;
- (g) except as disclosed in the Disclosure Letter, all Contracts that are material to the Corporation are in good standing in all material respects and in full force and effect;

- (h) neither the Corporation, any of the Subsidiaries nor, to the Knowledge of the Corporation, any other party to any material Contract of the Corporation is in material default or breach of any material Contract of the Corporation and there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a material default or breach under any material Contract of the Corporation which would give rise to a right of termination on the part of any other party to a material Contract of the Corporation;
- (i) the Corporation and each of the Subsidiaries possesses such accreditations, permits, certificates, licences, approvals, registrations, qualifications, consents, orders, variances, waivers and other authorizations (collectively, "**Governmental Licences**") issued by the appropriate Governmental Authority necessary to conduct the Business now operated by it or as contemplated in all jurisdictions in which it carries on business. The Corporation and each of the Subsidiaries is in compliance in all material respects with the terms and conditions of all such Governmental Licences. All of such Governmental Licences are in good standing, valid and in full force and effect. None of the Corporation nor any Subsidiary has received any notice relating to the suspension, modification, withdrawal or revocation of any Governmental Licence and the Corporation has no reason to believe that any party granting any such Governmental Licences is considering limiting, suspending, modifying, withdrawing or revoking the same in any material respect. The Corporation has provided the Lender with copies of all material documents relating to all Governmental Licences. The Corporation and the Subsidiaries have, or have had on their behalf, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or material Governmental Licences and to keep each of the Governmental Licences in good standing and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were materially complete and correct on the date filed or were corrected or supplemented by a subsequent submission. The transactions contemplated herein will not have any adverse impact on the Governmental Licences or require the Corporation, any Subsidiary or any entity in which the Corporation has an interest to obtain any new licence under applicable Cannabis Laws;
- (j) the Corporation and the Subsidiaries are, and at all times have been, in compliance, in all material respects, with all Applicable Laws in respect of the cultivation, ownership, testing, research, development, manufacture, packaging, processing, use, distribution, storage, import, export, sale or disposal of any product manufactured, distributed or sold by the Corporation and the Subsidiaries (collectively, "**Cannabis Laws**"). The Corporation and the Subsidiaries are, and at all times have been in compliance, in all material respects, with the *Food and Drugs Act* (Canada), the *Controlled Drugs and Substances Act* (Canada) and the *Cosmetic Regulations*, the *Personal Health Information Protection Act*, 2004 (Ontario), and the regulations, policies and administrative guidance issued thereunder or similar federal, provincial, territorial, municipal or local law, regulation policy or administrative guidance (collectively, "**Health Care Laws**"). Neither the Corporation, nor any Subsidiary, nor, to the Knowledge of the Corporation, any entity in which it has an interest, has received any inspection report, notice of adverse finding, warning letter, untitled letter or other correspondence or notice from any Governmental Authority alleging or asserting any material non-compliance with (x) any Cannabis Laws or Health Care Laws or (y) any licences issued pursuant to the *Cannabis Act* (Canada), the *Safe and Responsible Retailing of Cannabis Act* (Manitoba) and the *Manitoba Cannabis Regulation*, the *Cannabis Control (Saskatchewan) Act* and the *Cannabis Control (Saskatchewan) Regulations* or any similar federal, provincial, territorial, municipal or local law, regulation policy or administrative guidance or predecessor legislation to the Corporation or any Subsidiary (the "**Cannabis Licences**") or any licence required by a Health Care Law;
- (k) Cannabis Regulatory Matters:

- (i) the Corporation and the Subsidiaries are, and at all times have been, in compliance in all material respects with the terms and conditions of all such Cannabis Licences and all other licences required in connection with their respective businesses. The Corporation does not reasonably anticipate any variations or difficulties in obtaining, maintain or renewing such Cannabis Licences or any other required licence. The transactions contemplated herein (including the proposed use of proceeds from the Loan) will not have any reasonably foreseeable adverse impact on the Cannabis Licences or require the Corporation, any Subsidiary or any entity in which the Corporation has an interest to obtain any new licence under the *Cannabis Act* (Canada) or any other Applicable Law;
- (ii) the Corporation and the Subsidiaries have filed, declared, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any applicable Cannabis Laws, Health Care Laws or Cannabis Licences and all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were materially complete and correct on the date filed (or were corrected or supplemented by a subsequent submission);
- (iii) neither the Corporation nor any Subsidiary has ever received any notice or communication from any customer or Governmental Authority (including Health Canada, the Liquor, Gaming and Cannabis Authority of Manitoba and the Saskatchewan Liquor and Gaming Authority) alleging a material defect, an issue requiring a recall or quarantine of product (whether voluntary, required or otherwise) or material claim in respect of any products supplied or sold by the Corporation or any Subsidiary to a customer and, to the Knowledge of the Corporation, there are no circumstances that would give rise to any reports, recalls, public disclosure, announcements or customer communications that are required to be made by the Corporation or any Subsidiary in respect of any products supplied or sold by any of them;
- (iv) each of the Corporation's and the Subsidiaries' sites used for the cultivation and processing of cannabis and cannabis products complies in all material respects with the requirements of the Cannabis Licences and other Applicable Law;
- (v) all product research and development activities, quality assurance, quality control, testing and research and analysis activities conducted by the Corporation and each Subsidiary in connection with the Business are and have been conducted in accordance with prudent industry practices and in compliance, in all material respects, with all industry, laboratory safety, management and training standards applicable to the Corporation's and the Subsidiaries' current and proposed Business, including its own standard operating procedures, and all such processes, procedures and practices required in connection with such activities are in place as necessary and are being complied with in all material respects;
- (vi) each individual employed by or associated with the Corporation and the Subsidiaries that is required to hold a security clearance under the *Cannabis Act* (Canada) and related regulations in order to maintain the Cannabis Licences holds, or has applied for, such clearance and the Corporation and each Subsidiary is not aware of any circumstance that would affect such security clearances;
- (vii) there is no judicial, regulatory, arbitral or other legal or government proceeding, investigation or other litigation or arbitration, at law or in equity, before any Governmental Authority, domestic or foreign, including any proceeding before Health Canada or any other Governmental Authority in Canada or any other country performing functions similar to those performed by Health Canada in

progress, pending or, to the Knowledge of the Corporation, threatened, against or involving the Assets and Properties, nor are there any matters under discussion outside of the ordinary course of business with any Governmental Authority relating to taxes, governmental charges, orders or assessments asserted by any such authority, and to the Knowledge of the Corporation there are no facts or circumstances that would reasonably be expected to form the basis for any such litigation, governmental or other proceeding or investigation, taxes, governmental charges, orders or assessments. To the Knowledge of the Corporation, no such matter is threatened or contemplated;

- (viii) neither the Corporation nor any of the Subsidiaries nor any director, officer, employee or any agent or other person acting on behalf of the Corporation or any Subsidiary in such capacity (collectively, “**Covered Persons**”) nor, to the Knowledge of the Corporation, any entity in which the Corporation directly or indirectly has an interest, has cultivated, produced, processed, imported, exported, sold or distributed any cannabis or has otherwise engaged in, or targeted or derived (or reasonably expects to derive) revenues or funds from, any direct or indirect dealings or transactions with respect to the foregoing activities in or to any jurisdiction where such activity is, or at the relevant time was, illegal (including the United States). In addition, no Covered Person has any current intention to engage in any of the foregoing. Neither the Corporation nor any of the Subsidiaries has operated in or exported any cannabis to any jurisdiction. The Corporation and the Subsidiaries have instituted and maintained policies and procedures reasonably designed to ensure that the Corporation and the Subsidiaries do not carry on any activities in, or distribute any products to, any jurisdiction where such activities or products are not fully in compliance with Applicable Laws, and that the Corporation and the Subsidiaries do not maintain investments in any entity that carries on any activities in, or distributes any products to, any jurisdiction where such activities or products are not fully in compliance with Applicable Laws;
- (ix) neither the Corporation nor any Subsidiary has engaged in, or will engage in, (i) any direct or indirect dealings or transactions in violation of United States federal or state criminal laws, or (ii) any “aiding and abetting” in any violation of United States federal or state criminal laws. No action, suit or proceeding by or before any United States Governmental Authority involving the Corporation or any of the Subsidiaries with respect to United States federal or state criminal laws is pending or threatened. There are no ongoing investigations being conducted by any United States Governmental Authority into potential violations of any of the criminal laws mentioned in (ii) above, and there has been no such investigation since the Corporation’s founding. For greater certainty, the Corporation does not have any U.S. “marijuana-related activities” as defined in Canadian Securities Administrators’ Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities;
- (x) to the Knowledge of the Corporation, each entity in respect of which the Corporation or any Subsidiary has an investment, is, and at all times has been, in compliance, in all material respects, with applicable Cannabis Laws and Health Care Laws;
- (l) the Corporation and each of the Subsidiaries and, to the Knowledge of the Corporation, all directors, officers and employees of each is and at all times has been in material compliance with all applicable statutes, rules, regulations, ordinances, orders, decrees and guidances (collectively, “**Applicable Laws**”) in all material respects;

- (m) the authorized capital of the Corporation consists of an unlimited number of common shares, of which only 106,479,637 Common Shares are currently issued and outstanding, all of which shares are validly issued, fully paid and non-assessable;
- (n) no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of the Corporation or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, warrant, option or right (whether or not on condition(s)) for the purchase or other acquisition of any unissued securities of the Corporation except for: (i) 4,447,152 Common Shares subject to stock options granted by the Corporation pursuant to its stock option plan at a weighted average exercise price of \$0.58 per share; (ii) 1,972,350 restricted share units granted by the Corporation pursuant to its performance and restricted share unit plan; (iii) 16,388,167 Common Shares subject to warrants issued by the Corporation at a weighted average exercise price of \$1.09 per share; (iv) \$11,800,000 in principal amount of convertible debentures of the Corporation, which are convertible into Common Shares at a price per share of \$1.21; and (v) the Debenture Shares underlying the Debenture;
- (o) the Corporation is a “reporting issuer” in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador within the meaning of Applicable Securities Laws and is not in default of any requirement of Applicable Securities Laws in any material respect;
- (p) the Corporation is in material compliance with its timely and continuous disclosure obligations under Applicable Securities Laws and the policies, rules and regulations of the Exchange and, without limiting the generality of the foregoing, there is no material fact, and there has not occurred any material change (actual, anticipated, contemplated, threatened, financial or otherwise), relating to the assets, liabilities (contingent or otherwise), Business, affairs, operations, prospects, capital or control of the Corporation and the Subsidiaries taken as a whole which has not been publicly disclosed on a non-confidential basis and, except as may have been corrected by subsequent disclosure, all the statements set forth in all documents publicly filed by or on behalf of the Corporation were true, correct, and complete in all material respects and did not contain any misrepresentation as of the date of such statements and the Corporation has not filed any confidential material change reports since the date of such statements which remains confidential as at the date hereof;
- (q) at the Closing Time all necessary corporate action will have been taken by the Corporation to create and issue the Debenture and upon the due conversion thereof, the Debenture Shares will be validly issued and fully paid and non-assessable Common Shares, and will not have been issued in violation of or subject to any pre-emptive rights or contractual rights to purchase securities issued by the Corporation;
- (r) Computershare Trust Company of Canada, at its principal office in Vancouver, British Columbia, has been duly appointed as the registrar and transfer agent of the Corporation with respect to the Common Shares;
- (s) the Corporation has the corporate capacity, power and authority to enter into the Documents and to perform its obligations set out therein and each of the Documents has been duly authorized, executed and delivered by the Corporation and is a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with their respective terms, subject to the general qualifications that: (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally; and (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;

- (t) the execution and delivery of, and the performance of and compliance with the terms of, the Documents by the Corporation or any of the transactions contemplated hereby, do not and will not result in any breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, (i) any term or provision of the applicable articles, by-laws or constating documents of the Corporation, (ii) any applicable resolutions of shareholders, members, partners or directors (or any committee thereof), as applicable, of the Corporation or any of the Subsidiaries, (iii) any indenture, mortgage, note, Contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound, or (iv) any law, judgment, decree, order, statute, rule or regulation applicable to the Corporation, which default or breach might reasonably be expected to impair the ability of the Corporation to consummate the transactions contemplated hereby or to duly observe and perform any of its respective covenants or obligations contained in any of the Documents;
- (u) there is no legal impediment to the consummation by the Corporation of the transactions contemplated by this Agreement and no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by the Corporation in connection with the making or the consummation of the Loan, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not restrict the ability of the Corporation to consummate the transactions contemplated hereby;
- (v) the Financial Statements contain no material misrepresentations and have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fully, fairly and correctly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise) of the Corporation and the Subsidiaries (as applicable) as at such dates and the results of operations of the Corporation and the Subsidiaries (as applicable) for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation and the Subsidiaries (as applicable) and there has been no change in accounting policies or practices of the Corporation since September 30, 2021 except as publicly disclosed; and on the date hereof, the Corporation has no Indebtedness except as set out in the Financial Statements or indebtedness to vendors, suppliers and service providers incurred in the ordinary course of Business since September 30, 2021 or in connection with the Loan or as disclosed in the Disclosure Letter;
- (w) to the Knowledge of the Corporation, the Corporation's Auditors are independent public accountants as required under the Applicable Securities Laws and there has never been a reportable event (within the meaning of NI 51-102) between the Corporation and such auditors or, to the Knowledge of the Corporation, any former auditors of the Corporation or the Subsidiaries;
- (x) the responsibilities and composition of the Corporation's audit committee comply with National Instrument 52-110 *Audit Committees* for issuers listed on the Exchange;
- (y) the Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; and (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets;
- (z) to the Knowledge of the Corporation, except as publicly disclosed, none of the directors, executive officers or shareholders who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the outstanding Common Shares or any known

associate or affiliate of any such person, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such person) with the Corporation which, as the case may be, materially affects, is material to or will materially affect the Corporation on a consolidated basis;

- (aa) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Corporation and the Subsidiaries have been paid, except where the failure to pay Taxes would not have a material adverse effect. All tax returns, declarations, remittances and filings required to be filed by the Corporation and the Subsidiaries have been filed with all appropriate authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not have a material adverse effect. To the Knowledge of the Corporation, (A) no examination of any tax return of the Corporation or any Subsidiaries is currently in progress and (B) there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Corporation or any Subsidiaries, except where such examinations, issues or disputes would not have a material adverse effect;
- (bb) the Corporation and, as applicable, each of the Subsidiaries, have established on their books and records reserves that are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the assets of the Corporation or any of its subsidiaries, and, to the Knowledge of the Corporation, (A) there are no audits pending of the tax returns of the Corporation or any of the Subsidiaries (whether federal, state, provincial, local or foreign) and (B) there are no claims which have been or may be asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any governmental agency of any deficiency that would result in a material adverse effect;
- (cc) since September 30, 2021, (A) there has been no material adverse change (actual, anticipated, contemplated, threatened, financial or otherwise) in the assets, liabilities (contingent or otherwise), business, affairs, operations, prospects, capital or control of the Corporation and the Subsidiaries taken as a whole as of the date of this Agreement that has not been generally disclosed, and (B) no material transactions have been entered into by the Corporation or the Subsidiaries other than in the ordinary course of business, except as disclosed in the Disclosure Letter;
- (dd) except as disclosed in the Disclosure Letter, neither the Corporation nor any Subsidiary is currently party to any agreement in respect of: (A) the purchase of any material Assets and Properties or any interest therein or the sale, transfer or other disposition of any material Assets and Properties or any interest therein currently owned, directly or indirectly, by the Corporation or the Subsidiaries whether by asset sale, transfer of shares or otherwise; or (B) the change of control of the Corporation or and of the Subsidiaries (whether by sale or transfer of shares or sale of all or substantially all of the Assets and Properties of the Corporation or the Subsidiaries or otherwise);
- (ee) no material labour dispute with current and former employees of the Corporation or any of the Subsidiaries exists that would have a material adverse effect, or, to the Knowledge of the Corporation, is imminent and the Corporation is not aware of any existing, threatened or imminent labour disturbance by the employees of any of the principal suppliers, manufacturers or contractors of the Corporation that would have a material adverse effect;

- (ff) no union has been accredited or otherwise designated to represent any employees of the Corporation or any of the Subsidiaries and, to the Knowledge of the Corporation, no accreditation request or other representation question is pending with respect to the employees of the Corporation or the Subsidiaries and no collective agreement or collective bargaining agreement or modification thereof has expired or is in effect in any of the facilities of the Corporation or the Subsidiaries and none is currently being negotiated by the Corporation or any of the Subsidiaries;
- (gg) all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments of the Corporation and the Subsidiaries have been recorded in accordance with IFRS and are reflected on the books and records of the Corporation;
- (hh) there is no agreement, plan or practice relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than as disclosed in the Disclosure Letter or entered into in the ordinary course of business;
- (ii) except as publicly disclosed, none of the directors, officers or employees of the Corporation or any associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Corporation that materially affects, is material to or will materially affect the Corporation;
- (jj) except as disclosed in the Disclosure Letter, or Indebtedness in respect of trade payables, neither the Corporation nor any of the Subsidiaries is party to any debt instrument or any agreement, contract or commitment to create, assume or issue any Indebtedness or debt instrument;
- (kk) the Corporation is not a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the Corporation and applicable laws, indemnification agreements or covenants that are entered into arising in the ordinary course of business, including operating and similar agreements, indemnification and contribution provisions in agency and underwriting agreements, transfer agency agreements and credit borrowing agreements) or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person;
- (ll) except as disclosed in the Disclosure Letter, there are no legal or governmental actions, suits, judgments, investigations, charges or proceedings pending to which the Corporation or the Subsidiaries are a party or to which the Assets and Properties are subject, which if finally determined adversely to the Corporation would be expected to result in a material adverse effect or that would result in the revocation or modification of any certificate, authority, permit or license necessary to conduct the Business now owned or operated by the Corporation or the Subsidiaries and, to the Knowledge of the Corporation, no such proceedings have been threatened against or are pending with respect to the Corporation or the Subsidiaries, or with respect to the Assets and Properties of the Corporation taken as a whole and the Corporation and the Subsidiaries are not subject to any judgment, order, writ, injunction, decree or award of any Governmental Authority that could be expected to result in a material adverse effect;
- (mm) as required under the Applicable Securities Laws, the material Contracts and agreements of the Corporation not made in the ordinary course of Business have been publicly disclosed, and have or will be filed with the Securities Authorities in accordance with such Applicable Securities Laws;

- (nn) the minute books and records of the Corporation made available to counsel for the Lender in connection with its due diligence investigation of the Corporation for the periods from the respective dates of incorporation or formation of the Corporation to the date hereof are all of the minute books and records of the Corporation and contain copies of all significant proceedings of the shareholders, the boards of directors and all committees of the boards of directors of the Corporation to the date hereof and there have not been any other formal meetings, resolutions or proceedings of the shareholders, boards of directors or any committees of the boards of directors of the Corporation to the date hereof not reflected in such minute books and other records other than those which have been disclosed in writing to the Lender or at or in respect of which no material corporate matter or business was approved or transacted;
- (oo) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the Knowledge of the Corporation, are pending, contemplated or threatened by any Governmental Authority;
- (pp) no Securities Authority or comparable authority has issued any order preventing the distribution of the Offered Securities nor instituted proceedings for that purpose and, to the Knowledge of the Corporation, no such proceedings are pending or contemplated;
- (qq) with respect to each premises which is material to the Corporation and which the Corporation or any of the Subsidiaries occupies, whether as owner or as tenant, (the "**Premises**"), the Corporation or its applicable Subsidiary occupies the Premises and has the exclusive right to occupy and use the Premises and each of the leases or real title pursuant to which the Corporation or such Subsidiary occupies or owns, as applicable, the Premises is in good standing and in full force and effect under a valid, subsisting and enforceable lease or real title, as the case may be, with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Corporation or such Subsidiary;
- (rr) (A) each of the Corporation and the Subsidiaries, its material Assets and Properties and the operation of its Business, have been and are, to the Knowledge of the Corporation, in compliance in all material respects with all Environmental Laws; (B) neither the Corporation nor the Subsidiaries are in violation of any regulation relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, which violation could reasonably be expected to cause a material adverse effect (collectively, "**Hazardous Materials**"); (C) each of the Corporation and the Subsidiaries has complied in all material respects with all reporting and monitoring requirements under all Environmental Laws; (D) neither the Corporation nor the Subsidiaries has ever received any notice of any material non-compliance in respect of any Environmental Laws; (E) to the Knowledge of the Corporation, there are no events or circumstances relating to Hazardous Materials or any Environmental Laws that might reasonably be expected to form the basis of an order for clean up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Corporation, which could reasonably be expected to have a material adverse effect relating to Hazardous Materials or any Environmental Laws; and (F) there are no Environmental Permits necessary to conduct the Business other than those that have been obtained by the Corporation or the Subsidiaries;
- (ss) the Corporation owns or has the right to use all of the Intellectual Property owned or used by the Business as of the date hereof. All registrations, if any, and filings that the Corporation has considered necessary to preserve the rights of the Corporation in such material Intellectual Property have been made and are in good standing. The Corporation has no pending action or proceeding, nor any threatened action or proceeding, against any

Person with respect to the use of the Intellectual Property, and there are no circumstances known to the Corporation which would cast doubt on the validity or enforceability of the Intellectual Property owned or used by the Corporation. The conduct of the Business does not, to the Knowledge of the Corporation, infringe upon the intellectual property rights of any other Person. The Corporation has no pending action or proceeding, nor, to the Knowledge of the Corporation, is there any threatened action or proceeding against it with respect to the Corporation's use of the Intellectual Property;

- (tt) the Corporation maintains insurance against loss of, or damage to, its assets by all insurable risks on a replacement cost basis in accordance with industry standards; and such insurance coverage is in good standing in all material respects and not in default except in each case as could not reasonably be expected to have a material adverse effect;
- (uu) except as mandated by or in conformity with the recommendations of a Governmental Authority, there has been no closure, shut-down, suspension or postponement of the Business of the Corporation, as a result of the novel coronavirus outbreak (the "**COVID-19 Outbreak**") and there has been no material adverse effect on the Corporation as a result thereof. The Corporation and the Subsidiaries have been monitoring the COVID-19 Outbreak and the potential impact at all of its operations and business units with a focus on business continuity and has put appropriate controls, measures, limitations, restrictions and procedures in place to ensure the wellness of all of its employees while continuing to operate, in order to prevent or mitigate the spread of the COVID-19 Outbreak, in compliance with all Applicable Laws;
- (vv) all information which has been prepared by the Corporation relating to the Corporation and its Business, property and liabilities thereof and either publicly disclosed, provided or made available to the Lender, is, as of the date of such information, true and correct in all material respects, taken as whole, and no fact or facts have been omitted therefrom which would make such information materially misleading;
- (ww) the Corporation has not withheld and will not withhold from the Lender prior to the Closing Time, any material facts that are within its knowledge relating to the Corporation, any of the Subsidiaries or the Offered Securities;
- (xx) the Corporation has not otherwise completed any "significant acquisition" or "significant disposition", nor are there any "probable acquisitions" (as such terms are used in National Instrument 44-101 *Short Form Prospectus Distributions* and Form 44-101F1) that would require the filing of a business acquisition report;
- (yy) no consent, approval, permit, authorization, order or filing with any court or governmental agency, the securities authorities or any other jurisdiction or agency is required by the Corporation or necessary for the execution, delivery and the performance by the Corporation of its obligations under this Agreement, other than such consents, approvals, authorizations, registrations or qualifications as may be required by the Exchange, all of which will be obtained by the Corporation prior to the Closing Time and in the case of the Exchange such approval shall be subject only to satisfaction by the Corporation of certain standard post-closing conditions imposed by the Exchange; provided, however, the Corporation will be required to file with the applicable Securities Authorities a report of exempt distribution on Form 45-106F1 as prescribed by NI 45-106, together with payment of applicable fees where required by Applicable Securities Law;
- (zz) the issued and outstanding Common Shares are listed and posted for trading on the Exchange and the Corporation is in compliance in all material respects with the current listing and corporate governance requirements of the Exchange;

- (aaa) no authorization, approval or consent of any court or Governmental Authority or agency is required to be obtained by the Corporation in connection with the sale and delivery of the Offered Securities, except pursuant to Applicable Securities Laws and approval of the Exchange;
- (bbb) the form and terms of definitive certificates representing the Common Shares have been duly approved and adopted by the Corporation and comply with all legal requirements relating thereto;
- (ccc) the Corporation does not have in place a shareholder rights plan;
- (ddd) the Corporation and the Subsidiaries have security measures and administrative, technical and physical safeguards in place to protect Personally Identifiable Information from illegal or unauthorized access or use by its personnel or third parties or access or use by its personnel or third parties in a manner that violates the privacy rights of third parties. The Corporation and the Subsidiaries have: (i) complied in all material respects with all applicable privacy and consumer protection laws and neither has collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third parties, in an unlawful manner; and (ii) taken all reasonable steps to protect Personally Identifiable Information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse. To the Knowledge of the Corporation: (A) there has been no loss, damage, or unauthorized access, intrusions, use modification, or other misuse, including any breach or incident, of any Personally Identifiable Information collected, controlled or held by the Corporation or any Subsidiary; (B) no person has provided any notice, made any claim, or commenced any investigation, action, inquiry, audit or proceeding with respect to loss, damage, or unauthorized access, use or modification, or other misuse of any such information by the Corporation or any Subsidiary, and there is no reasonable basis for any such notice, claim or proceeding; and (C) to the extent the Corporation or any of the Subsidiaries de-identifies or anonymizes Personally Identifiable Information and other data, such de-identification or anonymization complies with all privacy laws;
- (eee) the Corporation has not, directly or indirectly:
 - (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or
 - (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (collectively the “**Anti-Corruption Laws**”) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Corporation and its operations and have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation;
 - (iii) neither the Corporation, nor, to the Knowledge of the Corporation, any of its directors, officers, agents or employees, has in the past five years (i) violated or is in violation of any provision of the United States *Foreign Corrupt Practices Act of 1977*, as amended (the “**FCPA**”), or similar law of a jurisdiction in which the Corporation or any of the Subsidiaries conduct their business and to which they are lawfully subject or (ii) made any unlawful bribe, rebate, payoff, influence

payment, kickback or other unlawful payment. No part of the proceeds of the Offered Securities made hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any provision of the FCPA;

- (iv) neither the Corporation, nor, to the Knowledge of the Corporation, any director, officer, agent, employee or affiliate of the Corporation, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“OFAC”), and the Corporation will not knowingly directly or indirectly use the proceeds from the sale of the Offered Securities hereunder or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, for the purpose of financing the activities of any Person currently subject to any comprehensive U.S. sanctions administered by OFAC;
- (v) the Corporation is in compliance in all material respects with the provisions of the USA PATRIOT Act. On or prior to the Closing Date, the Corporation has provided to the Lender all information related to the Corporation (including names, addresses and tax identification numbers (if applicable)) reasonably requested in writing by the Lender not less than 10 Business Days prior to the Closing Date and mutually agreed to be required under “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act, to be obtained by the Lender; and
- (vi) no action, suit or proceeding by or before any court of Governmental Authority or any arbitrator non-Governmental Authority involving the corporation with respect to the Anti-Corruption Laws is, to the Corporation’s Knowledge, pending or threatened;
- (fff) the Corporation is not, nor will it be after giving effect to the Loan and the use of proceeds as described herein, an “investment company” within the meaning of the *Investment Company Act of 1940*, as amended, and the rules and regulations thereunder;
- (ggg) the definitive form of certificates representing the Offered Securities will be in due and proper form under the laws governing the Corporation; and
- (hhh) other than in connection with the Financing Fee, there is no Person acting or purporting to act at the request of the Corporation or any of the Subsidiaries which is entitled to any brokerage, agency or other fiscal advisory or similar fee in connection with the transactions contemplated herein.

5.2 Survival of Representations and Warranties

No investigations made by or on behalf of the Lender at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty made by the Corporation herein or pursuant hereto.

Except as expressly set out herein, the representations and warranties of the Corporation contained in this Agreement, or in any certificate or other document furnished by or on behalf of the Corporation on the Closing Date or pursuant hereto, shall survive the completion of the Loan herein for a period of two (2) years following the Closing Date. Notwithstanding the foregoing, the provisions contained in this Agreement in any way related to indemnification or contribution obligations shall survive and continue in full force and effect, indefinitely.

ARTICLE 6 COVENANTS OF THE CORPORATION

6.1 Ordinary Course

The Corporation covenants and agrees to conduct all operations in respect of the assets and properties of the Corporation, in accordance with past practice and good industry practices and in material compliance with all applicable laws, rules, regulations, orders and directions of governmental and other competent authorities between the date hereof and the Closing Time.

6.2 Reimbursement of Expenses

All reasonable and documented out-of-pocket expenses incurred by the Lender in connection with the Lender's diligence of the Corporation and the Loan, including, without limitation, expenses of counsel for the Lender, shall be borne by the Corporation (the "**Lender Expenses**"). Such expenses incurred prior to the Closing Date shall be payable by the Corporation on the Closing Date or, in the event this Agreement is terminated pursuant to Article 11 prior to the Closing Date, payable within five Business Days following such termination provided that in either case, the Corporation has been provided with invoices for all such expenses. Otherwise, all fees and expenses incurred by the Lender which are reimbursable hereunder shall be payable by the Corporation as soon as practicable upon receiving an invoice therefor from the Lender.

6.3 Filings

The Corporation shall, as promptly as practicable hereafter, prepare and file any filings required by Applicable Securities Laws or any other applicable law relating to the transactions contemplated herein.

6.4 Use of Proceeds

The Corporation shall use the net proceeds from the Loan for general corporate purposes and for growth capital to fund the Corporation's operations and future acquisitions, provided that no more than \$7.5 million shall be used in connection with the closing of the Uncle Sam Transaction.

6.5 Equity Participation Right

- (a) For so long as any portion of the Debenture remains outstanding, the Lender shall have a right (the "**Equity Participation Right**") to subscribe to its pro rata share of any Equity Securities that the Corporation may, from time to time, sell and issue after the Closing Date, other than Excluded Securities, subject to any Exchange requirements or other stock exchange requirements as may be applicable. In the event that such an Equity Participation Right shall be subject to approval by the shareholders of the Corporation, the Corporation shall use its commercially reasonable efforts to cause the approval of such Equity Participation Right at meeting convened as soon as practicable in order to allow the Lender in exercise its Equity Participation Right. At such meeting, the Corporation shall solicit proxies from the shareholders of the Corporation to obtain such approval.
- (b) Promptly following the determination to offer additional Equity Securities, the Corporation shall send a written notice to the Lender (the "**Equity Participation Right Offer Notice**") specifying the terms and conditions contained in the proposed offering, the total number of then issued and outstanding Equity Securities, the sale price in cash for the Equity Securities offered and the terms of payment of such sale price, together with any other information that the Lender may reasonably request.
- (c) If the Lender wishes to exercise the Equity Participation Right, the Lender shall give written notice to the Corporation (the "**Equity Participation Right Exercise Notice**") of its

intention to exercise such right and of the number of Equity Securities that the Lender wishes to subscribe for and purchase pursuant to the Equity Participation Right. The Lender shall deliver an Equity Participation Right Exercise Notice to subscribe within five Business Days after the date of receipt of an Equity Participation Right Offer Notice (with such period being reduced to two Business Days in the case of a public offering that is a "bought deal") (the **"Equity Participation Right Notice Period"**), failing which the Lender will not be entitled to exercise the Equity Participation Right in respect of such offering and any rights that the Lender may have had to subscribe for any of the Equity Securities shall be extinguished in respect of such offering, provided that if the Corporation has not issued the Equity Securities within ninety calendar days of the expiry of the Equity Participation Right Notice Period, the Corporation shall not thereafter proceed with such offering without providing the Lender with another opportunity to exercise its Equity Participation Right.

- (d) The Equity Participation Right shall be assignable by the Lender at its sole discretion.

6.6 Debt Participation Right

- (a) For so long as any portion of the Debenture remains outstanding, the Lender shall have a right (the **"Debt Participation Right"**) to participate in any financing pursuant to which the Corporation proposes to enter into a credit agreement or issue any debt securities up to its pro rata share. In the event that such a Debt Participation Right shall be subject to approval by the shareholders of the Corporation, the Corporation shall use its commercially reasonable efforts to cause the approval of such Debt Participation Right at meeting convened as soon as practicable in order to allow the Lender to exercise its Debt Participation Right. At such meeting, the Corporation shall solicit proxies from the shareholders of the Corporation to obtain such approval.
- (b) Promptly following the determination to enter into a credit agreement purporting to create, incur or assume any Indebtedness, the Corporation shall send a written notice to the Lender (the **"Debt Participation Right Offer Notice"**) specifying the terms and conditions contained in the proposed Indebtedness, together with any other information that the Lender may reasonably request.
- (c) If the Lender wishes to exercise the Debt Participation Right, the Lender shall give written notice to the Corporation (the **"Debt Participation Right Exercise Notice"**) of its intention to exercise such right and the amount of debt that the Lender wishes to purchase pursuant to the Debt Participation Right. The Lender shall deliver an Debt Participation Right Exercise Notice to subscribe within twenty Business Days after the date of receipt of an Debt Participation Right Offer Notice (the **"Debt Participation Right Notice Period"**), failing which the Lender will not be entitled to exercise the Debt Participation Right in respect of such debt financing and any rights that the Lender may have had to purchase such debt shall be extinguished in respect of such debt financing, provided that if the Corporation has not issued such Indebtedness within ninety calendar days of the expiry of the Debt Participation Right Notice Period, the Corporation shall not thereafter proceed with such debt financing without providing the Lender with another opportunity to exercise its Debt Participation Right.
- (d) The Debt Participation Right shall be assignable by the Lender at its sole discretion.

6.7 Shareholder Ratification

- (a) On or before June 30, 2022, the Corporation shall convene and conduct a special meeting (or an annual and special meeting) of the holders of Common Shares (the **"Meeting"**) for the purpose of ratifying the Loan, including: (i) permitting the issuance to the Lender (or any person acting in combination or in concert with the Lender) of Common Shares in number greater than 19,953,242 Common Shares; (ii) permitting the issuance to the

Lender of that number of Common Shares that would result in the Lender (and any person acting in combination or in concert with the Lender) holding greater than 19.99% of the outstanding Common Shares after giving effect to any conversion of the Debenture; (iii) paying interest in accordance with Section 2(d)(B) of the Debenture Certificate; and (iv) permitting the Reduced Conversion Price (as such term is defined in the Debenture Certificate) (collectively, the “**Meeting Business**”), in accordance with the Corporation’s constating documents, the policies of the Exchange and Applicable Laws as soon as reasonably practicable, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Meeting without the prior written consent of the Lender, except as required for quorum purposes (in which case, the Meeting shall be adjourned and not cancelled) or as required by Applicable Law or by a Governmental Authority. Notwithstanding the foregoing, if permitted by the Exchange, the Corporation will use its commercially reasonable efforts to obtain the approval of those holders holding more than 50% of the Common Shares for the Meeting Business by written consent. Any management information circular circulated by the Corporation to the holders of the Common Shares in advance of the Meeting (the “Circular”) shall include a statement that each Locked-Up Shareholder has agreed to vote all of the Common Shares held by such Persons in favour of the Meeting Business pursuant to the Voting Support Agreements, as well as a recommendation of the board of directors of the Corporation that the holders of Common Shares vote in favour of the Meeting Business.

- (b) Subject to any Applicable Laws, including Applicable Securities Laws, the Corporation agrees to use its commercially reasonable efforts to take any and all actions necessary or advisable to secure the votes of those holders of Common Shares in favour of the Meeting Business.
- (c) The Corporation shall give the Lender and its legal counsel a reasonable opportunity to review and comment on all drafts of the Circular and other related documents, and shall give reasonable consideration to any comments made by them, and agrees that all information relating solely to the Lender or any of its affiliates included in the Circular must be in a form and content satisfactory to the Lender, acting reasonably. The Corporation shall promptly advise the Lender of any communication received by the Corporation from the Exchange, Securities Authorities or any other Governmental Authority in connection with the Circular.

6.8 Uncle Sam Transaction

The Corporation shall use commercially reasonable efforts to close the Uncle Sam Transaction forthwith following the Closing Date pursuant to the terms of the Uncle Sam Agreement. The Corporation agrees that it will not amend or waive any term or condition of the Uncle Sam Agreement following the Closing Date without the prior written consent of the Lender.

ARTICLE 7 COVENANTS OF THE LENDER

7.1 Filings and Approvals

The Lender shall use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to obtain (or assist the Corporation to obtain) all applicable Securities Authorities and Exchange approvals for the Loan and the issuance of the Debenture and the Debenture Shares, and all transactions contemplated by the Debenture Certificate, including the filing of any personal information forms requested by the Exchange and all matters ancillary thereto, if applicable.

ARTICLE 8 MUTUAL COVENANTS

8.1 Additional Agreements

Subject to the terms and conditions herein provided and to fiduciary obligations under applicable law, each Party agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with the other Party in connection with the foregoing, including using commercially reasonable efforts to:

- (a) obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other contracts or agreements;
- (b) obtain all necessary consents, approvals and authorizations as are required to be obtained under any federal, provincial or foreign law or regulations;
- (c) effect all necessary registrations and other filings and submissions of information requested by the Exchange or any Governmental Authority; and
- (d) fulfill all conditions and satisfy all provisions of this Agreement and the Loan.

8.2 Indemnification

- (a) The Corporation shall indemnify and hold harmless the Lender and its subsidiaries and affiliates and each of their respective directors, officers, employees, partners, shareholders and agents and the Lender shall indemnify and hold harmless the Corporation and its directors, officers, employees, partners, shareholders and agents (as applicable, collectively, the “**Indemnified Parties**” and individually, an “**Indemnified Party**” or the “**Indemnifying Parties**” and “**Indemnifying Party**”) from and against any and all expenses, costs, losses (other than consequential damages or losses of profit in connection with the Loan), claims, actions, damages and liabilities, (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to any action) to which any Indemnified Party may become subject in any capacity, under any statute or common law or otherwise, insofar as such expenses, losses, claims, actions, damages or liabilities, relate to, are caused by, result from, arise out of or are based upon, directly or indirectly:
 - (i) any non-performance or non-fulfillment of any covenant or agreement on the part of the Corporation or the Lender, as applicable, contained in the Documents, other than any non-performance or non-fulfillment of any covenant or agreement (A) on the part of the Corporation that has been waived by the Lender or (B) on the part of the Lender that has been waived by the Corporation; or
 - (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Corporation or the Lender, as applicable, in the Documents;

provided, however, that this indemnity will cease to be available to an Indemnified Party if and to the extent that a court of competent jurisdiction in a final judgment or a regulatory authority in a final ruling shall determine that such proceedings or liabilities, claims, losses, costs, damages or expenses have resulted from any fraud, willful misconduct, fraudulent misrepresentation or gross negligence of the Indemnified Party; in such event, such Indemnified Party shall reimburse any funds advanced by the Indemnifying Party to the

Indemnified Party pursuant to the indemnification contained in this Section 8.2(a) in respect of such proceedings or liabilities, claims, losses, costs, damages or expenses. Notwithstanding anything herein to the contrary, in no event shall any Indemnifying Party have any liability to an Indemnified Party pursuant to this Section 8.2(a) for any amounts in the aggregate in excess of the purchase price paid for the Debenture in accordance with Section 2.1.

- (b) If any claim contemplated by subsection 8.2(a) shall be asserted against any of the Indemnified Parties, such Indemnified Parties shall notify the Indemnifying Party (provided that failure to so notify the Indemnifying Party of the nature of such claim in a timely fashion shall relieve the Indemnifying Party of liability hereunder only if and to the extent that such failure materially prejudices the Indemnifying Party's ability to defend such claim) as soon as possible of the nature of such claim and the Indemnifying Party shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim, provided however, that the defence shall be through legal counsel selected by the Indemnifying Party and acceptable to the Indemnified Party acting reasonably and that no admission of liability or settlement may be made by the Indemnifying Party or the Indemnified Party without the prior written consent of the other Party, such consent not to be unreasonably withheld. The Indemnified Party shall have the right to retain separate counsel in any proceeding relating to a claim contemplated by subsection 8.2(a) above but the fees and expenses of such counsel shall be at the expense of the Indemnified Party, unless:
 - (i) the Indemnified Party has been advised by counsel that there may be a reasonable legal defense available to the Indemnified Party which is different from or additional to a defense available to the Indemnifying Party and that representation of the Indemnified Party and the Indemnifying Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (in which case the Indemnifying Party shall not have the right to assume the defense of such proceedings on the Indemnified Party's behalf);
 - (ii) the Indemnifying Party shall not have taken the defense of such proceedings and employed counsel within ten (10) days after notice has been given to the Indemnifying Party of commencement of such proceedings; or
 - (iii) (iii) the employment of such counsel has been authorized by the Indemnifying Party in connection with the defense of such proceedings;

and, in any such event, the reasonable fees and expenses of such Indemnified Party's counsel (on a full indemnity basis) shall be paid by the Indemnifying Party, provided that the Indemnifying Party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate law firm (in addition to any local counsel) for all such Indemnified Parties.
- (c) If an Indemnifying Party has assumed the defense of any suit brought to enforce a claim hereunder, the Indemnified Party shall provide the Indemnifying Party copies of all documents and information in its possession pertaining to the claim, take all reasonable actions necessary to preserve its rights to object to or defend against the claim, consult and reasonably cooperate with the Indemnifying Party in determining whether the claim and any legal proceeding resulting therefrom should be resisted, compromised or settled and reasonably cooperate and assist in any negotiations to compromise or settle, or in any defense of, a claim undertaken by the Indemnifying Party.

ARTICLE 9 CONDITIONS PRECEDENT

9.1 Conditions Precedent to Making the Loan

The following are conditions precedent to the obligations of the Lender to complete the Loan, which conditions may be waived in writing in whole or in part by the Lender at any time. If any of the conditions are not met, the Lender may terminate its obligations under this Agreement and determine not to make the Loan without prejudice to any other remedies they may have against the Corporation. At the Closing Time:

- (a) all regulatory approvals, orders, rulings, exemptions and consents (including, without limitation, those of the Exchange and other Securities Authorities) necessary to enable the Corporation and the Lender to complete the Loan shall have been obtained, and no objection or opposition shall have been filed, initiated or made by any governmental agency or regulatory authority during any applicable statutory or regulatory period which shall not have been withdrawn, defeated or overcome which has or will, in the opinion of the Lender in its sole discretion, acting reasonably, likely have a material adverse effect on the Loan or any part of the Loan;
- (b) there shall not exist any prohibition at law against implementation of the Loan or any part thereof;
- (c) there shall not be an event of default under the Debenture Certificate that exists uncured;
- (d) the satisfaction or waiver of all of the conditions precedent, except those conditions which are, by their nature, capable of satisfaction only at the time of closing of the Uncle Sam Transaction, including without limitation the truth and accuracy of all representations and warranties of the vendor as at the time of closing and the performance by the vendor of all covenants of the vendor which are required to be performed by the vendor prior to the time of closing, in connection with the closing of the Uncle Sam Transaction;
- (e) there shall not have developed, occurred or come into effect or existence any event, action, state, condition or occurrence of national or international consequence (including without limitation, terrorism or war) or any law or regulation which, in the sole opinion of the Lender, acting reasonably, materially adversely affects or involves, or will materially adversely affect or involve, the Loan, the financial markets generally or the business, operations or affairs of the Corporation;
- (f) the terms and conditions of the Debenture Certificate shall be substantially as set out in the Debenture Certificate attached as Schedule "A" hereto or as otherwise agreed to by the Lender and the Corporation;
- (g) the Lender shall have received a certificate of the Corporation, dated the Closing Date, signed on behalf of the Corporation by the Chief Executive Officer and the Chief Financial Officer of the Corporation or such other senior officers of the Corporation satisfactory to the Lender, acting reasonably, certifying that:
 - (i) the Corporation has complied with and satisfied in all material respects all covenants, terms and conditions of this Agreement to be complied with or satisfied at or prior to the Closing Time; and
 - (ii) the representations and warranties of the Corporation contained in Section 5.1 are true and correct in all material respects (or, if qualified by materiality, such representation and warranty shall be true in all respects) as of the Closing Time with the same force and effect as if made at and as of the Closing Time, except for

such representations and warranties which are made as of a specific date other than the Closing Date;

- (h) there shall have been no material adverse effect or change on the business, operations, finances or affairs of the Corporation from the date of this Agreement;
- (i) the Lender shall have received a legal opinion of the Corporation's legal counsel (addressed to the Lender and the Lender's legal counsel), in form and substance satisfactory to the Lender, acting reasonably, with respect to such matters as the Lender may reasonably request;
- (j) the Lender shall have received evidence of the closing of the CFCU Facility, on terms satisfactory to the Lender; and
- (k) the Corporation shall have delivered to the Lender duly executed Voting Support Agreements from each of the Locked-Up Shareholders, in respect of all Common Shares beneficially owned by them or under their direction or control.

The foregoing conditions set forth in this Section 9.1 are for the exclusive benefit of the Lender and may be waived by the Lender, in whole or in part, in its sole discretion, at any time and from time to time.

9.2 Notice of Non-Compliance

Each Party shall give prompt notice to the other Parties of the occurrence, or failure to occur, at any time from the date hereof to the Closing Date of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect; or
- (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied hereunder;

provided that no such notification shall affect the representations or warranties of the Parties or the conditions to the obligations of the Parties under this Agreement.

ARTICLE 10 CLOSING

10.1 Closing Date

The Parties agree that the completion of the Loan shall occur on the date hereof (the "**Closing Date**").

10.2 Place of Closing

The completion of the Loan shall take place at the Closing Time on the Closing Date at the offices of Dentons Canada LLP in Toronto, Ontario, or at such other time and place as the Corporation and the Lender may agree upon.

10.3 Closing Deliveries by the Corporation

On the Closing Date, the Corporation shall execute and deliver or cause to be executed and delivered, or deliver, to the Lender, in form and substance satisfactory to the Lender, acting reasonably:

- (a) the legal opinion pursuant to Section 9.1(i);

- (b) the Voting Support Agreements pursuant to Section 9.1(k);
- (c) certified copies of the resolutions duly passed by the Corporation's board of directors approving the Loan, the Documents and the completion of the transactions contemplated hereby or thereby;
- (d) the Debenture Certificate and the Security Documents duly executed by the Corporation;
- (e) the Lender Expenses as contemplated by Section 6.2 provided the Corporation has received invoices for such expenses, and further provided that such Lender Expenses may be deducted from the proceeds of the sale of the Debenture in accordance with Section 10.4(a) hereof;
- (f) all documents, certificates and opinions required to be delivered pursuant to the Debenture Certificate; and
- (g) such further and other documents and assurances as may reasonably be required to be delivered by or on behalf of the Corporation to complete the Loan.

10.4 Closing Deliveries by the Lender

On the Closing Date, the Lender shall deliver or cause to be delivered to the Corporation in form and substance satisfactory to the Corporation, acting reasonably:

- (a) payment in immediately available funds by way of wire transfer (or such other means as the Corporation and the Lender may agree), for the Debenture purchased in accordance with Section 2.1, net of the Financing Fee in respect of the Debenture and any Lender Expenses; and
- (b) such further and other documents and assurances as may reasonably be required to be delivered by or on behalf of the Lender to complete the Loan, including for greater certainty any documents necessary to comply with the Lender's covenants in Section 7.1.

ARTICLE 11 TERMINATION RIGHTS

11.1 Termination

This Agreement may be terminated prior to the Closing Time as follows (in the case of subsection (b) below, by written notice by the Party desiring to terminate the Agreement to the other Parties):

- (a) by mutual written agreement of the Corporation and the Lender; and
- (b) by either the Corporation or the Lender if (i) a Governmental Authority (including for greater certainty any Securities Authorities) of competent jurisdiction shall permanently restrain, enjoin, deny, withhold its approval of or otherwise prevent the consummation of the transactions contemplated by the Documents and such decision shall be final and non-appealable, or (ii) any transaction contemplated by the Documents, for which approval by the Exchange is required pursuant to the rules of the Exchange is not approved by the Exchange.

11.2 Effect of Termination

In the event the Lender terminates this Agreement pursuant to this Article 11 (other than pursuant to Section 11.1(a)), the Corporation shall forthwith reimburse the Lender for its expenses pursuant to Section 6.2.

ARTICLE 12 GENERAL PROVISIONS

12.1 Notices

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by email or sent by prepaid overnight courier to the Parties at the following addresses (or at such other addresses as shall be specified by the parties by like notice):

- (a) if to the Corporation:

Delta 9 Cannabis Inc.
PO Box 68096 Osborne Village
Winnipeg, Manitoba R3L 2V9

Attention: John William Arbuthnot IV
Email: john.arbuthnot@delta9.ca

with a copy to:

MLT Aikins LLP
360 Main St., 30th Floor
Winnipeg, MB R3C 4G1

Attention: W. Douglas Stewart
Email: DStewart@mltaikins.com

- (b) if to the Lender:

Sundial Growers Inc.
919 - 11th Avenue SW, Suite 300
Calgary, AB T2R 1P3

Attention: Jim Keough, CFO
Email: jkeough@sundialgrowers.com

with a copy to:

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1 Canada

Attention: Eric Foster
Email: eric.foster@dentons.com

12.2 Entire Agreement

This Agreement:

- (a) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the Parties and their affiliates with respect to the subject matter hereof; and

- (b) shall be binding on and enure to the benefit of the Parties and their respective successors and permitted assigns, in accordance with Section 12.5.

12.3 Enforcement

The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each Party shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of Alberta having jurisdiction, this being in addition to any other remedy to which that Party is entitled at law or in equity in those circumstances.

12.4 Additional Rights

Except as otherwise provided herein each Party's rights under this Agreement are in addition to and not in substitution for any other rights of that Party at law, in equity or otherwise.

12.5 Assignment

This Agreement shall be binding upon and enure to the benefit of the parties and their successors and permitted assigns, provided that (i) neither this Agreement, nor the benefit hereof, may be assigned by the Corporation without the prior written consent of the Lender, and (ii) this Agreement and the benefit hereof may be assigned by the Lender without the prior written consent of the Corporation.

12.6 Expenses

Except as provided in Section 6.2, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring that cost or expense, whether or not the Loan is completed.

12.7 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of that invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions of this Agreement, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable that provision in any other jurisdiction.

12.8 Further Assurances

Each Party will perform all acts, execute and deliver all documents and give all assurances reasonably necessary to give effect to the Documents.

12.9 Time

Time is of the essence hereof.

12.10 Paramountcy

If there is any inconsistency between the provisions of this Agreement and the provisions of any agreement executed and delivered pursuant to this Agreement, the provisions of this Agreement will govern. If there is any inconsistency between the provisions in the body of this Agreement and any Schedule or other attachment the provisions in the body of this Agreement will govern. Notwithstanding the foregoing, the Debenture will be governed by the Debenture Certificate.

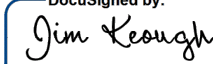
12.11 Counterpart Execution

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument but all such counterparts together shall constitute one agreement. Each Party shall be entitled to rely on delivery of an executed facsimile or a scanned copy by electronic mail (i.e., "pdf" or "tif") of this Agreement, and that facsimile or electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

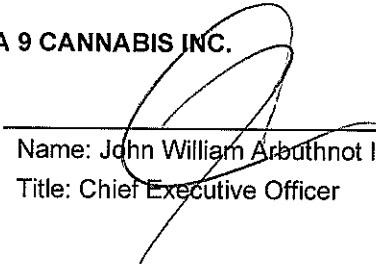
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IN WITNESS WHEREOF the Parties have executed this Agreement by their duly authorized officers as of the date first above written.

SUNDIAL GROWERS INC.

DocuSigned by:
Per: 
Name: Jim Keough
Title: CFO

DELTA 9 CANNABIS INC.

Per: 
Name: John William Arbutnot IV
Title: Chief Executive Officer

SCHEDULE "A"
FORM OF DEBENTURE CERTIFICATE

(as attached)

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THE SECURITIES SHALL NOT TRADE THE SECURITIES BEFORE JULY 31, 2022.

DELTA 9 CANNABIS INC.

10% Senior Secured Second-Lien Convertible Debenture

Principal Amount: See Schedule A

Issue Date: March 30, 2022

Delta 9 Cannabis Inc. (the “**Issuer**”), for value received, hereby acknowledges itself indebted, and promises to pay, to Sundial Growers Inc. (the “**Holder**”) on March 30, 2025 (the “**Maturity Date**”), or on such earlier date as the principal amount hereof may become due in accordance with the terms hereof, the aggregate principal amount specified in the grid set-out in Schedule A (the “**Principal Amount**”). The grid shall be updated by the Issuer from time to time to reflect any repayments, redemptions or conversions of the Principal Amount, and all such updates by the Issuer will be *prima facie* evidence of such repayments, redemptions and conversions and of the outstanding Principal Amount (in the absence of manifest error).

This 10% Senior Secured Second-Lien Convertible Debenture (the “**Convertible Debenture**”) is subject to the following terms and conditions:

1. **Definitions:** In this Convertible Debenture, unless there is something in the subject matter or context inconsistent therewith:

- (a) “**Acquired Indebtedness**” means, with respect to any specified Person:

- (i) Indebtedness of any other Person existing at the time such other Person is consolidated, amalgamated or combined with or merged with or into or became a Subsidiary of such specified Person;
 - (ii) Indebtedness assumed in connection with the acquisition of assets from any other Person; and
 - (iii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person,

in each case, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such asset acquisition or such other Person consolidating, amalgamating or combining with or merging with or into, or becoming a Subsidiary of, such specified Person; but excluding any Indebtedness of such Person that is redeemed, defeased, retired or otherwise repaid at the time of, or immediately upon completion of, such asset acquisition or such transaction by which such other Person is consolidated, amalgamated or combined with or merged with or into, or becomes a Subsidiary of, such specified Person.

- (b) “**Bankruptcy Law**” means the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada) and the *Winding-up and Restructuring Act* (Canada), each as now and hereafter in effect, any successors to such statutes, any other applicable insolvency, winding-up, dissolution, restructuring, reorganization, liquidation or other similar law of any jurisdiction, and any law of any jurisdiction (including any corporate law relating to arrangements, reorganizations or restructurings) permitting a debtor to obtain a stay or a compromise of the claims of its creditors against it.

- (c) **"Business Day"** means any day except Saturday, Sunday, any statutory holiday in Manitoba or Alberta, or any other day on which the principal chartered banks in Winnipeg or Calgary are closed for business.
- (d) **"CFCU Facility"** means, collectively, the credit facilities established in favour of the Issuer by Connect First Credit Union Ltd., pursuant to that certain commitment letter dated February 1, 2022, as may be amended, supplemented, replaced, restated, or otherwise modified from time to time.
- (e) **"Change of Control Event"** means the occurrence 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 Issuer's Subsidiaries) of the Issuer and its Subsidiaries, 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 the Issuer, measured by voting power rather than number of shares; or
 - (iii) the adoption by the shareholders of the Issuer of a plan or proposal for the liquidation or dissolution of the Issuer.

For purposes of this 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.

- (f) **"Collateral"** means all present and after-acquired property of the Issuer and its Subsidiaries, but excludes the Excluded Assets.
- (g) **"Common Shares"** means the common shares in the capital of the Issuer.
- (h) **"Common Share Interest Payment"** has the meaning specified in Section 2(d).
- (i) **"Common Share Default Interest Payment"** has the meaning specified in Section 2(f).
- (j) **"Consolidated EBITDA"** means, with respect to any period, the consolidated net income of the Issuer for such period plus, without duplication:
 - (i) Fixed Charges for such period, to the extent such Fixed Charges were deducted in computing consolidated net income;

- (ii) provisions for income taxes for such period, to the extent such provisions for taxes were deducted in computing consolidated net income; and
- (iii) all amounts in respect of depreciation and amortization, to the extent such amounts were deducted in computing consolidated net income;

minus

- (iv) all cash payments in relation to Lease Liabilities,

in each case, on a consolidated basis and determined in accordance with IFRS.

- (k) **“Conversion Price”** has the meaning specified in Section 4(a).
- (l) **“Credit Facilities”** means one or more credit facilities with commercial banks, credit unions or other institutional lenders, providing for revolving or term credit facilities, including the CFCU Facility.
- (m) **“Custodian”** means any receiver, receiver-manager, trustee, assignee, liquidator, monitor or similar official under any Bankruptcy Law.
- (n) **“Debt Service Coverage Ratio”** means, with respect to any period, the ratio of Consolidated EBITDA for such period to Fixed Charges for such period.
- (o) **“Default”** means the occurrence of any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default hereunder.
- (p) **“Election Notice”** has the meaning specified in Section 2(f).
- (q) **“Excess Portion”** has the meaning specified in Section 4(g).
- (r) **“Event of Default”** has the meaning specified in Section 9.
- (s) **“Excluded Assets”** means:
 - (i) any lease, permit, license or other agreement entered into by or for the benefit of the Issuer or its Subsidiaries to the extent that a grant of a security interest therein would
 - (A) violate or invalidate such lease, permit, license or agreement or create a right of termination in favor of any other party thereto (other than the Issuer or its Subsidiaries) and such violation, invalidation or right has not been waived,
 - (B) require the consent of any other party to such lease, permit, license or other agreement (other than the Issuer or its Subsidiaries) and such consent has not been obtained,
 - (C) be prohibited by any Requirement of Law applicable thereto, or
 - (D) result in triggering a right of first refusal sale to any other joint venture party and such right has not been waived, for so long as and to the extent any such violation, invalidation or right described in clause (A), (B), (C), (D) is

not deemed ineffective after giving effect to applicable anti-assignment provisions of the PPSA or other Requirement of Law;

- (ii) the last day of any lease of real property in Canada (outside Quebec);
 - (iii) property owned by the Issuer or its Subsidiaries that is subject to a purchase money Lien if the agreement pursuant to which such Lien is granted would (x) prohibit a grant of a security interest on such property and such prohibition has not been waived or (y) require the consent of any Person other than the Issuer or its Subsidiaries thereof and such consent has not been obtained, for so long as and to the extent any such prohibition described in this clause (iii) is not deemed ineffective after giving effect to applicable anti-assignment provisions of the PPSA or other Requirement of Law; and
 - (iv) consumer goods (as such term is defined in the PPSA).
- (t) **“Exercise Notice”** has the meaning specified in Section 4(b).
- (u) **“Existing Indebtedness”** means the aggregate principal amount of Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness under the CFCU Facility) in existence on the Issue Date, until such Indebtedness is repaid or otherwise extended, refinanced, renewed, replaced, defeased or refunded.
- (v) **“Fixed Charges”** means the sum, without duplication, of:
- (i) the consolidated interest expense of the Issuer and its Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, commissions, and discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings) but excluding the interest component of Lease Liabilities; plus
 - (ii) the consolidated interest expense of the Issuer or any Subsidiary that was capitalized during such period; plus
 - (iii) interest on Indebtedness of another Person that is guaranteed by the Issuer or any Subsidiary or secured by a Lien on assets of the Issuer or any Subsidiary, whether or not such guarantee or Lien is called upon; plus
 - (iv) all principal repayments of outstanding indebtedness for borrowed money made by the Issuer and its Subsidiaries,
- in each case, calculated on a consolidated basis and in accordance with IFRS.
- (w) **“Governmental Authority”** means any nation or government, any state, province, municipality or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing and any department, agency, board, commission, tribunal, committee or instrumentality of any of the foregoing.
- (x) **“Guarantee”** means a guarantee in substantially the form of the guarantees provided on the date hereof.

- (y) **"Guarantor"** means each Subsidiary that is required to provide a Guarantee pursuant to Section 5.
- (z) **"IFRS"** means International Financial Reporting Standards as issued by the International Accounting Standards Board, as in effect from time to time in Canada.
- (aa) **"Indebtedness"** means, with respect to any specified Person and at any particular time, whether or not contingent and without duplication:
 - (i) all indebtedness of such Person in respect of borrowed money;
 - (ii) obligations of such Person evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
 - (iii) obligations of such Person in respect of banker's acceptances;
 - (iv) all Lease Liabilities of such Person;
 - (v) obligations of such Person representing the balance deferred and unpaid of the purchase price of any property that would be included on a statement of financial position as a liability in accordance with IFRS, except any such balance that constitutes an accrued expense or trade payable;
 - (vi) net obligations of such Person due and payable by such Person at such time under hedging obligations;
 - (vii) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person); and
 - (viii) to the extent not otherwise included, the obligations of the specified Person under any guarantee of any Indebtedness of any other Person,

if and to the extent any of the preceding items (other than letters of credit and hedging obligations) would appear as a liability upon a statement of financial position of the specified Person prepared in accordance with IFRS. The amount of any Indebtedness issued at a price that is less than the principal amount thereof shall be the accreted value of the Indebtedness. The amount of any Indebtedness of another Person secured by a Lien on the assets of the specified Person shall be the lesser of (i) the fair market value of such assets at the date of determination and (ii) the amount of such Indebtedness of such other Person.
- (bb) **"Intercreditor Agreement"** means the Intercreditor Agreement dated March 30, 2022 between Connect First Credit Union Ltd. and the Holder, as amended, modified, restated, supplement or replaced from time to time.
- (cc) **"Interest Payment Date"** means the last day of each calendar month, commencing on April 30, 2022.
- (dd) **"Lease Liabilities"** means, at the time any determination is to be made, the amount of the lease liability in respect of any lease that would at that time be required to be capitalized on a statement of financial position prepared in accordance with IFRS, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be cancelled by the lessee without payment of a penalty.

- (ee) **"Lien"** means any mortgage, lien (statutory or otherwise), pledge, charge, security interest or encumbrance upon or with respect to any property of any kind, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement.
- (ff) **"MOIC Premium"** means, with respect to (i) any portion of this Convertible Debenture called for redemption pursuant to Section 3 or (ii) the entire Principal Amount in the event of an Event of Default, all required interest payments due from the redemption date or the date the Event of Default first occurred, as applicable, through to the Maturity Date calculated at the rate of 10.00% per annum.
- (gg) **"Payment Default"** has the meaning specified in Section 9(f).
- (hh) **"Permitted Liens"** means the following:
 - (i) Liens in favour of the Holder;
 - (ii) Liens in favour of Connect First Credit Union Ltd. securing Indebtedness incurred under Section 8(e)(i); provided that, any such Liens are subject to the Intercreditor Agreement, which is and remains in effect at all times;
 - (iii) Liens in respect of any Lease Liabilities permitted to be incurred under Section 8;
 - (iv) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent; provided that the payment of such taxes, assessments, charges or other governmental levies under this clause (iv) which are due and payable is being contested in good faith and by appropriate proceedings diligently pursued and as to which adequate financial reserves have been established on the Issuer or any of its Subsidiaries' books and records and a stay of enforcement of any such Lien is in effect;
 - (v) Liens constituting encumbrances in the nature of reservations, exceptions, zoning restrictions, encroachments, easements, servitudes, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any of the Collateral;
 - (vi) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant or permit acquired by such Person, or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;
 - (vii) security or deposits given by such Person to a public utility or any Governmental Authority when required by such utility or Governmental Authority in connection with the operations of such Person and in the ordinary course of its business;
 - (viii) undetermined or inchoate liens, privileges, hypothecs or charges arising in the ordinary course of business which have not at such time been filed (or are not required to be filed) pursuant to law against such Person's property or assets or which relate to obligations not due or delinquent;
 - (ix) Liens arising from judgments and attachments in connection with court proceedings provided that the attachment or enforcement of such Liens would not

result in an Event of Default hereunder and such Liens are being contested in good faith by appropriate proceedings, adequate reserves have been set aside and no material assets or property of the Issuer or its Subsidiaries is subject to a material risk of loss or forfeiture and the claims in respect of such Liens are fully covered by insurance (subject to ordinary and customary deductibles) and a stay of execution pending appeal or proceeding for review is in effect;

- (x) Liens on amounts deposited in connection with obtaining worker's compensation or other unemployment insurance or to secure obligations to a utility when required by such utility in connection with the operations of the Issuer or its Subsidiaries;
 - (xi) Liens arising as of a matter of law, such as bankers and other similar statutory liens and other rights of offset, in connection with deposit, securities, or commodities accounts in the ordinary course of business;
 - (xii) Liens consisting of reclamation rights and similar statutory rights arising as a matter of applicable law in favour of the seller of goods to the Issuer or its Subsidiaries so long as such Liens secure only the purchase price of and apply only to the goods or other property sold;
 - (xiii) Liens in favour of customs and revenue authorities arising as a matter of law which secure payment of customs duties in connection with the importation of goods in the ordinary course of business.
 - (xiv) any carriers, warehousemen, contractors, subcontractors, suppliers, mechanics or material liens arising in the ordinary course of business in respect of charges accruing in favour of any Person, so long as such charges are not yet due or, if due, are being contested and for which a reasonable reserve satisfactory to the Holder has been provided;
 - (xv) Liens or deposits to secure the performance of bids, tenders, trade contracts, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature (other than for borrowed money) incurred in the ordinary course of business; and
 - (xvi) Liens in respect of which the Holder has given its prior written consent.
- (ii) **"Permitted Refinancing Indebtedness"** means any Indebtedness of the Issuer or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, other Indebtedness of the Issuer or any of its Subsidiaries (other than intercompany Indebtedness); provided that:
- (i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all reasonable fees and expenses and premiums incurred in connection therewith);
 - (ii) the final stated maturity of the principal of such Permitted Refinancing Indebtedness is (A) no earlier than the final stated maturity of the principal of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded or (B) at least 91 days after the final Maturity Date;

- (iii) the Permitted Refinancing Indebtedness has a weighted average life to maturity at the time such Permitted Refinancing Indebtedness is incurred that is equal to or greater than the weighted average life to maturity of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
 - (iv) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated to this Convertible Debenture, such Permitted Refinancing Indebtedness is subordinated in right of payment to this Convertible Debenture and each Guarantee on terms at least as favourable, taken as a whole, to the Holder as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
 - (v) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is secured Indebtedness, no additional security, and no security with greater priority, is granted in respect thereof; and
 - (vi) if such Indebtedness is unsecured Indebtedness, no security is granted in respect thereof.
- (jj) **"Person"** means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government, government body or agency or other entity.
- (kk) **"PPSA"** means the *Personal Property Security Act* (Manitoba) or the *Personal Property Security Act* (Alberta), as applicable (or any successor statute) and similar legislation of any other Canadian jurisdiction (including, the Civil Code of Quebec) the laws of which are required by such legislation to be applied in connection with the issue, perfection, enforcement, validity or effect of security interests or other Liens and includes all regulations thereunder.
- (ll) **"Repurchase Notice"** has the meaning specified in Section 4(g).
- (mm) **"Requirement of Law"** means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator, court of law or of a Governmental Authority, applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.
- (nn) **"Restricted Payment"** means (i) any dividend or other payment or distribution on account of the Issuer's or any of its Subsidiaries' equity interests or to the direct or indirect holders of the Issuer's or any of its Subsidiaries' equity interests in their capacity as such (other than dividends or distributions payable to the Issuer or any of its Subsidiaries) and (ii) any purchase, redemption or other acquisition for value (including, without limitation, in connection with any merger, amalgamation or consolidation involving the Issuer), in whole or in part, of any equity interests of the Issuer.
- (oo) **"Security Documents"** means the Intercreditor Agreement and all of the security agreements, pledges, collateral assignments, mortgages, deeds of hypothec, deeds of trust or other instruments from time to time evidencing or creating or purporting to create any security interests in favour of the Holder for its benefit, in all or any portion of the Collateral, as amended, modified, restated, supplemented or replaced from time to time.
- (pp) **"Shareholder Approval"** refers to the approval of shareholders of the Issuer contemplated by Section 6.7 of the Note Purchase Agreement dated March 30, 2022 between the Issuer and the Holder.

- (qq) **“Side Letter”** means the Side Letter dated March 9, 2022 between the Issuer and the Holder.
- (rr) **“Subsidiary”** means, with respect to the Issuer:
- (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by the Issuer or one or more of its other Subsidiaries (or a combination thereof); and
 - (ii) any partnership or limited liability company if (A) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, thereof are owned or controlled, directly or indirectly, by the Issuer or one or more of its other Subsidiaries (or a combination thereof), whether in the form of membership, general, special or limited partnership interests or otherwise and (B) the Issuer, or any of its other Subsidiaries, is a controlling general partner of, or otherwise controls, such entity.
- (ss) **“TSX”** means the Toronto Stock Exchange.

2. **Interest:**

- (a) Interest will accrue on the outstanding Principal Amount of this Convertible Debenture (i) from and including the date hereof or (ii) from and including the last Interest Payment Date to which interest shall have been paid, whichever shall be later, in all cases, to and excluding the next Interest Payment Date, at the initial rate of 10% per annum, calculated and payable monthly in arrears on each Interest Payment Date, commencing on April 30, 2022, and, should the Issuer at any time make default in the payment of any principal, premium or interest, to pay interest on the amount in default at the same rate. Interest will be payable in equal monthly amounts; provided that for any interest period other than a full monthly interest period, interest will be calculated on the basis of a year of 365 days and the actual number of days elapsed in that period. The first interest payment on April 30, 2022 will be a “long first coupon” in the amount of \$88,812.78.
- (b) If the Issuer at any time receives notice from the Holder that the Issuer is in default of its obligations under the Side Letter (as reasonably determined by the Holder), the interest rate on the Convertible Debenture will be increased from 10% to 15% from and including the date such notice is provided to the Issuer, and will remain at 15% until all defaults under the Side Letter have been rectified to the reasonable satisfaction of the Holder (at which point the rate will revert to 10%).
- (c) During the continuance of an Event of Default, the interest rate on this Convertible Debenture will be increased from 10% or 15%, as applicable, to 18% from and including the date the Event of Default initially occurred, and will remain at 18% until such Event of Default has been rectified (at which point the rate will revert to 10% or 15%, as applicable).
- (d) Provided no Event of Default has occurred and is continuing, the Common Shares remain listed on the TSX, and all applicable regulatory approvals have been obtained:
 - (i) in relation to the interest payments due on April 30, 2022, May 31, 2022 and June 30, 2022, the Issuer may, at its option, elect to pay up to 100% of each such payment through the delivery of Common Shares; and

- (ii) in relation to the interest payments due on July 31, 2022, August 31, 2022 and September 30, 2022, the Issuer may, at its option, elect to pay up to 50% of each such payment through the delivery of Common Shares,

(each, a “**Common Share Interest Payment**”).

If the Issuer elects to complete a Common Share Interest Payment, it shall provide the Holder notice of such election at least ten days prior to the applicable Interest Payment Date. The number of Common Shares to be issued to the Holder in connection with each Common Share Interest Payment will be an amount equal to:

- (A) If Shareholder Approval has not been obtained by the applicable Interest Payment Date:

A / B , where

A = The amount of the applicable interest payment

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the applicable Interest Payment Date. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold

OR

- (B) If Shareholder Approval has been obtained applicable Interest Payment Date:

$A / (B \times 0.85)$, where

A = The amount of the applicable interest payment

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the applicable Interest Payment Date. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold.

On any Interest Payment Date in respect of which the Issuer has elected to make a Common Share Interest Payment, the Holder will be deemed to have become a holder of record of the applicable Common Shares for all purposes, and the Issuer shall, as promptly as practicable thereafter (and in any event within three Business Days) deliver to the Holder a duly executed certificate (or evidence of direct registration) representing the aggregate number of Common Shares issuable pursuant to such Common Share Interest Payment.

- (e) Unless Shareholder Approval has been obtained, the Issuer's ability to elect a Common Share Interest Payment shall not be effective or enforceable if: (i) the issuance of such Common Shares to the Holder would result in the Holder or any person acting in combination or in concert with the Holder, acquiring greater than 19,953,242 Common

Shares after giving effect to the Common Share Interest Payment; or (ii) the issuance of such Common Shares to the Holder would result in the Holder and any person acting in combination or in concert with the Holder, holding greater than 19.99% of the outstanding Common Shares after giving effect to the Common Share Interest Payment.

- (f) If the Issuer fails to pay any interest on this Convertible Debenture when it becomes due and payable, the Holder may elect, at its sole option and at any time thereafter while such Default continues, to receive payment of such defaulted interest (and interest on such defaulted interest) through the issuance to the Holder of Common Shares (a “**Common Share Default Interest Payment**”). If the Holder elects to receive a Common Share Default Interest Payment, it shall provide the Issuer notice of such election (an “**Election Notice**”), and the number of Common Shares to be issued to the Holder in connection with each Common Share Default Interest Payment will be an amount equal to:

- (A) If Shareholder Approval has not been obtained prior to delivery of an Election Notice:

A / B , where

A = The amount of defaulted interest (and interest on such defaulted interest in accordance with this Convertible Debenture)

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the day the Election Notice is provided to the Issuer. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold

OR

- (B) If Shareholder Approval has been obtained prior to delivery of an Election Notice:

$A / (B \times 0.85)$, where

A = The amount of defaulted interest (and interest on such defaulted interest in accordance with this Convertible Debenture)

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the day the Election Notice is provided to the Issuer. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold.

On the date the Holder delivers an Election Notice to the Issuer, the Holder will be deemed to have become a holder of record of the applicable Common Shares for all purposes, and the Issuer shall, as promptly as practicable thereafter (and in any event within three Business Days) deliver to the Holder a duly executed certificate (or evidence of direct registration) representing the aggregate number of Common Shares issuable pursuant to such Common Share Default Interest Payment.

- (g) Unless Shareholder Approval has been obtained, the Holder's ability to elect a Common Share Default Interest Payment shall not be effective or enforceable if: (i) the issuance of such Common Shares to the Holder would result in the Holder or any person acting in combination or in concert with the Holder, acquiring greater than 19,953,242 Common Shares after giving effect to the Common Share Default Interest Payment; or (ii) the issuance of such Common Shares to the Holder would result in the Holder and any person acting in combination or in concert with the Holder, holding greater than 19.99% of the outstanding Common Shares after giving effect to the Common Share Default Interest Payment.
 - (h) If an Interest Payment Date is not a Business Day, then payment thereof will be made on the next Business Day and the Holder will not be entitled to any further interest or other amount solely as a result of such delayed payment.
 - (i) For purposes of disclosure under the *Interest Act* (Canada), the yearly rate of interest to which interest is calculated under this Convertible Debenture for any period in any calendar year (the "**Calculation Period**") is equivalent to the rate payable under this Convertible Debenture in respect of the Calculation Period multiplied by a fraction the numerator of which is the actual number of days in such calendar year and the denominator of which is the actual number of days in the Calculation Period.
3. **Redemption:** The Issuer may, at its option at any time and from time to time, redeem this Convertible Debenture in whole or in part, upon not less than 15 days' and not more than 30 days' prior notice to the Holder (which notice may be waived by the Holder), at a redemption price equal to par plus the MOIC Premium and all accrued but unpaid interest to but excluding the date of redemption.
4. **Optional Conversion:**
- (a) The Holder will have the option, exercisable at any time and from time to time on not less than five days' notice to the Issuer, to convert all or any part of the outstanding Principal Amount into a number of validly issued Common Shares equal to 2,857.1429 Common Shares for each \$1,000 aggregate principal amount of the converted portion of this Convertible Debenture (representing a conversion price of \$0.35 per Common Share) (the "**Conversion Price**"), and with any resulting fractions being rounded-up to the nearest whole number of Common Shares. If prior to September 30, 2022 the Issuer completes one or more public or private offerings of Common Shares at a price that is equal to or less than \$0.29 per Common Share, the Conversion Price will be adjusted downward to an amount equal to 120% of the lowest issue price in such offerings (the "**Reduced Conversion Price**"); provided that, unless and until Shareholder Approval has been obtained, the Conversion Price will be subject to a minimum price equal to the arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the applicable date of conversion. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold.
 - (b) In order to exercise the conversion right contained in this Section 4, the Holder will deliver to the Issuer a written notice of exercise (the "**Exercise Notice**"). On the third Business Day after delivery to the Issuer of the Exercise Notice, the Holder will be deemed to have become a holder of record of the applicable Common Shares for all purposes, and the Issuer shall, as promptly as practicable thereafter (and in any event within three Business Days) deliver to the Holder a duly executed certificate (or evidence of direct registration) representing the aggregate number of Common Shares issuable upon such conversion.

- (c) The Holder shall be entitled to receive accrued and unpaid interest in respect of any converted Principal Amount in cash, up to but excluding the date of conversion.
- (d) The Issuer covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue upon conversion of this Convertible Debenture, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the conversion of this Convertible Debenture. The Issuer also 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.
- (e) The Conversion Price will be adjusted from time to time by the board of directors of the Issuer in an equitable manner to account for any subdivision, re-division, consolidation, stock dividend, recapitalization, reorganization or any similar change affecting the Common Shares, including in respect of the specific circumstances set forth in Schedule B.
- (f) Unless Shareholder Approval has been obtained, the Issuer's obligation to issue Common Shares under this Convertible Debenture shall not be effective or enforceable if: (i) the issuance of such Common Shares to the Holder would result in the Holder or any person acting in combination or in concert with such Holder, acquiring greater than 19,953,242 Common Shares after giving effect to the conversion and issuance; or (ii) the issuance of such Common Shares to the Holder would result in the Holder and any person acting in combination or in concert with such Holder, holding greater than 19.99% of the outstanding Common Shares after giving effect to the conversion and issuance.
- (g) If at any time the Holder submits an Exercise Notice but is unable convert all or a portion of the Principal Amount stated to be converted in such Exercise Notice as a result of Section 4(f), the Holder will have the option to require the Issuer to repurchase the portion of the Principal Amount that is not permitted to be converted (the "**Excess Portion**") by delivering a notice (a "**Repurchase Notice**") to the Issuer. The repurchase will be completed 30 days after delivery of the Repurchase Notice and at a price equal to:

A x B, where

A = The number of Common Shares into which the Excess Portion would be converted but for Section 4(f)

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the day on which the Holder delivers a Repurchase Notice. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold

5. **Extension:** In the event the payment in full of all the outstanding Principal Amount on the Maturity Date would cause a default or event of default under any Credit Facility secured by Liens ranking senior in priority to the Liens securing this Convertible Debenture (including the CFCU Facility), the Issuer may, with the consent of the Holder, make a partial repayment, issue Common Shares in lieu of payment for all or part of the Principal Amount (subject to receipt of all necessary regulatory approvals, including the TSX), or postpone the Maturity Date. If any partial or alternative repayment or extension of the Maturity Date is consented to by the Holder under the previous sentence, the Issuer will be required to pay a fee to the Holder (as additional interest) equal to 0.50% of the

outstanding Principal Amount of the Convertible Debenture, payable on a monthly basis in cash on each Interest Payment Date.

6. **Guarantees:** Each Subsidiary of the Issuer as of the date hereof is required to execute and deliver to the Holder a Guarantee. Each future Subsidiary of the Issuer will be required to execute and deliver to the Holder a Guarantee and an opinion of counsel satisfactory to the Holder (confirming the due execution and enforceability of such Guarantee) within ten Business Days after the date such Subsidiary became a Subsidiary of the Issuer.

A Guarantee provided by a Subsidiary will be automatically released in connection with any sale or other disposition of the equity securities of such Subsidiary to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Subsidiary of the Issuer, if the sale or other disposition does not violate the provisions of this Convertible Debenture and such Subsidiary ceases to be a Subsidiary as a result of the sale or other disposition.

7. **Security:**

- (a) As security for all obligations of the Issuer hereunder (including the due payment of all principal, interest and any other amounts outstanding under this Convertible Debenture), the Issuer has granted pursuant to the Security Documents, and shall cause each current and future Guarantor to grant pursuant to the Security Documents, in favour of the Holder, a security interest in the Collateral.
- (b) The Issuer and the Guarantors will, at their expense, do or cause to be done all acts and things, including as may be reasonably requested by the Holder from time to time, to assure and confirm that the Holder has a duly created, enforceable and perfected Lien upon the Collateral, subject to Permitted Liens.
- (c) If the Issuer or a Guarantor acquires any property or assets after the Issue Date that is not automatically subject to a perfected security interest or Lien under the Security Documents and such property and/or assets would be of the type that would constitute Collateral that is required to be subject to a Lien, or if a Subsidiary becomes a Guarantor, then the Issuer or the Guarantor will provide security interests in and Liens on such property and assets which constitute Collateral (or, in the case of a new Guarantor, on all of its property and assets constituting Collateral) in favour of the Holder and promptly deliver applicable Security Documents in respect thereof.
- (d) The Liens on the Collateral provided for herein will automatically and without the need for any further action by any Person be released:
 - (i) in whole or in part, as applicable, as to all or any portion of the property and assets subject to such Liens that has been taken by eminent domain, condemnation or other similar circumstances;
 - (ii) in whole upon the payment in full (including, if applicable, by conversion) of all amounts owing under this Convertible Debenture (whether at maturity or upon redemption or otherwise);
 - (iii) as to any property or assets that are sold, transferred or otherwise disposed of by the Issuer or a Guarantor (other than to the Issuer or a Guarantor) in a transaction not prohibited by this Convertible Debenture; or
 - (iv) in whole or in part, with the consent of the Holder.

8. **Covenants of the Issuer:** As long as any of the Principal Amount remains outstanding, the Issuer hereby covenants and agrees with the Holder as follows:
- (a) **Change of Control:** Any Change of Control Event shall require the prior written consent of the Holder. The Issuer shall provide the Holder with at least 30 days prior written notice of the occurrence or potential occurrence of a Change of Control Event (other than in relation to an unsolicited take-over bid, in which case notice shall be provided as soon as reasonably practicable), including all details of such Change of Control Event reasonably requested by the Holder in order for the Holder to exercise its right in the previous sentence.
 - (b) **Payment of Principal, Premium and Interest:** The Issuer covenants and agrees for the benefit of the Holder that it will duly and punctually pay the principal of, premium (if any) and interest on this Convertible Debenture in accordance with the terms hereof. In addition, the Issuer shall pay interest on overdue principal and premium (if any) at the rate then applicable to this Convertible Debenture, and it will pay interest on overdue instalments of interest at the same rate to the extent lawful.
 - (c) **Payment of Taxes:** The Issuer shall, and shall cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge, or cause to be paid and discharged, all taxes shown to be due and payable on such returns and all other taxes imposed on them or any of their properties, assets, income or franchises, to the extent such taxes have become due and payable and before they have become delinquent, and all claims for which sums have become due and payable that have or might become a Lien on the property or assets of the Issuer or any Subsidiary; provided that neither the Issuer nor any Subsidiary need pay any such taxes or claims if (i) the amount, applicability or validity thereof is contested by the Issuer or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Issuer or a Subsidiary has established adequate reserves therefor in accordance with its accounting principles on the books of the Issuer and/or (ii) the non-payment of all such taxes and/or claims in the aggregate would not reasonably be expected to have a material adverse effect on (A) the business, affairs or financial condition of the Issuer and its Subsidiaries, taken as a whole, or (B) the ability of the Issuer to make required payments under this Convertible Debenture.
 - (d) **Limitation on Liens:** The Issuer will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien (other than Permitted Liens) securing Indebtedness upon any Collateral whether now owned or hereafter acquired.
 - (e) **Limitation on Indebtedness:** The Issuer will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (in any such case, “**incur**”) any Indebtedness (including Acquired Indebtedness) and the Issuer will not permit any of its Subsidiaries to issue any preferred stock (except to the Issuer or one of its other Subsidiaries); provided, however, that the Issuer and its Subsidiaries may incur the following items of Indebtedness:
 - (i) the incurrence by the Issuer and any Subsidiary of Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer and any Subsidiary thereunder) that, at the time of and after giving effect to such incurrence and all other incurrences made under this clause (i) since the Issue Date and which remain outstanding, does not exceed \$32.0 million. As of the Issue Date, all amounts outstanding under the CFCU Facility will be deemed to have been incurred under this clause (i);

- (ii) the incurrence by the Issuer or any Subsidiary of Indebtedness represented by Lease Liabilities (which shall, for the purposes of this clause (ii), be deemed to specifically exclude those Lease Liabilities described in clause (iii) below) in an aggregate principal amount that, at the time of and after giving effect to such incurrence and all other incurrences made under this clause (ii) since the Issue Date and which remain outstanding (including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, defease or discharge any Lease Liabilities incurred pursuant to this clause (ii)), does not exceed the greater of (a) \$10 million and (b) 10.0% of the Issuer's total assets (determined as of the date of such incurrence and including any right of use assets acquired in connection with such Lease Liabilities);
 - (iii) the incurrence by the Issuer or any Subsidiary of Lease Liabilities in the ordinary course of business in respect of (A) retail locations for dispensaries, (B) cultivation and/or manufacturing facilities, or (C) equipment that will be used at dispensaries and/or cultivation and manufacturing facilities; provided that any such lease where the right of the Issuer or a Subsidiary to use the leased property arose pursuant to a sale and leaseback transaction will not be permitted by this clause (iii);
 - (iv) the incurrence of Existing Indebtedness;
 - (v) the incurrence by the Issuer or any Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, defease or discharge Indebtedness (other than intercompany Indebtedness) that was permitted to be incurred under clauses (ii) and (iv) or this clause (v);
 - (vi) the incurrence by the Issuer or any Subsidiaries of intercompany Indebtedness owing to and held by the Issuer or any of its Subsidiaries; provided, however, that: (A) such Indebtedness must be unsecured and is expressly subordinated to the prior payment in full in cash of all obligations with respect to this Convertible Debenture; and (B) (i) any subsequent issuance or transfer of equity interests that results in any such Indebtedness being held by a Person other than the Issuer or a Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Subsidiary thereof, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Subsidiary, as the case may be, that was not permitted by this clause (vi);
 - (vii) the incurrence by the Issuer or any Subsidiaries of Indebtedness in an aggregate principal amount not to exceed \$6.0 million; provided that, (a) the Indebtedness is unsecured and provided by holders of Common Shares (who were holders of Common Shares on the Issue Date), (b) the maturity date of such Indebtedness is at least 91 days after the Maturity Date, (c) such Indebtedness is not mandatorily redeemable prior to maturity, or redeemable or repayable prior to maturity at the option of the holder thereof, and (d) the net proceeds from such Indebtedness are used primarily (along with the net proceeds from an issuance or issuances of equity securities raising at least \$3.0 million) to fund the acquisition of the "Expansion Properties" (as such term is used in the management's discussion and analysis of the Issuer for the three and nine-month period ending September 30, 2021); and
 - (viii) the incurrence of any Indebtedness with the prior written consent of the Holder.
- (f) Reporting Requirements:

- (i) Unless the Issuer has filed the same on the System for Electronic Document Analysis and Retrieval or any successor system thereto, the Issuer will provide to the Holder a copy of (A) within 90 days of the end of each fiscal year of the Issuer, annual consolidated financial statements of the Issuer for such fiscal year and a report of the Issuer's auditors thereon and (B) within 45 days of the end of each of the first three fiscal quarters of each fiscal year of the Issuer, quarterly consolidated financial statements of the Issuer for such fiscal quarter, together with (in the case of each of clauses (A) and (B)) an associated management's discussion and analysis (all of the foregoing financial information to be prepared on a basis substantially consistent with the corresponding financial information required to be filed by a "reporting issuer" under the securities laws of the Province of Manitoba).
- (ii) By no later than November 30 of each year, the Issuer shall provide the Holder with an annual operating and capital budget for its next fiscal year.
- (iii) If a Default or Event of Default shall occur, the Issuer shall, within 5 days after becoming aware of such Default or Event of Default, provide written notice thereof to the Holder (including reasonable details of the Default or Event of Default).
- (g) Limitation on Restricted Payments: The Issuer will not, and will not permit any non-wholly owned Subsidiary to, directly or indirectly, make any Restricted Payment unless at the time of and after giving *pro forma* effect to such Restricted Payment, the Debt Service Coverage Ratio for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Restricted Payment is made would have been at least 1.4 to 1.0.

9. **Events of Default:** Each of the following is an "Event of Default":

- (a) the Issuer fails to pay any interest on this Convertible Debenture when it becomes due and payable and such failure continues for a period of 5 days. For greater certainty, any failure to pay interest as a result of Article 4 of the Intercreditor Agreement will constitute a failure to pay for purposes of this clause (a);
- (b) the Issuer fails to pay any principal of or premium (if any) on this Convertible Debenture when the same becomes due and payable, at maturity, upon redemption or otherwise. For greater certainty, any failure to pay any principal of or premium (if any) as a result of Article 4 of the Intercreditor Agreement will constitute a failure to pay for purposes of this clause (b);
- (c) failure by the Issuer or any of its Subsidiaries to comply with any of the covenants or provisions under this Convertible Debenture for 30 days after written notice has been given to the Issuer by the Holder;
- (d) the Issuer or a Subsidiary does any of the following pursuant to or within the meaning of any Bankruptcy Law: (i) commences a voluntary case or proceeding; (ii) applies for or consents to the entry of an order for relief against it in an involuntary case or proceeding; (iii) applies for or consents to the appointment of a Custodian of it or for all or substantially all of its assets; or (iv) makes a general assignment for the benefit of its creditors;
- (e) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (i) is for relief against the Issuer or any Subsidiary as debtor in an involuntary case or proceeding; (ii) appoints a Custodian of the Issuer or any Subsidiary or a Custodian for all or any substantial part of the assets of the Issuer or any Subsidiary; or (iii) orders the liquidation of the Issuer or any Subsidiary;

- (f) default under any other mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by the Issuer or any of its Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Subsidiaries) whether such Indebtedness or guarantee exists prior to the Issue Date or is created after the Issue Date, if that default (i) is caused by a failure to pay principal of, premium (if any) or interest on such Indebtedness prior to the expiration of the applicable grace or cure period provided in such Indebtedness (a "**Payment Default**") or (ii) results in the acceleration of such Indebtedness prior to its stated maturity, and, in each such case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default, which remains outstanding or the maturity of which has been so accelerated, aggregates an amount greater than \$1.0 million; provided that if any such Payment Default is cured or waived or any such acceleration is rescinded, as the case may be, such Event of Default under this Convertible Debenture and any consequential acceleration of this Convertible Debenture shall be automatically rescinded, so long as such rescission does not conflict with any judgment or decree;
- (g) failure by the Issuer or any of its Subsidiaries to pay final judgments aggregating in excess of an amount greater than \$1.0 million in cash rendered against the Issuer or any Subsidiary by a court of competent jurisdiction, which judgments are not paid, discharged or stayed for a period of 30 days after such judgments becomes final and non-appealable;
- (h) any Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect, or any Guarantor or any Person acting on behalf of any such Guarantor shall deny or disaffirm its obligations under its Guarantee; and
- (i) unless all of the Collateral has been released from the Liens in accordance with the provisions of this Convertible Debenture and the Security Documents, (i) default by the Issuer or any Subsidiary in the performance of the Security Documents which adversely affects the enforceability, validity, perfection or priority of the Liens on any of the Collateral, (ii) the repudiation or disaffirmation by the Issuer or any Subsidiary of its obligations under the Security Documents or (iii) the determination in a judicial proceeding that the Security Documents are unenforceable or invalid against the Issuer or any Subsidiary party thereto for any reason with respect to a non-de minimis portion of the Collateral.

If an Event of Default occurs, the entire outstanding Principal Amount plus the MOIC Premium and accrued and unpaid interest shall be immediately due and payable in cash upon demand of the Holder.

10. **Transfers/Assignment:**

- (a) This Convertible Debenture and all rights hereunder may not be assigned by the Issuer without the prior written consent of the Holder.
- (b) This Convertible Debenture and all rights hereunder (including all Security Documents) may be assigned in whole or in part from time to time by the Holder without the prior written consent of the Issuer. Promptly following surrender of this Convertible Debenture to the Issuer in connection with such an assignment, the Issuer shall execute and deliver to the Holder and the assignee, as applicable, new Convertible Debentures and Security Documents in the name of the Holder and assignee, as applicable, within five Business Days of such surrender.

11. **Notice:** The notice provisions contained in Section 12.1 (*Notices*) of the Note Purchase Agreement dated March 30, 2022 between the Issuer and Holder will apply *mutatis mutandis* to this Convertible Debenture.
12. **Governing Law:** This Convertible Debenture shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
13. **Currency:** All amounts specified in this Convertible Debenture are in the lawful currency of Canada.

[Remainder of Page Intentionally Left Blank.]

The Issuer has executed this Convertible Debenture as of the date first written above.

DELTA 9 CANNABIS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Accepted and agreed to by the Holder:

SUNDIAL GROWERS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Outstanding Principal Amount

[illegible]

Schedule B

Anti-Dilution Provisions

1.1 **Capital Adjustments**. The Conversion Price will be subject to adjustment from time to time in the events and in the manner provided as follows:

- (a) If and whenever at any time after the date hereof, and on or prior to the Maturity Date, the Issuer:
 - (i) issues Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of Common Shares as a stock dividend or other distribution (other than an issue of Common Shares to holders of Common Shares pursuant to a right granted to such holders to receive such Common Shares in lieu of dividends paid in the ordinary course);
 - (ii) subdivides its outstanding Common Shares into a greater number of Common Shares; or
 - (iii) consolidates its outstanding Common Shares into a smaller number of Common Shares,

(any of such events in clauses (i), (ii) and (iii) of this subsection being called a “**Common Share Reorganization**”), then the Conversion Price shall be adjusted effective immediately after the effective date or record date for the happening of a Common Share Reorganization, as the case may be, at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization by multiplying the Conversion Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which will be the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which will be the number of Common Shares outstanding immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date).

- (b) If and whenever at any time after the date hereof, and on or prior to the Maturity Date, the Issuer fixes a record date for the issue of rights, options or warrants to all or substantially all the holders of Common Shares under which such holders are entitled, during a period expiring not more than 45 days after the date of such issue (the “**Rights Period**”), to subscribe for or purchase Common Shares at a price per share to the holder (or at an exchange or conversion price per share during the Rights Period to the holder in the case of securities exchangeable for or convertible into Common Shares) of less than 95% of the Current Market Price (any of such events being called a “**Rights Offering**”), then the Conversion Price shall be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:
 - (i) the numerator of which will be the aggregate of:

- (A) the number of Common Shares outstanding as of the record date for the Rights Offering; plus
- (B) a number determined by dividing (a) the product of the number of Common Shares issued or subscribed for during the Rights Period upon the exercise of the rights, warrants or options under the Rights Offering and the price at which such Common Shares are offered by (b) the Current Market Price of the Common Shares as of the record date for the Rights Offering, and
- (ii) the denominator of which will be the number of Common Shares outstanding after giving effect to the Rights Offering and including the number of Common Shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering.

If the Holder exercises its right to convert Common Shares in accordance with this Section 1.1 of Schedule B during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period for the Rights Offering will, in addition to the Common Shares to which the Holder would otherwise be entitled upon such conversion, be entitled to that number of additional Common Shares equal to the difference between the shares received on such conversion and the shares that would have been received if the Conversion Price as adjusted for such Rights Offering pursuant to this subsection had applied when the Holder exercised the right to convert; provided that the provisions of Section 1.1 of Schedule B will be applicable to any fractional interest in a Common Share to which such Holder might otherwise be entitled under the foregoing provisions of this subsection. Such additional Common Shares will be deemed to have been issued to the Holder immediately following the end of the Rights Period and a certificate for such additional Common Shares will be delivered to such Holder within five Business Days following the end of the Rights Period. To the extent that any such rights, options or warrants are not so exercised on or before the expiry thereof, the Conversion Price will be readjusted to the Conversion Price which would then be in effect based on the number of Common Shares (or the securities convertible into or exchangeable for Common Shares) actually delivered on the exercise of such rights, options or warrants.

- (c) If and whenever at any time after the date hereof and prior to the Maturity Date, the Issuer fixes a record date for the issue or the distribution to all or substantially all the holders of Common Shares of (i) securities of the Issuer, including rights, options or warrants to acquire securities of the Issuer or any of its property or assets and including evidences of indebtedness or (ii) any property or other assets, including evidences of indebtedness, and if such issuance or distribution does not constitute a dividend paid in the ordinary course, a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Conversion Price shall be adjusted effective immediately after such record date to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:
 - (i) the numerator of which will be:
 - (A) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less
 - (B) the excess, if any, of (a) the fair market value, as determined by action by the Issuer’s board of directors (whose determination will be conclusive), to the holders of Common Shares of such securities or property or other

assets so issued or distributed in the Special Distribution over (b) the fair market value of the consideration received therefor by the Issuer from the holders of Common Shares, as determined by the Issuer's board of directors (whose determination will be conclusive); and

- (ii) the denominator of which will be the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date.

To the extent that any Special Distribution is not so made, the Conversion Price will be readjusted effective immediately to the Conversion Price which would then be in effect based upon such securities or property or other assets as actually distributed.

- (d) If and whenever at any time after the date hereof, and prior to the Maturity Date, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities or other capital reorganization (other than a Common Share Reorganization), or a consolidation, amalgamation or merger of the Issuer with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Issuer as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a "**Capital Reorganization**"), a Holder who exercises the right to convert the Convertible Debenture into Common Shares pursuant to the Convertible Debenture then held after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which such Holder was previously entitled upon such conversion, the aggregate number of shares, other securities or other property which such Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares to which such Holder was previously entitled upon conversion subject to adjustment thereafter in accordance with provisions the same, as nearly as possible, as those contained in this Schedule B. The Issuer will take all steps necessary to ensure that, on a Capital Reorganization, the Holder will receive the aggregate number of shares, other securities or other property to which they are entitled as a result of the Capital Reorganization. Appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Schedule B with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Schedule B will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the conversion of any Convertible Debenture. Any such adjustment will be made by and set forth in an instrument supplemental hereto approved by action of the board of directors of the Issuer and will for all purposes be conclusively deemed to be an appropriate adjustment.

If the purchase price provided for in any rights, options or warrants (the "**Rights Offering Price**") referred to in subsections 1.1(b), (c) or (d) of Schedule B is decreased, the Conversion Price will forthwith be changed so as to decrease the Conversion Price to the Conversion Price that would have been obtained if the adjustment to the Conversion Price made under such subsections, as the case may be, with respect to such rights, options or warrants had been made on the basis of the Rights Offering Price as so decreased, provided that the terms of this subsection will not apply to any decrease in the Rights Offering Price resulting from terms in any such rights, options or warrants designed to prevent dilution except to the extent that the resulting decrease in the Conversion Price under this subsection would be greater than the decrease, if any, in the

Conversion Price to be made under the terms of this section by virtue of the occurrence of the event giving rise to such decrease in the Rights Offering Price.

In any case in which this section requires that an adjustment become effective immediately after a record date for an event referred to herein, the Issuer may defer, until the occurrence of such event, issuing to the Holder of any Convertible Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event; provided, however, that the Issuer shall deliver to such Holder an appropriate instrument evidencing such Holder's right to receive such additional Common Shares upon the occurrence of such event and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the date of conversion or such later date on which such Holder would, but for the provisions of this subsection, have become the holder of record of such additional Common Shares pursuant to subsections 1.1(b), (c) or (d) of Schedule B.

1.2 **Rules Regarding Calculation of Adjustment of Conversion Price.** For the purposes of Section 1.1 of Schedule B:

- (a) The adjustments provided for in Section 1.1 of Schedule B are cumulative and will be computed to the nearest one-tenth of one cent and will be made successively whenever an event referred to therein occurs, subject to the remaining provisions of this section.
- (b) No adjustment in the Conversion Price will be required unless such adjustment would result in a change of at least 1% in the prevailing Conversion Price; provided, however, that any adjustments which, except for the provisions of this subsection would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustment.
- (c) If at any time a dispute arises with respect to adjustments provided for in Section 1.1 of Schedule B, such dispute will be conclusively determined by the Issuer's auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action of the Issuer's board of directors and any such determination will be binding upon the Issuer, the Holder and shareholders of the Issuer; such auditors or accountants will be given access to all necessary records of the Issuer.
- (d) If the Issuer sets a record date to determine the holders of Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, legally abandons its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Conversion Price shall be made.
- (e) In the absence of a resolution of the Issuer's board of directors fixing a record date for a Special Distribution or Rights Offering, the Issuer shall be deemed to have fixed as a record date therefor the date on which the Special Distribution or Rights Offering is effected.
- (f) "**Current Market Price**" of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the TSX or, if the Common Shares are not then listed on the TSX, on such other Canadian stock exchange as may be selected by the directors of the Issuer for such purpose or, if the Common Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of 20 consecutive trading days ending on the third business day before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said

exchange or market, as the case may be, during such 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian stock exchange or quoted for trading in the over the counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Issuer.

SCHEDULE "B"
FORM OF VOTING SUPPORT AGREEMENT

VOTING SUPPORT AGREEMENT

THIS AGREEMENT made the ____ day of _____, 2022.

BETWEEN:

[•],
a [•],

(hereinafter referred to as the "**Shareholder**"),

- and -

SUNDIAL GROWERS INC.,
a corporation existing under the laws of the Province of Alberta,

(hereinafter referred to as the "**Lender**"),

WHEREAS the Shareholder is the legal and beneficial owner of common shares (the "**Shares**") in the capital of Delta 9 Cannabis Inc. (the "**Corporation**"), as more particularly described on Schedule A hereto;

AND WHEREAS the Lender entered into a note purchase agreement (as the same may be amended or amended and restated from time to time, the "**Note Purchase Agreement**") with the Corporation providing for the purchase by the Lender of senior secured convertible debentures of the Corporation (the "**Transaction**");

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder to (i) vote or cause to be voted all Shares beneficially owned, or over which control or direction is exercised, by the Shareholder at any time from the date hereof to and including, if applicable, the record date for any meeting of the shareholders of the Corporation (the "**Meeting**") called in connection with the Transaction (the "**Subject Shares**") in favour of the Meeting Business (as defined in the Note Purchase Agreement), and (ii) abide by the restrictions and covenants set forth herein;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreement herein contained, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Note Purchase Agreement.

1.2 Except as may be otherwise specifically provided in this Agreement and unless the context otherwise requires, in this Agreement:

- (a) the terms "Agreement", "this Agreement", "the Agreement", "hereto", "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;

- (b) references to an “Article” or “Section” followed by a number refer to the specified Article or Section of this Agreement;
- (c) the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;
- (e) capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Note Purchase Agreement;
- (f) the word “including” is deemed to mean “including without limitation”;
- (g) the terms “party” and “the parties” refer to a party or the parties to this Agreement; and
- (h) any reference to this Agreement means this Agreement as amended, modified, replaced or supplemented from time to time

1.3 Any time period within which any action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends. Whenever any action is required to be taken or period of time is to expire on a day other than a Business Day, such action shall be taken or period shall expire on the next following Business Day.

ARTICLE 2

CERTAIN COVENANTS OF THE SHAREHOLDER

2.1 The Shareholder hereby covenants and irrevocably agrees that it shall, from the date hereof until the termination of this Agreement pursuant to Article 6, except in accordance with the terms of this Agreement:

- (a) not withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to the Lender, its support of the Note Purchase Agreement, the Transaction or the Meeting Business;
- (b) not option, offer, sell, assign, transfer, exchange, dispose of, pledge, encumber, grant a security interest in, hypothecate or otherwise convey or enter into any forward sale, repurchase agreement or other monetization transaction with respect to any of the Subject Shares, or any right or interest therein (legal or equitable), to any person or group or agree to do any of the foregoing;
- (c) not grant or agree to grant any proxy, power of attorney or other right to vote the Subject Shares, or enter into any voting agreement, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders of the Corporation or give consents or approval of any kind with respect to any of the Subject Shares or give consents or approval of any kind with respect to any of the Subject Shares or relinquish or modify the Shareholder's right to exercise control or direction over or to vote any Subject Shares or agree to do any of the foregoing;
- (d) exercise the voting rights attaching to the Subject Shares to oppose any proposed action by the Corporation, its shareholders, and of the Corporation's Subsidiaries or any other person which action could reasonably be expected to be prejudicial to the approval of the Meeting Business;

- (e) promptly notify the Lender of any new Shares acquired by the Shareholder after the execution of this Agreement, and the Shareholder acknowledges that any such new Shares will be subject to the terms of this Agreement as though owned by the Shareholder on the date of this Agreement;
- (f) not join in any requisition of any meeting of shareholders of the Corporation without the prior written consent of the Lender;
- (g) not vote or cause to be voted any of the Subject Shares in respect of any proposed action by the Corporation or its shareholders or affiliates or any other person or group in a manner which might reasonably be regarded as likely to prejudice the approval of the Meeting Business; and
- (h) not do indirectly that which it may not do directly by the terms of this Article 2.

ARTICLE 3 **AGREEMENT TO VOTE**

3.1 The Shareholder hereby irrevocably and unconditionally covenants and agrees that from the date hereof until the termination of this Agreement:

- (a) to vote or to cause to be voted the Subject Shares (i) at the Meeting (or any adjournment or postponement thereof) or (ii) by way of signed written consent, in favour of the Meeting Business;
- (b) no later than 10 Business Days prior to the date of the Meeting, to deliver or cause to be delivered to the Corporation, with a copy to the Lender concurrently, a duly executed proxy or proxies directing the holder of such proxy or proxies to vote in favour of the Meeting Business; and
- (c) to name in such proxy or proxies those individuals as may be designated by the Corporation in the Circular and not revoke such proxy or proxies without the written consent of the Lender.

ARTICLE 4 **REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER**

4.1 The Shareholder represents, warrants and, where applicable, covenants to the Lender as follows and acknowledges that the Lender is relying upon these representations, warranties and covenants in connection with the entering into of this Agreement:

- (a) this Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by the Lender, constitutes a legal, valid and binding obligation, enforceable by the Lender against the Shareholder in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other Applicable Laws affecting the rights of creditors generally and except that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction;
- (b) the Shareholder is the sole legal and beneficial owner of the number of Subject Shares listed opposite the Shareholder's name on Schedule A to this Agreement;
- (c) the Shareholder has the sole right to vote all the Subject Shares;

- (d) no individual or entity has any agreement or option, or any right or privilege (whether by Applicable Law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Subject Shares or any interest therein or right thereto, including without limitation any right to vote, except the Lender pursuant to this Agreement;
- (e) none of the execution and delivery by the Shareholder of this Agreement or the completion or performance of the transactions contemplated hereby or the compliance by the Shareholder with the Shareholder's obligations hereunder will result in a breach of or constitute a default (with or without notice of lapse of time or both) under any provision of (i) any agreement or instrument to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's property or assets is bound; (ii) any judgment, decree, order or award of any Governmental Authority; or (iii) any Applicable Law, statute, ordinance, regulation or rule relevant in the context of the Transaction or this Agreement;
- (f) (i) the only Shares owned, directly or indirectly, or over which control or direction is exercised, by the Shareholder are those listed on Schedule A to this Agreement opposite the Shareholder's name and (ii) other than as listed on Schedule A to this Agreement, the Shareholder has no agreement or option, or right or privilege (whether by Applicable Law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder or transfer to the Shareholder of additional Shares; and
- (g) there is no claim, action, lawsuit, arbitration, mediation or other legal proceedings in progress or pending or, to the knowledge of the Shareholder, threatened against the Shareholder or any of its affiliates that would adversely affect in any manner (i) the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or (ii) the title of the Shareholder to any of the Subject Shares.

The representations and warranties of the Shareholder set forth in this Article 4 shall survive the completion of the Transaction and, despite such completion, shall continue in full force and effect for the benefit of the Lender for a period of one (1) year from the date of this Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE LENDER

5.1 The Lender represents, warrants and, where applicable, covenants to the Shareholder as follows and acknowledges that the Shareholder is relying upon these representations, warranties and covenants in connection with the entering into of this Agreement:

- (a) the Lender is a corporation duly formed and validly existing under the laws of British Columbia and has all necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement by the Lender and the performance by it of its obligations hereunder have been duly authorized and no other corporate proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered by the Lender and, assuming the due authorization, execution and delivery by the Shareholder, constitutes a legal, valid and binding obligation, enforceable by the Shareholder against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other Applicable Laws affecting the rights of creditors generally and except that equitable remedies such as specific performance and injunction may be granted only in the discretion of a court of competent jurisdiction;

- (c) none of the execution and delivery by the Lender of this Agreement or the Note Purchase Agreement or completion or performance of the transactions contemplated hereby or thereby or the compliance by the Lender with the Lender's obligations hereunder or thereunder will result in a breach of or constitute a default (with or without notice of lapse of time or both) under any provision of (i) the constating documents of the Lender; (ii) any agreement or instrument to which the Lender is a party or by which the Lender or any of the Lender's property or assets is bound; (iii) any judgment, decree, order or award of any Governmental Authority; or (iv) any Applicable Law, statute, ordinance, regulation or rule relevant in the context of the Transaction or this Agreement; and
- (d) there is no claim, action, lawsuit, arbitration, mediation or other legal proceedings in progress or pending or, to the knowledge of the Lender, threatened against the Lender or any of its affiliates that would adversely affect in any manner the ability of the Lender to enter into this Agreement and the Note Purchase Agreement and to perform its obligations hereunder and thereunder.

The representations and warranties of the Lender set forth in this Article 5 shall survive the completion of the Transaction and, despite such completion, shall continue in full force and effect for the benefit of the Shareholder for a period of one (1) year from the date of this Agreement.

ARTICLE 6

TERMINATION

6.1 This Agreement may be terminated:

- (a) at any time by written agreement of the Lender and the Shareholder;
- (b) by the Shareholder upon written notice to the Lender if:
 - (i) the Lender is in default of any covenant or condition contained herein and such default has or may have a material adverse effect on the consummation of the Transaction and such default has not been cured within five (5) Business Days of written notice of such default being given by the Shareholder to the Lender;
 - (ii) any representation or warranty of the Lender under this Agreement is at the date hereof or becomes at any time untrue or incorrect in any material respect, if such inaccuracy is reasonably likely to prevent, restrict or materially delay consummation of the Transaction; or
 - (iii) if, without the Shareholder's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), the Note Purchase Agreement is amended in any material respect in such a manner that would be materially adverse to the interests of the Shareholder; or
- (c) by the Lender upon written notice to the Shareholder if:
 - (i) the Shareholder is in default of any covenant or condition contained herein and such default has or may have a material adverse effect on the consummation of the Transaction and such default has not been cured within five (5) Business Days of written notice of such default being given by the Lender to the Shareholder;
 - (ii) any representation or warranty of the Shareholder under this Agreement is at the date hereof or becomes at any time untrue or incorrect in any material respect; or

- (iii) the Corporation has not complied with in all material respects with its covenants to the Lender under the Note Purchase Agreement,

provided, however, that any such termination shall not prejudice the rights of a party as a result of any breach by any other party of its obligations hereunder.

6.2 This Agreement shall automatically be terminated upon the termination of the Note Purchase Agreement in accordance with its terms.

ARTICLE 7 **DISCLOSURE**

7.1 The Shareholder irrevocably and unconditionally (i) consents to the details of this Agreement being set out in any management information circular prepared by the Corporation in connection with the Meeting (the “**Circular**”) and this Agreement being made publicly available, including by filing on SEDAR, as may be required pursuant to Applicable Securities Laws, and (ii) consents to and authorizes the publication and disclosure by the Lender and the Corporation of its identity and holding of Subject Shares, the nature of its commitments and obligations under this Agreement and any other information, in each case that the Lender or the Corporation, as the case may be, reasonably determine is required to be disclosed by Applicable Law in any press release, the Circular or any other disclosure document in connection with the Transaction and any transactions contemplated by the Note Purchase Agreement. Except as contemplated by the immediately preceding sentence and as otherwise required by Applicable Law or by any Governmental Authority or in accordance with the requirements of any stock exchange, no party shall make any public announcement or statement with respect to this Agreement without the approval of the other, which shall not be unreasonably withheld or delayed. A copy of this Agreement may be provided to the directors of the Corporation.

ARTICLE 8 **GENERAL**

8.1 The Lender acknowledges that the Shareholder is bound hereunder solely in its capacity as a security holder of the Corporation and, if the Shareholder is a director or officer of the Corporation, that the provisions hereof shall not be deemed or interpreted to bind the Shareholder in his or her capacity as a director or officer of the Corporation. Nothing in this Agreement shall: (a) limit or affect any actions or omissions taken by the Shareholder in his or her capacity as a director or officer of the Corporation, including in exercising rights under the Note Purchase Agreement and no such actions or omissions shall be deemed a breach of this Agreement or (b) be construed to prohibit, limit or restrict the Shareholder from fulfilling his or her fiduciary duties as a director or officer of the Corporation.

8.2 This Agreement shall become effective upon execution and delivery hereof by the Shareholder.

8.3 Each of the parties hereto shall, from time to time hereafter and upon any reasonable request of the other, promptly do, execute, deliver or cause to be done, executed and delivered, all further acts, documents and things as may be required or necessary for the purposes of giving effect to this Agreement.

8.4 This Agreement shall not be assignable by any party without the prior written consent of the other parties, provided that the Lender may assign this Agreement without consent to any of its affiliates. This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the parties hereto and their respective successors and permitted assigns.

8.5 Time shall be of the essence of this Agreement.

8.6 Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person or sent by email or similar means of recorded electronic communication, addressed as follows:

(a) in the case of the Shareholder:

[•]

Attention: [•]
Email [•]

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

MLT Aikins LLP
360 Main St., 30th Floor
Winnipeg, MB R3C 4G1

Attention: W. Douglas Stewart
Email: DStewart@mltaikins.com

if to the Lender:

Sundial Growers Inc.
919 - 11th Avenue SW, Suite 300
Calgary, AB T2R 1P3

Attention: Jim Keough, CFO
Email: jkeough@sundialgrowers.com

with a copy to:

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1 Canada

Attention: Eric Foster
Email: eric.foster@dentons.com

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day or if delivery or transmission is made on a Business Day after 5:00 p.m. at the place of receipt, then on the next following Business Day). Any party may at any time change its address for service from time to time by giving notice to the other parties in accordance with this Section 8.6.

8.7 This Agreement shall be governed in all respects, including validity, interpretation and effect, by the Applicable Laws of the Province of Alberta and the federal Applicable Laws of Canada applicable therein, without giving effect to any principles of conflict of laws thereof which would result in the application of the Applicable Laws of any other jurisdiction, and all actions and proceedings arising out of or relating to this Agreement shall be heard and determined exclusively in the courts of the Province of Ontario.

8.8 Each of the parties hereto agrees with the others that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by any of the parties; (ii) in addition to any other remedies at law or in equity that a party may have, such party shall be entitled to equitable relief, including injunction

and specific performance, in addition to any other remedies available to the party, in the event of any breach of the provisions of this Agreement; and (iii) any party that is a defendant or respondent shall waive any requirement for the securing or posting of any bond in connection with such remedy. Each of the parties hereby consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable legal fees, incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.

8.9 If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not irremediably affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled according to their original tenor to the extent possible.

8.10 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements, understandings, undertakings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided herein.

8.11 No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

8.12 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce more than one counterpart.

[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

[•]

by _____

Name:

Title:

SUNDIAL GROWERS INC.

by _____

Name:

Title:

SCHEDULE A
OWNERSHIP OF SHARES OF DELTA 9 CANNABIS INC.

Name	Class of security beneficially owned	Number of securities beneficially owned	Registered holder if different from beneficial owner	Total number of securities owned or controlled

This is Exhibit "B" referred to in the Affidavit of Ryan Hellard
sworn before me via two-way video conference this _____ day of December, 2024.

A Commissioner for Oaths in and for the Province of Alberta

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THE SECURITIES SHALL NOT TRADE THE SECURITIES BEFORE JULY 31, 2022.

DELTA 9 CANNABIS INC.

10% Senior Secured Second-Lien Convertible Debenture

Principal Amount: See Schedule A

Issue Date: March 30, 2022

Delta 9 Cannabis Inc. (the “**Issuer**”), for value received, hereby acknowledges itself indebted, and promises to pay, to Sundial Growers Inc. (the “**Holder**”) on March 30, 2025 (the “**Maturity Date**”), or on such earlier date as the principal amount hereof may become due in accordance with the terms hereof, the aggregate principal amount specified in the grid set-out in Schedule A (the “**Principal Amount**”). The grid shall be updated by the Issuer from time to time to reflect any repayments, redemptions or conversions of the Principal Amount, and all such updates by the Issuer will be *prima facie* evidence of such repayments, redemptions and conversions and of the outstanding Principal Amount (in the absence of manifest error).

This 10% Senior Secured Second-Lien Convertible Debenture (the “**Convertible Debenture**”) is subject to the following terms and conditions:

1. **Definitions:** In this Convertible Debenture, unless there is something in the subject matter or context inconsistent therewith:

- (a) “**Acquired Indebtedness**” means, with respect to any specified Person:

- (i) Indebtedness of any other Person existing at the time such other Person is consolidated, amalgamated or combined with or merged with or into or became a Subsidiary of such specified Person;
 - (ii) Indebtedness assumed in connection with the acquisition of assets from any other Person; and
 - (iii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person,

in each case, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such asset acquisition or such other Person consolidating, amalgamating or combining with or merging with or into, or becoming a Subsidiary of, such specified Person; but excluding any Indebtedness of such Person that is redeemed, defeased, retired or otherwise repaid at the time of, or immediately upon completion of, such asset acquisition or such transaction by which such other Person is consolidated, amalgamated or combined with or merged with or into, or becomes a Subsidiary of, such specified Person.

- (b) “**Bankruptcy Law**” means the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada) and the *Winding-up and Restructuring Act* (Canada), each as now and hereafter in effect, any successors to such statutes, any other applicable insolvency, winding-up, dissolution, restructuring, reorganization, liquidation or other similar law of any jurisdiction, and any law of any jurisdiction (including any corporate law relating to arrangements, reorganizations or restructurings) permitting a debtor to obtain a stay or a compromise of the claims of its creditors against it.

- (c) **"Business Day"** means any day except Saturday, Sunday, any statutory holiday in Manitoba or Alberta, or any other day on which the principal chartered banks in Winnipeg or Calgary are closed for business.
- (d) **"CFCU Facility"** means, collectively, the credit facilities established in favour of the Issuer by Connect First Credit Union Ltd., pursuant to that certain commitment letter dated February 1, 2022, as may be amended, supplemented, replaced, restated, or otherwise modified from time to time.
- (e) **"Change of Control Event"** means the occurrence 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 Issuer's Subsidiaries) of the Issuer and its Subsidiaries, 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 the Issuer, measured by voting power rather than number of shares; or
 - (iii) the adoption by the shareholders of the Issuer of a plan or proposal for the liquidation or dissolution of the Issuer.

For purposes of this 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.

- (f) **"Collateral"** means all present and after-acquired property of the Issuer and its Subsidiaries, but excludes the Excluded Assets.
- (g) **"Common Shares"** means the common shares in the capital of the Issuer.
- (h) **"Common Share Interest Payment"** has the meaning specified in Section 2(d).
- (i) **"Common Share Default Interest Payment"** has the meaning specified in Section 2(f).
- (j) **"Consolidated EBITDA"** means, with respect to any period, the consolidated net income of the Issuer for such period plus, without duplication:
 - (i) Fixed Charges for such period, to the extent such Fixed Charges were deducted in computing consolidated net income;

- (ii) provisions for income taxes for such period, to the extent such provisions for taxes were deducted in computing consolidated net income; and
- (iii) all amounts in respect of depreciation and amortization, to the extent such amounts were deducted in computing consolidated net income;

minus

- (iv) all cash payments in relation to Lease Liabilities,

in each case, on a consolidated basis and determined in accordance with IFRS.

- (k) **“Conversion Price”** has the meaning specified in Section 4(a).
- (l) **“Credit Facilities”** means one or more credit facilities with commercial banks, credit unions or other institutional lenders, providing for revolving or term credit facilities, including the CFCU Facility.
- (m) **“Custodian”** means any receiver, receiver-manager, trustee, assignee, liquidator, monitor or similar official under any Bankruptcy Law.
- (n) **“Debt Service Coverage Ratio”** means, with respect to any period, the ratio of Consolidated EBITDA for such period to Fixed Charges for such period.
- (o) **“Default”** means the occurrence of any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default hereunder.
- (p) **“Election Notice”** has the meaning specified in Section 2(f).
- (q) **“Excess Portion”** has the meaning specified in Section 4(g).
- (r) **“Event of Default”** has the meaning specified in Section 9.
- (s) **“Excluded Assets”** means:
 - (i) any lease, permit, license or other agreement entered into by or for the benefit of the Issuer or its Subsidiaries to the extent that a grant of a security interest therein would
 - (A) violate or invalidate such lease, permit, license or agreement or create a right of termination in favor of any other party thereto (other than the Issuer or its Subsidiaries) and such violation, invalidation or right has not been waived,
 - (B) require the consent of any other party to such lease, permit, license or other agreement (other than the Issuer or its Subsidiaries) and such consent has not been obtained,
 - (C) be prohibited by any Requirement of Law applicable thereto, or
 - (D) result in triggering a right of first refusal sale to any other joint venture party and such right has not been waived, for so long as and to the extent any such violation, invalidation or right described in clause (A), (B), (C), (D) is

not deemed ineffective after giving effect to applicable anti-assignment provisions of the PPSA or other Requirement of Law;

- (ii) the last day of any lease of real property in Canada (outside Quebec);
 - (iii) property owned by the Issuer or its Subsidiaries that is subject to a purchase money Lien if the agreement pursuant to which such Lien is granted would (x) prohibit a grant of a security interest on such property and such prohibition has not been waived or (y) require the consent of any Person other than the Issuer or its Subsidiaries thereof and such consent has not been obtained, for so long as and to the extent any such prohibition described in this clause (iii) is not deemed ineffective after giving effect to applicable anti-assignment provisions of the PPSA or other Requirement of Law; and
 - (iv) consumer goods (as such term is defined in the PPSA).
- (t) **“Exercise Notice”** has the meaning specified in Section 4(b).
- (u) **“Existing Indebtedness”** means the aggregate principal amount of Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness under the CFCU Facility) in existence on the Issue Date, until such Indebtedness is repaid or otherwise extended, refinanced, renewed, replaced, defeased or refunded.
- (v) **“Fixed Charges”** means the sum, without duplication, of:
- (i) the consolidated interest expense of the Issuer and its Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, commissions, and discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings) but excluding the interest component of Lease Liabilities; plus
 - (ii) the consolidated interest expense of the Issuer or any Subsidiary that was capitalized during such period; plus
 - (iii) interest on Indebtedness of another Person that is guaranteed by the Issuer or any Subsidiary or secured by a Lien on assets of the Issuer or any Subsidiary, whether or not such guarantee or Lien is called upon; plus
 - (iv) all principal repayments of outstanding indebtedness for borrowed money made by the Issuer and its Subsidiaries,
- in each case, calculated on a consolidated basis and in accordance with IFRS.
- (w) **“Governmental Authority”** means any nation or government, any state, province, municipality or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing and any department, agency, board, commission, tribunal, committee or instrumentality of any of the foregoing.
- (x) **“Guarantee”** means a guarantee in substantially the form of the guarantees provided on the date hereof.

- (y) **“Guarantor”** means each Subsidiary that is required to provide a Guarantee pursuant to Section 5.
- (z) **“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board, as in effect from time to time in Canada.
- (aa) **“Indebtedness”** means, with respect to any specified Person and at any particular time, whether or not contingent and without duplication:
 - (i) all indebtedness of such Person in respect of borrowed money;
 - (ii) obligations of such Person evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
 - (iii) obligations of such Person in respect of banker’s acceptances;
 - (iv) all Lease Liabilities of such Person;
 - (v) obligations of such Person representing the balance deferred and unpaid of the purchase price of any property that would be included on a statement of financial position as a liability in accordance with IFRS, except any such balance that constitutes an accrued expense or trade payable;
 - (vi) net obligations of such Person due and payable by such Person at such time under hedging obligations;
 - (vii) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person); and
 - (viii) to the extent not otherwise included, the obligations of the specified Person under any guarantee of any Indebtedness of any other Person,

if and to the extent any of the preceding items (other than letters of credit and hedging obligations) would appear as a liability upon a statement of financial position of the specified Person prepared in accordance with IFRS. The amount of any Indebtedness issued at a price that is less than the principal amount thereof shall be the accreted value of the Indebtedness. The amount of any Indebtedness of another Person secured by a Lien on the assets of the specified Person shall be the lesser of (i) the fair market value of such assets at the date of determination and (ii) the amount of such Indebtedness of such other Person.
- (bb) **“Intercreditor Agreement”** means the Intercreditor Agreement dated March 30, 2022 between Connect First Credit Union Ltd. and the Holder, as amended, modified, restated, supplement or replaced from time to time.
- (cc) **“Interest Payment Date”** means the last day of each calendar month, commencing on April 30, 2022.
- (dd) **“Lease Liabilities”** means, at the time any determination is to be made, the amount of the lease liability in respect of any lease that would at that time be required to be capitalized on a statement of financial position prepared in accordance with IFRS, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be cancelled by the lessee without payment of a penalty.

- (ee) **"Lien"** means any mortgage, lien (statutory or otherwise), pledge, charge, security interest or encumbrance upon or with respect to any property of any kind, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement.
- (ff) **"MOIC Premium"** means, with respect to (i) any portion of this Convertible Debenture called for redemption pursuant to Section 3 or (ii) the entire Principal Amount in the event of an Event of Default, all required interest payments due from the redemption date or the date the Event of Default first occurred, as applicable, through to the Maturity Date calculated at the rate of 10.00% per annum.
- (gg) **"Payment Default"** has the meaning specified in Section 9(f).
- (hh) **"Permitted Liens"** means the following:
 - (i) Liens in favour of the Holder;
 - (ii) Liens in favour of Connect First Credit Union Ltd. securing Indebtedness incurred under Section 8(e)(i); provided that, any such Liens are subject to the Intercreditor Agreement, which is and remains in effect at all times;
 - (iii) Liens in respect of any Lease Liabilities permitted to be incurred under Section 8;
 - (iv) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent; provided that the payment of such taxes, assessments, charges or other governmental levies under this clause (iv) which are due and payable is being contested in good faith and by appropriate proceedings diligently pursued and as to which adequate financial reserves have been established on the Issuer or any of its Subsidiaries' books and records and a stay of enforcement of any such Lien is in effect;
 - (v) Liens constituting encumbrances in the nature of reservations, exceptions, zoning restrictions, encroachments, easements, servitudes, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any of the Collateral;
 - (vi) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant or permit acquired by such Person, or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;
 - (vii) security or deposits given by such Person to a public utility or any Governmental Authority when required by such utility or Governmental Authority in connection with the operations of such Person and in the ordinary course of its business;
 - (viii) undetermined or inchoate liens, privileges, hypothecs or charges arising in the ordinary course of business which have not at such time been filed (or are not required to be filed) pursuant to law against such Person's property or assets or which relate to obligations not due or delinquent;
 - (ix) Liens arising from judgments and attachments in connection with court proceedings provided that the attachment or enforcement of such Liens would not

result in an Event of Default hereunder and such Liens are being contested in good faith by appropriate proceedings, adequate reserves have been set aside and no material assets or property of the Issuer or its Subsidiaries is subject to a material risk of loss or forfeiture and the claims in respect of such Liens are fully covered by insurance (subject to ordinary and customary deductibles) and a stay of execution pending appeal or proceeding for review is in effect;

- (x) Liens on amounts deposited in connection with obtaining worker's compensation or other unemployment insurance or to secure obligations to a utility when required by such utility in connection with the operations of the Issuer or its Subsidiaries;
 - (xi) Liens arising as of a matter of law, such as bankers and other similar statutory liens and other rights of offset, in connection with deposit, securities, or commodities accounts in the ordinary course of business;
 - (xii) Liens consisting of reclamation rights and similar statutory rights arising as a matter of applicable law in favour of the seller of goods to the Issuer or its Subsidiaries so long as such Liens secure only the purchase price of and apply only to the goods or other property sold;
 - (xiii) Liens in favour of customs and revenue authorities arising as a matter of law which secure payment of customs duties in connection with the importation of goods in the ordinary course of business.
 - (xiv) any carriers, warehousemen, contractors, subcontractors, suppliers, mechanics or material liens arising in the ordinary course of business in respect of charges accruing in favour of any Person, so long as such charges are not yet due or, if due, are being contested and for which a reasonable reserve satisfactory to the Holder has been provided;
 - (xv) Liens or deposits to secure the performance of bids, tenders, trade contracts, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature (other than for borrowed money) incurred in the ordinary course of business; and
 - (xvi) Liens in respect of which the Holder has given its prior written consent.
- (ii) **"Permitted Refinancing Indebtedness"** means any Indebtedness of the Issuer or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, other Indebtedness of the Issuer or any of its Subsidiaries (other than intercompany Indebtedness); provided that:
- (i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all reasonable fees and expenses and premiums incurred in connection therewith);
 - (ii) the final stated maturity of the principal of such Permitted Refinancing Indebtedness is (A) no earlier than the final stated maturity of the principal of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded or (B) at least 91 days after the final Maturity Date;

- (iii) the Permitted Refinancing Indebtedness has a weighted average life to maturity at the time such Permitted Refinancing Indebtedness is incurred that is equal to or greater than the weighted average life to maturity of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
 - (iv) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated to this Convertible Debenture, such Permitted Refinancing Indebtedness is subordinated in right of payment to this Convertible Debenture and each Guarantee on terms at least as favourable, taken as a whole, to the Holder as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
 - (v) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is secured Indebtedness, no additional security, and no security with greater priority, is granted in respect thereof; and
 - (vi) if such Indebtedness is unsecured Indebtedness, no security is granted in respect thereof.
- (jj) **"Person"** means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government, government body or agency or other entity.
- (kk) **"PPSA"** means the *Personal Property Security Act* (Manitoba) or the *Personal Property Security Act* (Alberta), as applicable (or any successor statute) and similar legislation of any other Canadian jurisdiction (including, the Civil Code of Quebec) the laws of which are required by such legislation to be applied in connection with the issue, perfection, enforcement, validity or effect of security interests or other Liens and includes all regulations thereunder.
- (ll) **"Repurchase Notice"** has the meaning specified in Section 4(g).
- (mm) **"Requirement of Law"** means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator, court of law or of a Governmental Authority, applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.
- (nn) **"Restricted Payment"** means (i) any dividend or other payment or distribution on account of the Issuer's or any of its Subsidiaries' equity interests or to the direct or indirect holders of the Issuer's or any of its Subsidiaries' equity interests in their capacity as such (other than dividends or distributions payable to the Issuer or any of its Subsidiaries) and (ii) any purchase, redemption or other acquisition for value (including, without limitation, in connection with any merger, amalgamation or consolidation involving the Issuer), in whole or in part, of any equity interests of the Issuer.
- (oo) **"Security Documents"** means the Intercreditor Agreement and all of the security agreements, pledges, collateral assignments, mortgages, deeds of hypothec, deeds of trust or other instruments from time to time evidencing or creating or purporting to create any security interests in favour of the Holder for its benefit, in all or any portion of the Collateral, as amended, modified, restated, supplemented or replaced from time to time.
- (pp) **"Shareholder Approval"** refers to the approval of shareholders of the Issuer contemplated by Section 6.7 of the Note Purchase Agreement dated March 30, 2022 between the Issuer and the Holder.

- (qq) **“Side Letter”** means the Side Letter dated March 9, 2022 between the Issuer and the Holder.
- (rr) **“Subsidiary”** means, with respect to the Issuer:
- (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by the Issuer or one or more of its other Subsidiaries (or a combination thereof); and
 - (ii) any partnership or limited liability company if (A) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, thereof are owned or controlled, directly or indirectly, by the Issuer or one or more of its other Subsidiaries (or a combination thereof), whether in the form of membership, general, special or limited partnership interests or otherwise and (B) the Issuer, or any of its other Subsidiaries, is a controlling general partner of, or otherwise controls, such entity.
- (ss) **“TSX”** means the Toronto Stock Exchange.

2. **Interest:**

- (a) Interest will accrue on the outstanding Principal Amount of this Convertible Debenture (i) from and including the date hereof or (ii) from and including the last Interest Payment Date to which interest shall have been paid, whichever shall be later, in all cases, to and excluding the next Interest Payment Date, at the initial rate of 10% per annum, calculated and payable monthly in arrears on each Interest Payment Date, commencing on April 30, 2022, and, should the Issuer at any time make default in the payment of any principal, premium or interest, to pay interest on the amount in default at the same rate. Interest will be payable in equal monthly amounts; provided that for any interest period other than a full monthly interest period, interest will be calculated on the basis of a year of 365 days and the actual number of days elapsed in that period. The first interest payment on April 30, 2022 will be a “long first coupon” in the amount of \$88,812.78.
- (b) If the Issuer at any time receives notice from the Holder that the Issuer is in default of its obligations under the Side Letter (as reasonably determined by the Holder), the interest rate on the Convertible Debenture will be increased from 10% to 15% from and including the date such notice is provided to the Issuer, and will remain at 15% until all defaults under the Side Letter have been rectified to the reasonable satisfaction of the Holder (at which point the rate will revert to 10%).
- (c) During the continuance of an Event of Default, the interest rate on this Convertible Debenture will be increased from 10% or 15%, as applicable, to 18% from and including the date the Event of Default initially occurred, and will remain at 18% until such Event of Default has been rectified (at which point the rate will revert to 10% or 15%, as applicable).
- (d) Provided no Event of Default has occurred and is continuing, the Common Shares remain listed on the TSX, and all applicable regulatory approvals have been obtained:
 - (i) in relation to the interest payments due on April 30, 2022, May 31, 2022 and June 30, 2022, the Issuer may, at its option, elect to pay up to 100% of each such payment through the delivery of Common Shares; and

- (ii) in relation to the interest payments due on July 31, 2022, August 31, 2022 and September 30, 2022, the Issuer may, at its option, elect to pay up to 50% of each such payment through the delivery of Common Shares,

(each, a “**Common Share Interest Payment**”).

If the Issuer elects to complete a Common Share Interest Payment, it shall provide the Holder notice of such election at least ten days prior to the applicable Interest Payment Date. The number of Common Shares to be issued to the Holder in connection with each Common Share Interest Payment will be an amount equal to:

- (A) If Shareholder Approval has not been obtained by the applicable Interest Payment Date:

A / B , where

A = The amount of the applicable interest payment

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the applicable Interest Payment Date. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold

OR

- (B) If Shareholder Approval has been obtained applicable Interest Payment Date:

$A / (B \times 0.85)$, where

A = The amount of the applicable interest payment

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the applicable Interest Payment Date. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold.

On any Interest Payment Date in respect of which the Issuer has elected to make a Common Share Interest Payment, the Holder will be deemed to have become a holder of record of the applicable Common Shares for all purposes, and the Issuer shall, as promptly as practicable thereafter (and in any event within three Business Days) deliver to the Holder a duly executed certificate (or evidence of direct registration) representing the aggregate number of Common Shares issuable pursuant to such Common Share Interest Payment.

- (e) Unless Shareholder Approval has been obtained, the Issuer's ability to elect a Common Share Interest Payment shall not be effective or enforceable if: (i) the issuance of such Common Shares to the Holder would result in the Holder or any person acting in combination or in concert with the Holder, acquiring greater than 19,953,242 Common

Shares after giving effect to the Common Share Interest Payment; or (ii) the issuance of such Common Shares to the Holder would result in the Holder and any person acting in combination or in concert with the Holder, holding greater than 19.99% of the outstanding Common Shares after giving effect to the Common Share Interest Payment.

- (f) If the Issuer fails to pay any interest on this Convertible Debenture when it becomes due and payable, the Holder may elect, at its sole option and at any time thereafter while such Default continues, to receive payment of such defaulted interest (and interest on such defaulted interest) through the issuance to the Holder of Common Shares (a “**Common Share Default Interest Payment**”). If the Holder elects to receive a Common Share Default Interest Payment, it shall provide the Issuer notice of such election (an “**Election Notice**”), and the number of Common Shares to be issued to the Holder in connection with each Common Share Default Interest Payment will be an amount equal to:

- (A) If Shareholder Approval has not been obtained prior to delivery of an Election Notice:

A / B , where

A = The amount of defaulted interest (and interest on such defaulted interest in accordance with this Convertible Debenture)

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the day the Election Notice is provided to the Issuer. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold

OR

- (B) If Shareholder Approval has been obtained prior to delivery of an Election Notice:

$A / (B \times 0.85)$, where

A = The amount of defaulted interest (and interest on such defaulted interest in accordance with this Convertible Debenture)

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the day the Election Notice is provided to the Issuer. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold.

On the date the Holder delivers an Election Notice to the Issuer, the Holder will be deemed to have become a holder of record of the applicable Common Shares for all purposes, and the Issuer shall, as promptly as practicable thereafter (and in any event within three Business Days) deliver to the Holder a duly executed certificate (or evidence of direct registration) representing the aggregate number of Common Shares issuable pursuant to such Common Share Default Interest Payment.

- (g) Unless Shareholder Approval has been obtained, the Holder's ability to elect a Common Share Default Interest Payment shall not be effective or enforceable if: (i) the issuance of such Common Shares to the Holder would result in the Holder or any person acting in combination or in concert with the Holder, acquiring greater than 19,953,242 Common Shares after giving effect to the Common Share Default Interest Payment; or (ii) the issuance of such Common Shares to the Holder would result in the Holder and any person acting in combination or in concert with the Holder, holding greater than 19.99% of the outstanding Common Shares after giving effect to the Common Share Default Interest Payment.
 - (h) If an Interest Payment Date is not a Business Day, then payment thereof will be made on the next Business Day and the Holder will not be entitled to any further interest or other amount solely as a result of such delayed payment.
 - (i) For purposes of disclosure under the *Interest Act* (Canada), the yearly rate of interest to which interest is calculated under this Convertible Debenture for any period in any calendar year (the "**Calculation Period**") is equivalent to the rate payable under this Convertible Debenture in respect of the Calculation Period multiplied by a fraction the numerator of which is the actual number of days in such calendar year and the denominator of which is the actual number of days in the Calculation Period.
3. **Redemption:** The Issuer may, at its option at any time and from time to time, redeem this Convertible Debenture in whole or in part, upon not less than 15 days' and not more than 30 days' prior notice to the Holder (which notice may be waived by the Holder), at a redemption price equal to par plus the MOIC Premium and all accrued but unpaid interest to but excluding the date of redemption.
4. **Optional Conversion:**
- (a) The Holder will have the option, exercisable at any time and from time to time on not less than five days' notice to the Issuer, to convert all or any part of the outstanding Principal Amount into a number of validly issued Common Shares equal to 2,857.1429 Common Shares for each \$1,000 aggregate principal amount of the converted portion of this Convertible Debenture (representing a conversion price of \$0.35 per Common Share) (the "**Conversion Price**"), and with any resulting fractions being rounded-up to the nearest whole number of Common Shares. If prior to September 30, 2022 the Issuer completes one or more public or private offerings of Common Shares at a price that is equal to or less than \$0.29 per Common Share, the Conversion Price will be adjusted downward to an amount equal to 120% of the lowest issue price in such offerings (the "**Reduced Conversion Price**"); provided that, unless and until Shareholder Approval has been obtained, the Conversion Price will be subject to a minimum price equal to the arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the applicable date of conversion. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold.
 - (b) In order to exercise the conversion right contained in this Section 4, the Holder will deliver to the Issuer a written notice of exercise (the "**Exercise Notice**"). On the third Business Day after delivery to the Issuer of the Exercise Notice, the Holder will be deemed to have become a holder of record of the applicable Common Shares for all purposes, and the Issuer shall, as promptly as practicable thereafter (and in any event within three Business Days) deliver to the Holder a duly executed certificate (or evidence of direct registration) representing the aggregate number of Common Shares issuable upon such conversion.

- (c) The Holder shall be entitled to receive accrued and unpaid interest in respect of any converted Principal Amount in cash, up to but excluding the date of conversion.
- (d) The Issuer covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue upon conversion of this Convertible Debenture, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the conversion of this Convertible Debenture. The Issuer also 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.
- (e) The Conversion Price will be adjusted from time to time by the board of directors of the Issuer in an equitable manner to account for any subdivision, re-division, consolidation, stock dividend, recapitalization, reorganization or any similar change affecting the Common Shares, including in respect of the specific circumstances set forth in Schedule B.
- (f) Unless Shareholder Approval has been obtained, the Issuer's obligation to issue Common Shares under this Convertible Debenture shall not be effective or enforceable if: (i) the issuance of such Common Shares to the Holder would result in the Holder or any person acting in combination or in concert with such Holder, acquiring greater than 19,953,242 Common Shares after giving effect to the conversion and issuance; or (ii) the issuance of such Common Shares to the Holder would result in the Holder and any person acting in combination or in concert with such Holder, holding greater than 19.99% of the outstanding Common Shares after giving effect to the conversion and issuance.
- (g) If at any time the Holder submits an Exercise Notice but is unable convert all or a portion of the Principal Amount stated to be converted in such Exercise Notice as a result of Section 4(f), the Holder will have the option to require the Issuer to repurchase the portion of the Principal Amount that is not permitted to be converted (the "**Excess Portion**") by delivering a notice (a "**Repurchase Notice**") to the Issuer. The repurchase will be completed 30 days after delivery of the Repurchase Notice and at a price equal to:

$A \times B$, where

A = The number of Common Shares into which the Excess Portion would be converted but for Section 4(f)

B = The arithmetic average of the volume weighted average trading price per Common Share on the TSX for the five consecutive trading days ending on the day preceding the day on which the Holder delivers a Repurchase Notice. The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the TSX during such five consecutive trading days by the total number of Common Shares so sold

5. **Extension:** In the event the payment in full of all the outstanding Principal Amount on the Maturity Date would cause a default or event of default under any Credit Facility secured by Liens ranking senior in priority to the Liens securing this Convertible Debenture (including the CFCU Facility), the Issuer may, with the consent of the Holder, make a partial repayment, issue Common Shares in lieu of payment for all or part of the Principal Amount (subject to receipt of all necessary regulatory approvals, including the TSX), or postpone the Maturity Date. If any partial or alternative repayment or extension of the Maturity Date is consented to by the Holder under the previous sentence, the Issuer will be required to pay a fee to the Holder (as additional interest) equal to 0.50% of the

outstanding Principal Amount of the Convertible Debenture, payable on a monthly basis in cash on each Interest Payment Date.

6. **Guarantees:** Each Subsidiary of the Issuer as of the date hereof is required to execute and deliver to the Holder a Guarantee. Each future Subsidiary of the Issuer will be required to execute and deliver to the Holder a Guarantee and an opinion of counsel satisfactory to the Holder (confirming the due execution and enforceability of such Guarantee) within ten Business Days after the date such Subsidiary became a Subsidiary of the Issuer.

A Guarantee provided by a Subsidiary will be automatically released in connection with any sale or other disposition of the equity securities of such Subsidiary to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Subsidiary of the Issuer, if the sale or other disposition does not violate the provisions of this Convertible Debenture and such Subsidiary ceases to be a Subsidiary as a result of the sale or other disposition.

7. **Security:**

- (a) As security for all obligations of the Issuer hereunder (including the due payment of all principal, interest and any other amounts outstanding under this Convertible Debenture), the Issuer has granted pursuant to the Security Documents, and shall cause each current and future Guarantor to grant pursuant to the Security Documents, in favour of the Holder, a security interest in the Collateral.
- (b) The Issuer and the Guarantors will, at their expense, do or cause to be done all acts and things, including as may be reasonably requested by the Holder from time to time, to assure and confirm that the Holder has a duly created, enforceable and perfected Lien upon the Collateral, subject to Permitted Liens.
- (c) If the Issuer or a Guarantor acquires any property or assets after the Issue Date that is not automatically subject to a perfected security interest or Lien under the Security Documents and such property and/or assets would be of the type that would constitute Collateral that is required to be subject to a Lien, or if a Subsidiary becomes a Guarantor, then the Issuer or the Guarantor will provide security interests in and Liens on such property and assets which constitute Collateral (or, in the case of a new Guarantor, on all of its property and assets constituting Collateral) in favour of the Holder and promptly deliver applicable Security Documents in respect thereof.
- (d) The Liens on the Collateral provided for herein will automatically and without the need for any further action by any Person be released:
 - (i) in whole or in part, as applicable, as to all or any portion of the property and assets subject to such Liens that has been taken by eminent domain, condemnation or other similar circumstances;
 - (ii) in whole upon the payment in full (including, if applicable, by conversion) of all amounts owing under this Convertible Debenture (whether at maturity or upon redemption or otherwise);
 - (iii) as to any property or assets that are sold, transferred or otherwise disposed of by the Issuer or a Guarantor (other than to the Issuer or a Guarantor) in a transaction not prohibited by this Convertible Debenture; or
 - (iv) in whole or in part, with the consent of the Holder.

8. **Covenants of the Issuer:** As long as any of the Principal Amount remains outstanding, the Issuer hereby covenants and agrees with the Holder as follows:
- (a) **Change of Control:** Any Change of Control Event shall require the prior written consent of the Holder. The Issuer shall provide the Holder with at least 30 days prior written notice of the occurrence or potential occurrence of a Change of Control Event (other than in relation to an unsolicited take-over bid, in which case notice shall be provided as soon as reasonably practicable), including all details of such Change of Control Event reasonably requested by the Holder in order for the Holder to exercise its right in the previous sentence.
 - (b) **Payment of Principal, Premium and Interest:** The Issuer covenants and agrees for the benefit of the Holder that it will duly and punctually pay the principal of, premium (if any) and interest on this Convertible Debenture in accordance with the terms hereof. In addition, the Issuer shall pay interest on overdue principal and premium (if any) at the rate then applicable to this Convertible Debenture, and it will pay interest on overdue instalments of interest at the same rate to the extent lawful.
 - (c) **Payment of Taxes:** The Issuer shall, and shall cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge, or cause to be paid and discharged, all taxes shown to be due and payable on such returns and all other taxes imposed on them or any of their properties, assets, income or franchises, to the extent such taxes have become due and payable and before they have become delinquent, and all claims for which sums have become due and payable that have or might become a Lien on the property or assets of the Issuer or any Subsidiary; provided that neither the Issuer nor any Subsidiary need pay any such taxes or claims if (i) the amount, applicability or validity thereof is contested by the Issuer or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Issuer or a Subsidiary has established adequate reserves therefor in accordance with its accounting principles on the books of the Issuer and/or (ii) the non-payment of all such taxes and/or claims in the aggregate would not reasonably be expected to have a material adverse effect on (A) the business, affairs or financial condition of the Issuer and its Subsidiaries, taken as a whole, or (B) the ability of the Issuer to make required payments under this Convertible Debenture.
 - (d) **Limitation on Liens:** The Issuer will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien (other than Permitted Liens) securing Indebtedness upon any Collateral whether now owned or hereafter acquired.
 - (e) **Limitation on Indebtedness:** The Issuer will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (in any such case, “**incur**”) any Indebtedness (including Acquired Indebtedness) and the Issuer will not permit any of its Subsidiaries to issue any preferred stock (except to the Issuer or one of its other Subsidiaries); provided, however, that the Issuer and its Subsidiaries may incur the following items of Indebtedness:
 - (i) the incurrence by the Issuer and any Subsidiary of Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer and any Subsidiary thereunder) that, at the time of and after giving effect to such incurrence and all other incurrences made under this clause (i) since the Issue Date and which remain outstanding, does not exceed \$32.0 million. As of the Issue Date, all amounts outstanding under the CFCU Facility will be deemed to have been incurred under this clause (i);

- (ii) the incurrence by the Issuer or any Subsidiary of Indebtedness represented by Lease Liabilities (which shall, for the purposes of this clause (ii), be deemed to specifically exclude those Lease Liabilities described in clause (iii) below) in an aggregate principal amount that, at the time of and after giving effect to such incurrence and all other incurrences made under this clause (ii) since the Issue Date and which remain outstanding (including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, defease or discharge any Lease Liabilities incurred pursuant to this clause (ii)), does not exceed the greater of (a) \$10 million and (b) 10.0% of the Issuer's total assets (determined as of the date of such incurrence and including any right of use assets acquired in connection with such Lease Liabilities);
 - (iii) the incurrence by the Issuer or any Subsidiary of Lease Liabilities in the ordinary course of business in respect of (A) retail locations for dispensaries, (B) cultivation and/or manufacturing facilities, or (C) equipment that will be used at dispensaries and/or cultivation and manufacturing facilities; provided that any such lease where the right of the Issuer or a Subsidiary to use the leased property arose pursuant to a sale and leaseback transaction will not be permitted by this clause (iii);
 - (iv) the incurrence of Existing Indebtedness;
 - (v) the incurrence by the Issuer or any Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, defease or discharge Indebtedness (other than intercompany Indebtedness) that was permitted to be incurred under clauses (ii) and (iv) or this clause (v);
 - (vi) the incurrence by the Issuer or any Subsidiaries of intercompany Indebtedness owing to and held by the Issuer or any of its Subsidiaries; provided, however, that: (A) such Indebtedness must be unsecured and is expressly subordinated to the prior payment in full in cash of all obligations with respect to this Convertible Debenture; and (B) (i) any subsequent issuance or transfer of equity interests that results in any such Indebtedness being held by a Person other than the Issuer or a Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Subsidiary thereof, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Subsidiary, as the case may be, that was not permitted by this clause (vi);
 - (vii) the incurrence by the Issuer or any Subsidiaries of Indebtedness in an aggregate principal amount not to exceed \$6.0 million; provided that, (a) the Indebtedness is unsecured and provided by holders of Common Shares (who were holders of Common Shares on the Issue Date), (b) the maturity date of such Indebtedness is at least 91 days after the Maturity Date, (c) such Indebtedness is not mandatorily redeemable prior to maturity, or redeemable or repayable prior to maturity at the option of the holder thereof, and (d) the net proceeds from such Indebtedness are used primarily (along with the net proceeds from an issuance or issuances of equity securities raising at least \$3.0 million) to fund the acquisition of the "Expansion Properties" (as such term is used in the management's discussion and analysis of the Issuer for the three and nine-month period ending September 30, 2021); and
 - (viii) the incurrence of any Indebtedness with the prior written consent of the Holder.
- (f) Reporting Requirements:

- (i) Unless the Issuer has filed the same on the System for Electronic Document Analysis and Retrieval or any successor system thereto, the Issuer will provide to the Holder a copy of (A) within 90 days of the end of each fiscal year of the Issuer, annual consolidated financial statements of the Issuer for such fiscal year and a report of the Issuer's auditors thereon and (B) within 45 days of the end of each of the first three fiscal quarters of each fiscal year of the Issuer, quarterly consolidated financial statements of the Issuer for such fiscal quarter, together with (in the case of each of clauses (A) and (B)) an associated management's discussion and analysis (all of the foregoing financial information to be prepared on a basis substantially consistent with the corresponding financial information required to be filed by a "reporting issuer" under the securities laws of the Province of Manitoba).
- (ii) By no later than November 30 of each year, the Issuer shall provide the Holder with an annual operating and capital budget for its next fiscal year.
- (iii) If a Default or Event of Default shall occur, the Issuer shall, within 5 days after becoming aware of such Default or Event of Default, provide written notice thereof to the Holder (including reasonable details of the Default or Event of Default).
- (g) Limitation on Restricted Payments: The Issuer will not, and will not permit any non-wholly owned Subsidiary to, directly or indirectly, make any Restricted Payment unless at the time of and after giving *pro forma* effect to such Restricted Payment, the Debt Service Coverage Ratio for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Restricted Payment is made would have been at least 1.4 to 1.0.

9. **Events of Default:** Each of the following is an "Event of Default":

- (a) the Issuer fails to pay any interest on this Convertible Debenture when it becomes due and payable and such failure continues for a period of 5 days. For greater certainty, any failure to pay interest as a result of Article 4 of the Intercreditor Agreement will constitute a failure to pay for purposes of this clause (a);
- (b) the Issuer fails to pay any principal of or premium (if any) on this Convertible Debenture when the same becomes due and payable, at maturity, upon redemption or otherwise. For greater certainty, any failure to pay any principal of or premium (if any) as a result of Article 4 of the Intercreditor Agreement will constitute a failure to pay for purposes of this clause (b);
- (c) failure by the Issuer or any of its Subsidiaries to comply with any of the covenants or provisions under this Convertible Debenture for 30 days after written notice has been given to the Issuer by the Holder;
- (d) the Issuer or a Subsidiary does any of the following pursuant to or within the meaning of any Bankruptcy Law: (i) commences a voluntary case or proceeding; (ii) applies for or consents to the entry of an order for relief against it in an involuntary case or proceeding; (iii) applies for or consents to the appointment of a Custodian of it or for all or substantially all of its assets; or (iv) makes a general assignment for the benefit of its creditors;
- (e) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (i) is for relief against the Issuer or any Subsidiary as debtor in an involuntary case or proceeding; (ii) appoints a Custodian of the Issuer or any Subsidiary or a Custodian for all or any substantial part of the assets of the Issuer or any Subsidiary; or (iii) orders the liquidation of the Issuer or any Subsidiary;

- (f) default under any other mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by the Issuer or any of its Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Subsidiaries) whether such Indebtedness or guarantee exists prior to the Issue Date or is created after the Issue Date, if that default (i) is caused by a failure to pay principal of, premium (if any) or interest on such Indebtedness prior to the expiration of the applicable grace or cure period provided in such Indebtedness (a "**Payment Default**") or (ii) results in the acceleration of such Indebtedness prior to its stated maturity, and, in each such case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default, which remains outstanding or the maturity of which has been so accelerated, aggregates an amount greater than \$1.0 million; provided that if any such Payment Default is cured or waived or any such acceleration is rescinded, as the case may be, such Event of Default under this Convertible Debenture and any consequential acceleration of this Convertible Debenture shall be automatically rescinded, so long as such rescission does not conflict with any judgment or decree;
- (g) failure by the Issuer or any of its Subsidiaries to pay final judgments aggregating in excess of an amount greater than \$1.0 million in cash rendered against the Issuer or any Subsidiary by a court of competent jurisdiction, which judgments are not paid, discharged or stayed for a period of 30 days after such judgments becomes final and non-appealable;
- (h) any Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect, or any Guarantor or any Person acting on behalf of any such Guarantor shall deny or disaffirm its obligations under its Guarantee; and
- (i) unless all of the Collateral has been released from the Liens in accordance with the provisions of this Convertible Debenture and the Security Documents, (i) default by the Issuer or any Subsidiary in the performance of the Security Documents which adversely affects the enforceability, validity, perfection or priority of the Liens on any of the Collateral, (ii) the repudiation or disaffirmation by the Issuer or any Subsidiary of its obligations under the Security Documents or (iii) the determination in a judicial proceeding that the Security Documents are unenforceable or invalid against the Issuer or any Subsidiary party thereto for any reason with respect to a non-de minimis portion of the Collateral.

If an Event of Default occurs, the entire outstanding Principal Amount plus the MOIC Premium and accrued and unpaid interest shall be immediately due and payable in cash upon demand of the Holder.

10. **Transfers/Assignment:**

- (a) This Convertible Debenture and all rights hereunder may not be assigned by the Issuer without the prior written consent of the Holder.
- (b) This Convertible Debenture and all rights hereunder (including all Security Documents) may be assigned in whole or in part from time to time by the Holder without the prior written consent of the Issuer. Promptly following surrender of this Convertible Debenture to the Issuer in connection with such an assignment, the Issuer shall execute and deliver to the Holder and the assignee, as applicable, new Convertible Debentures and Security Documents in the name of the Holder and assignee, as applicable, within five Business Days of such surrender.

11. **Notice:** The notice provisions contained in Section 12.1 (*Notices*) of the Note Purchase Agreement dated March 30, 2022 between the Issuer and Holder will apply *mutatis mutandis* to this Convertible Debenture.
12. **Governing Law:** This Convertible Debenture shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
13. **Currency:** All amounts specified in this Convertible Debenture are in the lawful currency of Canada.

[Remainder of Page Intentionally Left Blank.]

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The Issuer has executed this Convertible Debenture as of the date first written above.

DELTA 9 CANNABIS INC.By: 

Name: John William Arbuthnot IV
Title: Chief Executive Officer

By: _____

Name:
Title:

Accepted and agreed to by the Holder:

SUNDIAL GROWERS INC.By: 

6DFF64BDF27D418...
Name: Jim Keough
Title: CFO

By: _____

Name:
Title:

Outstanding Principal Amount

[illegible]

Schedule B

Anti-Dilution Provisions

1.1 **Capital Adjustments**. The Conversion Price will be subject to adjustment from time to time in the events and in the manner provided as follows:

- (a) If and whenever at any time after the date hereof, and on or prior to the Maturity Date, the Issuer:
 - (i) issues Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of Common Shares as a stock dividend or other distribution (other than an issue of Common Shares to holders of Common Shares pursuant to a right granted to such holders to receive such Common Shares in lieu of dividends paid in the ordinary course);
 - (ii) subdivides its outstanding Common Shares into a greater number of Common Shares; or
 - (iii) consolidates its outstanding Common Shares into a smaller number of Common Shares,

(any of such events in clauses (i), (ii) and (iii) of this subsection being called a “**Common Share Reorganization**”), then the Conversion Price shall be adjusted effective immediately after the effective date or record date for the happening of a Common Share Reorganization, as the case may be, at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization by multiplying the Conversion Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which will be the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which will be the number of Common Shares outstanding immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date).

- (b) If and whenever at any time after the date hereof, and on or prior to the Maturity Date, the Issuer fixes a record date for the issue of rights, options or warrants to all or substantially all the holders of Common Shares under which such holders are entitled, during a period expiring not more than 45 days after the date of such issue (the “**Rights Period**”), to subscribe for or purchase Common Shares at a price per share to the holder (or at an exchange or conversion price per share during the Rights Period to the holder in the case of securities exchangeable for or convertible into Common Shares) of less than 95% of the Current Market Price (any of such events being called a “**Rights Offering**”), then the Conversion Price shall be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:
 - (i) the numerator of which will be the aggregate of:

- (A) the number of Common Shares outstanding as of the record date for the Rights Offering; plus
- (B) a number determined by dividing (a) the product of the number of Common Shares issued or subscribed for during the Rights Period upon the exercise of the rights, warrants or options under the Rights Offering and the price at which such Common Shares are offered by (b) the Current Market Price of the Common Shares as of the record date for the Rights Offering, and
- (ii) the denominator of which will be the number of Common Shares outstanding after giving effect to the Rights Offering and including the number of Common Shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering.

If the Holder exercises its right to convert Common Shares in accordance with this Section 1.1 of Schedule B during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period for the Rights Offering will, in addition to the Common Shares to which the Holder would otherwise be entitled upon such conversion, be entitled to that number of additional Common Shares equal to the difference between the shares received on such conversion and the shares that would have been received if the Conversion Price as adjusted for such Rights Offering pursuant to this subsection had applied when the Holder exercised the right to convert; provided that the provisions of Section 1.1 of Schedule B will be applicable to any fractional interest in a Common Share to which such Holder might otherwise be entitled under the foregoing provisions of this subsection. Such additional Common Shares will be deemed to have been issued to the Holder immediately following the end of the Rights Period and a certificate for such additional Common Shares will be delivered to such Holder within five Business Days following the end of the Rights Period. To the extent that any such rights, options or warrants are not so exercised on or before the expiry thereof, the Conversion Price will be readjusted to the Conversion Price which would then be in effect based on the number of Common Shares (or the securities convertible into or exchangeable for Common Shares) actually delivered on the exercise of such rights, options or warrants.

- (c) If and whenever at any time after the date hereof and prior to the Maturity Date, the Issuer fixes a record date for the issue or the distribution to all or substantially all the holders of Common Shares of (i) securities of the Issuer, including rights, options or warrants to acquire securities of the Issuer or any of its property or assets and including evidences of indebtedness or (ii) any property or other assets, including evidences of indebtedness, and if such issuance or distribution does not constitute a dividend paid in the ordinary course, a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Conversion Price shall be adjusted effective immediately after such record date to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:
 - (i) the numerator of which will be:
 - (A) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less
 - (B) the excess, if any, of (a) the fair market value, as determined by action by the Issuer’s board of directors (whose determination will be conclusive), to the holders of Common Shares of such securities or property or other

assets so issued or distributed in the Special Distribution over (b) the fair market value of the consideration received therefor by the Issuer from the holders of Common Shares, as determined by the Issuer's board of directors (whose determination will be conclusive); and

- (ii) the denominator of which will be the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date.

To the extent that any Special Distribution is not so made, the Conversion Price will be readjusted effective immediately to the Conversion Price which would then be in effect based upon such securities or property or other assets as actually distributed.

- (d) If and whenever at any time after the date hereof, and prior to the Maturity Date, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities or other capital reorganization (other than a Common Share Reorganization), or a consolidation, amalgamation or merger of the Issuer with or into any other corporation or other entity (other than a consolidation, amalgamation or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Issuer as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a "**Capital Reorganization**"), a Holder who exercises the right to convert the Convertible Debenture into Common Shares pursuant to the Convertible Debenture then held after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which such Holder was previously entitled upon such conversion, the aggregate number of shares, other securities or other property which such Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares to which such Holder was previously entitled upon conversion subject to adjustment thereafter in accordance with provisions the same, as nearly as possible, as those contained in this Schedule B. The Issuer will take all steps necessary to ensure that, on a Capital Reorganization, the Holder will receive the aggregate number of shares, other securities or other property to which they are entitled as a result of the Capital Reorganization. Appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Schedule B with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Schedule B will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the conversion of any Convertible Debenture. Any such adjustment will be made by and set forth in an instrument supplemental hereto approved by action of the board of directors of the Issuer and will for all purposes be conclusively deemed to be an appropriate adjustment.

If the purchase price provided for in any rights, options or warrants (the "**Rights Offering Price**") referred to in subsections 1.1(b), (c) or (d) of Schedule B is decreased, the Conversion Price will forthwith be changed so as to decrease the Conversion Price to the Conversion Price that would have been obtained if the adjustment to the Conversion Price made under such subsections, as the case may be, with respect to such rights, options or warrants had been made on the basis of the Rights Offering Price as so decreased, provided that the terms of this subsection will not apply to any decrease in the Rights Offering Price resulting from terms in any such rights, options or warrants designed to prevent dilution except to the extent that the resulting decrease in the Conversion Price under this subsection would be greater than the decrease, if any, in the

Conversion Price to be made under the terms of this section by virtue of the occurrence of the event giving rise to such decrease in the Rights Offering Price.

In any case in which this section requires that an adjustment become effective immediately after a record date for an event referred to herein, the Issuer may defer, until the occurrence of such event, issuing to the Holder of any Convertible Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event; provided, however, that the Issuer shall deliver to such Holder an appropriate instrument evidencing such Holder's right to receive such additional Common Shares upon the occurrence of such event and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the date of conversion or such later date on which such Holder would, but for the provisions of this subsection, have become the holder of record of such additional Common Shares pursuant to subsections 1.1(b), (c) or (d) of Schedule B.

1.2 **Rules Regarding Calculation of Adjustment of Conversion Price.** For the purposes of Section 1.1 of Schedule B:

- (a) The adjustments provided for in Section 1.1 of Schedule B are cumulative and will be computed to the nearest one-tenth of one cent and will be made successively whenever an event referred to therein occurs, subject to the remaining provisions of this section.
- (b) No adjustment in the Conversion Price will be required unless such adjustment would result in a change of at least 1% in the prevailing Conversion Price; provided, however, that any adjustments which, except for the provisions of this subsection would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustment.
- (c) If at any time a dispute arises with respect to adjustments provided for in Section 1.1 of Schedule B, such dispute will be conclusively determined by the Issuer's auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action of the Issuer's board of directors and any such determination will be binding upon the Issuer, the Holder and shareholders of the Issuer; such auditors or accountants will be given access to all necessary records of the Issuer.
- (d) If the Issuer sets a record date to determine the holders of Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, legally abandons its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Conversion Price shall be made.
- (e) In the absence of a resolution of the Issuer's board of directors fixing a record date for a Special Distribution or Rights Offering, the Issuer shall be deemed to have fixed as a record date therefor the date on which the Special Distribution or Rights Offering is effected.
- (f) "**Current Market Price**" of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the TSX or, if the Common Shares are not then listed on the TSX, on such other Canadian stock exchange as may be selected by the directors of the Issuer for such purpose or, if the Common Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of 20 consecutive trading days ending on the third business day before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said

exchange or market, as the case may be, during such 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian stock exchange or quoted for trading in the over the counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Issuer.

This is Exhibit "C" referred to in the Affidavit of Ryan Hellard
sworn before me via two-way video conference this _____ day of December, 2024.

A Commissioner for Oaths in and for the Province of Alberta

GENERAL SECURITY AGREEMENT

Sundial Growers Inc.
(hereinafter called "Sundial")
1600, 421 – 7th Avenue SW
Calgary, AB T2P 4K9

Borrower(s): DELTA 9 CANNABIS INC.

1. DEFINITIONS

- (a) All capitalized terms used in this agreement ("Agreement") including any schedules ("Schedules") annexed hereto shall, except where defined herein, be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of Alberta in force at the date of this Agreement ("PPSA").
- (b) In this Agreement:
 - (i) "Account Debtor" means a debtor of the Debtor on an Intangible, Chattel Paper or Account, or any obligor of the Debtor on an Instrument;
 - (ii) "Agreed Rate" means the rate of interest payable under the document(s) evidencing the Indebtedness and in the event such document(s) bear different rates of interest the "Agreed Rate" shall mean the highest of such interest rates;
 - (iii) "Consumer Goods" means those goods that are used or acquired by the Debtor for use primarily for his personal, family or household purposes;
 - (iv) "Debtor" means the "Borrower(s)";
 - (v) "Encumbrances" means any Security Interest, mortgages, liens, claims, charges and other encumbrances affecting the Collateral including Permitted Encumbrances but excluding the Security Interest created hereby;
 - (vi) "Permitted Encumbrances" means any Encumbrances which are described in Schedule "C" and any others approved in writing by Sundial prior to their creation or assumption, and
 - (vii) "Receiver" includes a Receiver-Manager.

2. SECURITY INTEREST

- (a) For value received, the Debtor hereby grants to Sundial, by way of mortgage, charge and assignment, a Security Interest in the undertaking of the Debtor and in all Goods (including all parts, accessories, attachments, special tools, additions and Accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money, Securities and other property now or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and in all Proceeds thereof, (herein collectively called the "Collateral"), including, without limitation, all of the following property now or hereafter owned or acquired by or on behalf of the Debtor:
 - (i) all property described in Schedule "A";
 - (ii) all Inventory;
 - (iii) all Equipment, including, without limitation, all machinery, tools, apparatus, plant, furniture, Fixtures and vehicles of whatsoever nature or kind;
 - (iv) all Accounts, including, without limitation, all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, judgements and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing due to or owned by or which may hereafter become due, owing or accruing due to or owned by the Debtor;
 - (v) all deeds, documents, writings, papers and books of account and other books relating to or being records of Accounts, Chattel Paper, Instruments or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (vi) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other intellectual property; and
 - (vii) all crops and livestock including all crops that are or which hereafter become crops on any real property described in Schedule "B".
- (b) Any reference to "Collateral" shall, unless its context otherwise requires, be deemed a reference to "Collateral or any part thereof".
- (c) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the last day of the term of any lease or agreement therefore but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

- (d) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the Debtor's Consumer Goods except for any described in Schedule "A".

3. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment of any and all obligations, indebtedness and liabilities of the Debtor to Sundial whether present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness").

4. DEBTOR'S REPRESENTATIONS AND WARRANTIES

The Debtor represents and warrants and so long as this Agreement remains in effect continuously represents and warrants that:

- (a) the Collateral is genuine and owned by the Debtor free of all Encumbrances except Permitted Encumbrances;
- (b) each Account, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same and the amount represented by the Debtor to Sundial from time to time as owing by each Account Debtor is the correct amount actually and unconditionally owing by such Account Debtor;
- (c) there is no litigation, proceeding or dispute pending or to the knowledge of the Debtor threatened against or affecting the Debtor or the Collateral, the adverse determination of which might materially and adversely affect the Debtor's financial condition or impair the Debtor's ability to perform its obligations hereunder;
- (d) the name(s) of the Debtor(s) is(are) accurately and fully set out above, and the Debtor is not known by any other name(s), and
- (e) there is no provision in any agreement to which the Debtor is a party, nor to the knowledge of the Debtor is there any statute, rule or regulation, or any judgement, decree or order of any court binding on the Debtor, which would be contravened by the execution and delivery of this Agreement.

5. DEBTOR'S COVENANTS

The Debtor covenants and agrees;

- (a) to defend the Collateral (except Collateral dealt with as permitted by clause 7 hereof) against the claims and demands of all other parties claiming the same or an interest therein;
- (b) to keep the Collateral free from all Encumbrances except Permitted Encumbrances;
- (c) subject to clause 7 hereof, not to sell, exchange, transfer, assign, lease, or otherwise dispose of Collateral or any interest therein without the prior written consent of Sundial;
- (d) to notify Sundial promptly of:
 - (i) any change in the information contained herein or in the Schedules relating to the Debtor, the Debtor's name, the Debtor's business or Collateral;
 - (ii) the details of any significant acquisition of Collateral;
 - (iii) the details of any claims or litigation affecting the Debtor or Collateral;
 - (iv) any loss or damage to Collateral;
 - (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral, and
 - (vi) the return to or repossession by the Debtor of Collateral;
- (e) to keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, bylaw, rule, regulation or ordinance;
- (f) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or Collateral as and when the same become due and payable;
- (g) to punctually make all payments and perform all obligations in any lease by the Debtor and under any agreement charging property of the Debtor;
- (h) to prevent Collateral from being or becoming a Fixture or an Accession to other property that is not Collateral;

- (i) to carry on and conduct the business of the Debtor in a proper and efficient manner so as to protect and preserve the Collateral and to keep, in accordance with the Canadian Accounting Standards for Private Enterprises, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (j) to deliver to Sundial from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) all policies and certificates of insurance relating to the Collateral, and
 - (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as Sundial may reasonably request;
- (k) not to remove any of the Collateral from the jurisdiction in which it is located without the prior written consent of Sundial, and in the case of such removal to provide Sundial with a written certificate stating the time of removal, what is being removed and the intended new locality of such Collateral, and to assist Sundial in effecting such further registrations as may be required by Sundial to protect its Security Interest; provided however that this provision shall not be construed as a waiver of any prohibition against removal or relocation of Collateral contained elsewhere in this Agreement, nor shall it be construed as permission to do so;
- (l) in the event the value of the Collateral shall be materially reduced, to immediately reduce the amount of the Indebtedness by an amount determined by Sundial;
- (m) if the Collateral includes crops and livestock, in addition to the Debtor's other obligations regarding Collateral:
 - (i) to do all acts which may be necessary to attend to, care for, raise and fatten the livestock and to grow, cultivate, spray, irrigate, cut, harvest, pick, clean, preserve and protect the crops, all according to the most approved methods of farming husbandry and to keep the farm(s) on which the Collateral is located free of noxious weeds and grasses, and maintain the present buildings and improvements on the said farm(s) in good condition and repair;
 - (ii) to provide suitable range, pasture and feed for all livestock and care for and protect them from disease, damage, injury, death destruction by weather, wild animals, theft or other cause;
 - (iii) to pay, when due, all obligations incurred for labour or material or otherwise in the care or feeding or shearing of such livestock, and
 - (iv) at the request of Sundial, to deliver to Sundial the Debtor's Canadian Wheat Board producer's permit book and to assign to Sundial all of the Debtor's rights thereunder, and
- (n) to permit Sundial, by its officers or authorized agents, at any time, and from time to time, as often as Sundial in its sole discretion may determine, to enter the premises owned or occupied by the Debtor for the purpose of inspecting the Collateral and the operation of the Debtor's business.

6. INSURANCE

The Debtor shall insure and keep insured against loss or damage by fire or other insurable hazards the Collateral to the extent of its full insurable value, and shall maintain such other insurance as Sundial may reasonably require. The loss under the policies of insurance shall be made payable to Sundial as its interest may appear and the insurance shall be written by an insurance company approved by Sundial in terms satisfactory to Sundial and the Debtor shall provide Sundial with copies of the same. The Debtor shall pay all premiums and other sums of money necessary for such insurance as they become due and deliver to Sundial proof of said payment, and shall not allow anything to be done by which the policies may become vitiated. Upon the happening of any loss or damage the Debtor shall furnish at its expense all necessary proofs and shall do all necessary acts to enable Sundial to obtain payment of the insurance monies.

7. DEALING WITH COLLATERAL

The Debtor shall not sell, exchange, transfer, assign, lease or otherwise dispose of that Collateral described in Schedule "A" except with the prior written consent of Sundial which consent may be arbitrarily withheld. Until but not after Default the Debtor may deal with Collateral, other than that Collateral described in Schedule "A", in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions of this Agreement, provided that the Debtor may only sell, exchange, transfer, assign, lease or otherwise dispose of such Collateral for fair value on commercially reasonable terms and provided that all cash Proceeds therefrom are immediately deposited with Sundial.

8. COLLATERAL IN POSSESSION OF SUNDIAL, RECEIVER OR SHERIFF

If Collateral is at any time in the possession of Sundial, a Receiver or Sheriff, Sundial, Receiver or Sheriff in possession, as the case may be:

- (a) shall not be required to take any steps to preserve any rights against other parties to any Chattel Paper, Security, or Instrument constituting Collateral;
- (b) shall not be required to keep the Collateral identifiable, and
- (c) may use the Collateral in any manner and to any extent Sundial, in its sole discretion, deems advisable.

9. SECURITIES

If the Collateral at any time includes Securities, the Debtor authorizes Sundial to transfer the same or any part thereof into its own name or that of its nominee(s) so that Sundial or its nominee(s) may appear of record as the sole owner thereof; provided that, until Default, Sundial shall promptly deliver to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After Default, the Debtor waives all rights to receive any notices or communications received by Sundial or its nominee(s) as such registered owner and agrees that no proxy issued by Sundial to the Debtor or its order as aforesaid shall thereafter be effective.

10. COLLECTION FROM ACCOUNT DEBTORS

Before or after Default, Sundial may notify any Account Debtor of this Security Interest and may direct such Account Debtor to make all payments to Sundial. The Debtor acknowledges that any payments on or other Proceeds of the Collateral received by the Debtor from any Account Debtor, whether before or after notice of this Security Interest is given to such Account Debtor and whether before or after Default, shall be received and held by the Debtor in trust for Sundial and shall be turned over to Sundial upon request. The Debtor agrees that it will not commingle any Proceeds of or payments on the Collateral with any of the Debtor's funds or property, but will hold them separate and apart.

11. OTHER TERMS

This Agreement includes the terms, if any, which are contained in Schedule "D".

12. APPLICATION OF MONIES

All Monies collected or received by Sundial pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of the Indebtedness in such manner as Sundial may in its sole discretion determine or, at the option of Sundial, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of Sundial hereunder, and any surplus shall be accounted for as required by law.

13. DEFAULT

The happening of any of the following events shall constitute default ("Default") hereunder:

- (a) non-payment when due, whether by acceleration, demand or otherwise, of any amount forming part of the Indebtedness;
- (b) failure of the Debtor to observe or perform any term contained in this Agreement or in any other agreement between the Debtor and Sundial;
- (c) declaration of incompetency by a court of competent jurisdiction or death of an individual Debtor or an individual partner of a partnership Debtor;
- (d) bankruptcy or insolvency of the Debtor; filing against the Debtor of a petition in bankruptcy; making of an assignment for the benefit of creditors by the Debtor; appointment of a Receiver or trustee for the Debtor or for any property of the Debtor or institution by or against the Debtor of any proposal, plan of arrangement or other type of insolvency proceeding under the Bankruptcy Act or otherwise;
- (e) institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of the affairs of the Debtor;
- (f) any of the Encumbrances becomes enforceable;
- (g) the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy;
- (h) any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the property of the Debtor or any part thereof;

- (i) any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to Sundial to extend any credit to or to enter into this or any other agreement with the Debtor, is false in any material respect at the time as of which the facts therein set forth were stated or certified, or omits any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to Sundial at or prior to the time of such execution;
- (j) any of the licenses, permits or approvals granted by any government or any governmental authority and essential to the business of the Debtor is withdrawn, cancelled or significantly altered;
- (k) at any time, there is a material adverse change in the financial condition of the Debtor, or
- (l) Sundial considers that it is insecure, or that the prospect of payment or performance by the Debtor of the Indebtedness is or is about to be impaired, or that the Collateral is or is about to be placed in jeopardy.

14. ACCELERATION

In the event of Default, Sundial, in its sole discretion, may without demand or notice of any kind, declare all or any of the Indebtedness which is not by its terms payable on demand, to be immediately due and payable. This clause does not apply to or affect any of the Indebtedness payable on demand.

15. REMEDIES

On Default:

- (a) Sundial may enforce this Agreement by any method provided for in this Agreement, in the PPSA or as otherwise permitted by law or in equity, and, without limitation, may dispose of Collateral by lease or deferred payment;
- (b) Sundial may seize or otherwise take possession of the Collateral or any part thereof and sell the same by public or private sale at such price and upon such terms as Sundial in its sole discretion may determine and the proceeds of such sale less all costs, charges and expenses of Sundial (including costs as between a solicitor and his own client on a full indemnity basis) shall be applied on the Indebtedness and the surplus, if any, shall be disposed of according to law;
- (c) Sundial may take proceedings in any court of competent jurisdiction for the appointment of a Receiver;
- (d) Sundial may appoint by instrument any person or persons to be a Receiver of any Collateral, and may remove any person so appointed and appoint another in his stead;
- (e) unless otherwise restricted by his appointment, any Receiver shall have the power:
 - (i) to take possession of any Collateral for that purpose to take any proceedings, in the name of the Debtor or otherwise;
 - (ii) to carry on or concur in carrying on the business of the Debtor;
 - (iii) to sell or lease any Collateral;
 - (iv) to make any arrangement or compromise which he may think expedient in the interest of Sundial;
 - (v) to pay all liabilities and expenses connected with the Collateral, including the cost of insurance and payment of taxes or other costs, charges or expenses incurred in obtaining, maintaining possession of and preserving the Collateral, and the same shall be added to the Indebtedness and secured by the Collateral;
 - (vi) to hold as additional security any increase or profits resulting from the Collateral;
 - (vii) to exercise all rights and remedies that Sundial may have under this Agreement, the PPSA or otherwise at law or in equity;
 - (viii) with the written consent of Sundial, to borrow money for the purpose of carrying on the business of the Debtor or for maintenance of the Collateral or any part thereof or for other purposes approved by Sundial, and any amount so borrowed together with interest thereon shall form a charge upon the Collateral in priority to the Security Interest created by this Agreement, and
 - (ix) to do any other act or thing as may be considered to be incidental or conducive to any of the matters and powers aforesaid;
- (f) the Debtor hereby appoints each Receiver appointed by Sundial to be its attorney to effect a sale or lease of any Collateral and any deed, lease, agreement, or other document signed by a Receiver pursuant to this power of attorney shall have the same effect as if it had been executed by and under the seal of the Debtor;
- (g) a Receiver appointed by Sundial shall be deemed to be the agent of the Debtor, and the Debtor shall be solely responsible for any misconduct or negligence on the part of any Receiver;

- (h) all monies received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be paid to Sundial and applied on account of the Indebtedness;
- (i) Sundial may enter upon, use and occupy all premises owned or occupied by the Debtor or wherein the Collateral may be situate;
- (j) before, during or after realizing on the Collateral, Sundial may recover and enforce judgement against the Debtor for the Indebtedness and all costs, charges and expenses reasonably incurred by Sundial (including, without limitation, costs as between a solicitor and his own client on a full indemnity basis) in recovering or enforcing judgement against the Debtor, and
- (k) Sundial may, but shall not be bound to, realize on the Collateral.

16. DEFICIENCY

If Sundial realizes on the Collateral and the realization is not sufficient to satisfy all the Indebtedness, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and Sundial shall be entitled to pursue full payment thereof.

17. COSTS AND EXPENSES

- (a) Upon the Debtor's failure to perform any of its obligations under this Agreement then Sundial may, but shall not be obligated to perform the same and in the event of performance thereof by Sundial the Debtor shall pay to Sundial forthwith upon written demand therefor an amount equal to all costs, charges and expenses incurred by Sundial in performing the Debtor's obligations plus interest thereon at the Agreed Rate from the date such costs, charges and expenses are incurred by Sundial until paid by the Debtor.
- (b) The Debtor shall pay all costs, charges and expenses reasonably incurred by Sundial or any Receiver appointed by it (including, but without restricting the generality of the foregoing, costs as between a solicitor and his own client on a full indemnity basis), in preparing, registering financing statements regarding or enforcing this Agreement, inspecting, taking custody of, preserving, repairing, maintaining, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by any Receiver appointed by Sundial shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby. Such costs, charges and expenses shall bear interest at the Agreed Rate from the date the same were incurred to the date of payment by the Debtor.
- (c) Sundial may pay or satisfy any Encumbrances or pay any sum necessary to clear title to any Collateral, and the Debtor agrees to repay the same on demand, plus interest thereon at the Agreed Rate.
- (d) All amounts paid by Sundial pursuant to this clause together with interest thereon at the Agreed Rate shall form part of the Indebtedness and be secured hereby.

18. SET OFF

Without limiting any other right Sundial may have, Sundial may, in its sole discretion at any time and without notice, set off any and all amounts owed to the Debtor by Sundial in any capacity and, whether or not due, against any and all Indebtedness including any contingent or non-matured Indebtedness and Indebtedness as principal or guarantor.

19. FURTHER ASSURANCES

The Debtor agrees to execute and deliver to Sundial such further assurances, conveyances and supplemental deeds as may be necessary to properly carry out the intention of this Agreement, as determined by Sundial, or as may be required by Sundial from time to time.

20. NOTICE

Any notice or demand required or permitted to be made or given by Sundial to the Debtor may be validly served by leaving the same with, or by mailing the same by prepaid registered mail, to the Debtor at his address as set out herein (or at such other address as the Debtor may in writing notify Sundial of as the Debtor's address for service under this Agreement) or by leaving such notice with any officer or director of the Debtor as shown on the records of Sundial, and in the case of mailing such notice or demand shall be deemed to have been received by the Debtor on the third business day following the date of mailing.

21. GENERAL

- (a) Sundial may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, Account Debtors, sureties and others and with Collateral and other security as Sundial may see fit without prejudice to the liability of the Debtor or Sundial's right to

hold and realize upon the Security Interest. Sundial may demand, collect and sue on Collateral in either the Debtor's or Sundial's name and may endorse the Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral. Sundial shall not be liable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to initiate any proceedings for such purposes.

- (b) No delay or omission by Sundial in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Sundial may remedy any Default by the Debtor hereunder in any manner without waiving the Default remedied and without waiving any other prior or subsequent Default by the Debtor. All rights and remedies of Sundial granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.
- (c) The Debtor waives protest of any Instrument constituting Collateral at any time held by Sundial in which the Debtor is in any way liable and notice of any other action taken by Sundial.
- (d) This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against Sundial.
- (e) If more than one Debtor executes this Agreement the obligations of such Debtors hereunder shall be joint and several.
- (f) No modification, variation or amendment of any term of this Agreement shall be binding or effective unless made by written agreement, executed by the parties hereto and no waiver of any term hereof shall be binding or effective unless in writing.
- (g) This Agreement is in addition to and not in substitution for any other agreements, securities or Security Interest now or hereafter held by Sundial and all such other agreements, securities and Security Interest shall remain in full force and effect.
- (h) The headings used in this Agreement are for convenience only and are not to be considered part of this Agreement and do not in any way limit, explain or amplify the terms of this Agreement.
- (i) When the context so requires, a singular shall be read as if the plural were expressed and vice versa and the terms hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, partnership or corporation.
- (j) In the event any terms of this Agreement, as amended from time to time, shall be deemed invalid, void or unenforceable, in whole or in part, by any court of competent jurisdiction, the remaining terms of this Agreement shall remain in full force and effect.
- (k) Nothing herein contained shall in any way obligate Sundial to grant, continue, renew or extend time for payment of the Indebtedness.

22. ATTACHMENT

- (a) Subject to subclause (b), the Security Interest created hereby is intended to attach the Collateral when this Agreement is executed by the Debtor and delivered to Sundial.
- (b) With respect to that Collateral acquired by the Debtor after the date this Agreement is executed and delivered to Sundial, the Security Interest created hereby in such Collateral is intended to attach at the same time as the Debtor acquires rights in such Collateral.

23. DISCLOSING INFORMATION

This Agreement and any information pertaining thereto or to the Indebtedness may be disclosed by Sundial as required by the PPSA.

24. GOVERNING LAW AND JURISDICTION

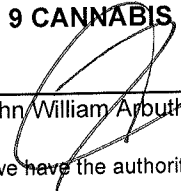
This Agreement shall be interpreted in accordance with the laws of the Province of Alberta, and the Debtor irrevocably agrees that any suit or proceeding with respect to any matters arising out of or in connection with this Agreement may be brought in the courts of the Province of Alberta or in any court of competent jurisdiction, as Sundial may elect, and the Debtor agrees to attorn to the same.

25. COPY OF AGREEMENT

Debtor acknowledges receipt of a copy of this Agreement and waives any right it may have to receive a Financing Statement or Financing Change Statement relating to it.

IN WITNESS WHEREOF the Debtor has hereunto executed this Agreement this 22nd day of March, 2022 at Winnipeg, Manitoba.

DELTA 9 CANNABIS INC.

Per:  _____
John William Arbutnot IV, CEO

I/we have the authority to bind the Corporation

FULL ADDRESS OF DEBTOR

210, 777 - 8th Avenue SW,
Calgary, Alberta T2P 3R5

*Complete Affidavit of Execution if Debtor is an individual or partnership.

SCHEDULE "A"
(DESCRIBED PROPERTY)

*Obtain serial numbers for all motor vehicles, trailers, mobile homes, farm machinery, equipment and airplanes.

Serial Number	Year	Make and Model	Description of Goods

SCHEDULE "B"
(DESCRIBED REAL PROPERTY)
 *Obtain Legal Description

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

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

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

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

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

SCHEDULE "C"
(PERMITTED ENCUMBRANCES AFFECTING COLLATERAL)

DELTA 9 CANNABIS INC.

- Registrations in favour of Connect First Credit Union Ltd.

SCHEDULE "D"
(OTHER TERMS AND CONDITIONS)

This is Exhibit "D" referred to in the Affidavit of Ryan Hellard
sworn before me via two-way video conference this _____ day of December, 2024.

A Commissioner for Oaths in and for the Province of Alberta

Waiver

Reference is made to the 10% Senior Secured Second-Lien Convertible Debenture (the “**Convertible Debenture**”) of Delta 9 Cannabis Inc. (the “**Issuer**”) dated March 30, 2022 and issued to Sundial Growers Inc. (the “**Holder**”), and capitalized terms used but not defined herein have the meanings given to such terms in the Convertible Debenture.

Whereas pursuant to Section 8(e) of the Convertible Debenture, the Issuer and its Subsidiaries are prohibited from incurring Indebtedness except in compliance with the exceptions set forth in clauses (i) through (viii) of such covenant;

And whereas pursuant to Section 8(e)(vii), the Issuer is permitted to incur certain Indebtedness in an aggregate amount not to exceed \$6 million provided, among other things, that the net proceeds of such Indebtedness are used primarily (along with the net proceeds from an issuance or issuances of equity securities raising at least \$3.0 million) to fund the acquisition of the Expansion Properties (the “**Use of Proceeds Requirement**”);

And whereas on April 25, 2022 the Issuer received a loan from a shareholder of the Issuer in the amount of \$4,990,264.37 due July 15, 2025 (the “**Shareholder Loan**”);

And whereas the Issuer had not, as of the date hereof, complied with the Use of Proceeds Requirement in relation to the Shareholder Loan;

And whereas the Issuer and the Holder desire to enter into this Waiver to waive the application of the Use of Proceeds Requirement to the Shareholder Loan on the terms and conditions set forth below.

Now therefore the parties hereby agree that compliance by the Issuer with the Use of Proceeds Requirement in relation to the Shareholder Loan is hereby waived by the Holder, provided that:

- (a) A minimum amount of \$350,000.00 is held in trust by counsel to the vendor of the Expansion Properties as a deposit from the Issuer towards the purchase price of the Expansion Properties, not to be released other than in connection with the purchase of the Expansion Properties by the Issuer.
- (b) To the extent that the acquisition of the Expansion Properties does not close by March 31, 2023, a minimum of \$4,000,000.00 of the Shareholder Loan shall immediately be repaid by the Issuer.
- (c) The Issuer will not be permitted to make any exercises of the option under Section 2(d) of the Convertible Debenture to make Common Share Interest Payments for interest payments due after June 30, 2022.
- (d) The Issuer shall complete a public or private offering of Common Shares on or before 5:00 p.m. (Calgary time) on August 22, 2022 such that the Conversion Price shall be adjusted downward to an amount not greater than C\$0.145 in accordance with the terms of the Convertible Debenture.

- 2 -

This Waiver will automatically cease to apply (without any requirement on the part of the Holder to provide notice to the Issuer) if the Issuer fails to comply with any of the requirements set forth in the clauses above.

All reasonable and documented out-of-pocket expenses incurred by the Holder in connection with this Waiver, including, without limitation, expenses of counsel for the Holder, shall be borne by the Issuer and be paid in accordance with Section 6.2 of the note purchase agreement between the Holder and the Issuer dated March 29, 2022.

This Waiver will be construed, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

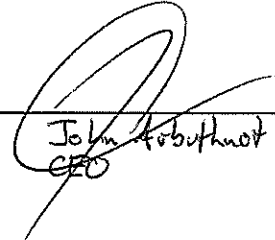
Dated August 11, 2022

DELTA 9 CANNABIS INC.

Per: _____

Name: _____

Title: _____



John Kobuthnot
CEO

SUNDIAL GROWERS INC.

Per: _____

Name: _____

Title: _____

- 2 -

This Waiver will automatically cease to apply (without any requirement on the part of the Holder to provide notice to the Issuer) if the Issuer fails to comply with any of the requirements set forth in the clauses above.

All reasonable and documented out-of-pocket expenses incurred by the Holder in connection with this Waiver, including, without limitation, expenses of counsel for the Holder, shall be borne by the Issuer and be paid in accordance with Section 6.2 of the note purchase agreement between the Holder and the Issuer dated March 29, 2022.

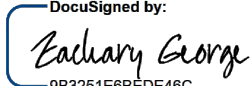
This Waiver will be construed, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Dated August 11, 2022

DELTA 9 CANNABIS INC.

Per: _____
Name:
Title:

SUNDIAL GROWERS INC.

Per:  _____
Name:
Title:

This is Exhibit "E" referred to in the Affidavit of Ryan Hellard
sworn before me via two-way video conference this _____ day of December, 2024.

A Commissioner for Oaths in and for the Province of Alberta

Waiver

Reference is made to the 10% Senior Secured Second-Lien Convertible Debenture (the “**Convertible Debenture**”) of Delta 9 Cannabis Inc. (the “**Issuer**”) dated March 30, 2022 and issued to SNDL Inc. (the “**Holder**”), and capitalized terms used but not defined herein have the meanings given to such terms in the Convertible Debenture.

Whereas pursuant to Section 8(e) of the Convertible Debenture, the Issuer and its Subsidiaries are prohibited from incurring Indebtedness except in compliance with the exceptions set forth in clauses (i) through (viii) of such covenant;

And whereas pursuant to Section 8(e)(vii), the Issuer is permitted to incur certain Indebtedness in an aggregate amount not to exceed \$6 million provided, among other things, that the net proceeds of such Indebtedness are used primarily (along with the net proceeds from an issuance or issuances of equity securities raising at least \$3.0 million) to fund the acquisition of the Expansion Properties (the “**Use of Proceeds Requirement**”);

And whereas on April 25, 2022 the Issuer received a loan from a shareholder of the Issuer in the amount of \$4,990,264.37 due July 15, 2025 (the “**Shareholder Loan**”);

And whereas the Issuer had not complied, and continues to not comply, with the Use of Proceeds Requirement in relation to the Shareholder Loan;

And whereas the parties entered into a waiver with respect to the Issuer’s compliance with the Use of Proceeds Requirement in relation to the Shareholder Loan on August 11, 2021 (the “**First Waiver**”);

And whereas the First Waiver automatically ceased to apply at 5:00 p.m. (Calgary time) on August 22, 2022 as the Issuer failed to comply with a condition subsequent set forth in the First Waiver;

And whereas the Issuer and the Holder desire to enter into this Waiver to waive the application of the Use of Proceeds Requirement to the Shareholder Loan on the terms and conditions set forth below.

Now therefore the parties hereby agree that compliance by the Issuer with the Use of Proceeds Requirement in relation to the Shareholder Loan is hereby waived by the Holder, provided that:

- (a) A minimum amount of \$350,000.00 is held in trust by counsel to the vendor of the Expansion Properties as a deposit from the Issuer towards the purchase price of the Expansion Properties, not to be released other than in connection with the purchase of the Expansion Properties by the Issuer.
- (b) To the extent that the acquisition of the Expansion Properties does not close by March 31, 2023, a minimum of \$4,000,000.00 of the Shareholder Loan shall immediately be repaid by the Issuer.

- 2 -

- (c) The Issuer will not be permitted to make any exercises of the option under Section 2(d) of the Convertible Debenture to make Common Share Interest Payments for interest payments due after June 30, 2022.
- (d) Within 30 days of the date hereof, the parties shall have entered into a commercial agreement in respect of the delivery of \$283,713 of cannabis from the Issuer (or its affiliate) to the Holder (or its affiliate), with the pricing terms and quality guidelines to be mutually agreeable by the parties, acting reasonably.

This Waiver will automatically cease to apply (without any requirement on the part of the Holder to provide notice to the Issuer) if the Issuer fails to comply with any of the requirements set forth in the clauses above.

All reasonable and documented out-of-pocket expenses incurred by the Holder in connection with this Waiver, including, without limitation, expenses of counsel for the Holder, shall be borne by the Issuer and be paid in accordance with Section 6.2 of the note purchase agreement between the Holder and the Issuer dated March 29, 2022.

This Waiver will be construed, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Dated September 9, 2022

DELTA 9 CANNABIS INC.

Per: _____

Name: _____

Title: _____

SNDL INC.

Per: _____

Name: _____

Title: _____

- 2 -

- (c) The Issuer will not be permitted to make any exercises of the option under Section 2(d) of the Convertible Debenture to make Common Share Interest Payments for interest payments due after June 30, 2022.
- (d) Within 30 days of the date hereof, the parties shall have entered into a commercial agreement in respect of the delivery of \$283,713 of cannabis from the Issuer (or its affiliate) to the Holder (or its affiliate), with the pricing terms and quality guidelines to be mutually agreed by the parties, acting reasonably.

This Waiver will automatically cease to apply (without any requirement on the part of the Holder to provide notice to the Issuer) if the Issuer fails to comply with any of the requirements set forth in the clauses above.

All reasonable and documented out-of-pocket expenses incurred by the Holder in connection with this Waiver, including, without limitation, expenses of counsel for the Holder, shall be borne by the Issuer and be paid in accordance with Section 6.2 of the note purchase agreement between the Holder and the Issuer dated March 29, 2022.

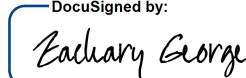
This Waiver will be construed, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Dated September 9, 2022

DELTA 9 CANNABIS INC.

Per: _____
Name:
Title:

SNDL INC.

Per:  _____
Name:
Title:

This is Exhibit "F" referred to in the Affidavit of Ryan Hellard
sworn before me via two-way video conference this _____ day of December, 2024.

A Commissioner for Oaths in and for the Province of Alberta



CALGARY HEAD OFFICE
919 11 Ave SW #300
Calgary, AB
T2R 1P3

Matthew Husson
General Counsel & Corporate Secretary
matthew.husson@sndl.com

March 7, 2024

Delivered by Electronic Mail:
John.arbutnot@delta9.ca

Delta 9 Cannabis Inc.
PO Box 68096 Osborne Village
Winnipeg, Manitoba R3L 2V9

Attn: John William Arbutnot IV

Re: Notice of Default and Automatic Cessation of Waiver

Dear Mr. Arbutnot,

This letter constitutes written notice of default by Delta 9 Cannabis Inc ("**Delta 9**") of the Waiver between Delta 9 and SNDL Inc. ("**SNDL**") dated September 9, 2022 (the "**Second Waiver**"). Any capitalized term used but not defined herein shall have the corresponding meaning ascribed to it in the Second Waiver.

The Second Waiver set forth a list of compliance requirements, including item (b) below:

"(b) To the extent that the acquisition of the Expansion Properties does not close by March 31, 2023, a minimum of \$4,000,000.00 of the Shareholder Loan shall immediately be repaid by the Issuer."

As per Delta 9 public filings dated November 13, 2023, the acquisition of the Expansion Properties has not closed. Therefore, as per the language on page 2 of the Second Waiver, the Second Waiver automatically ceases to apply (without any requirement on the part of the Holder to provide notice to the Issuer) given that the Issuer has failed to comply with the above noted requirement.

This letter does not operate as a waiver of any of SNDL's rights in respect of the Convertible Debenture, First Waiver, Second Waiver or any other agreement it has or may have with the Parties under law.

We request that you confirm receipt of this letter, however confirmation is not required to automatically cease the application of the Second Waiver in accordance with its terms.

Sincerely,

SNDL Inc.

Per:

Matthew Husson

Matthew Husson
General Counsel & Corporate Secretary

CC: MLT Aikins LLP
360 Main St., 30th Floor
Winnipeg, MB R3C 4G1
Attn: W. Douglas Stewart
DStewart@mltaikins.com

This is Exhibit "G" referred to in the Affidavit of Ryan Hellard
sworn before me via two-way video conference this _____ day of December, 2024.

A Commissioner for Oaths in and for the Province of Alberta

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver BC V6E 0C5
Canada
Tel: 604-643-7100
Fax: 604-643-7900



Lance Williams*
Partner | Associé
Direct Line: 604-643-7154
Email: williams@mccarthy.ca
***Law Corporation**

Assistant: Katerina Doumakis
Direct Line: 604-643-7910
Email: kdoumakis@mccarthy.ca

May 21, 2024

Via Registered Mail

Delta 9 Cannabis Inc.
2600 – 1066 West Hastings Street
Vancouver, BC V6E 3X1

Delta 9 Cannabis Inc.
210 – 777 – 8th Avenue SW
Calgary, AB T2P 3R5

Delta 9 Cannabis Inc.
800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Delta 9 Cannabis Inc.
MLT Aikins LLP
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1

Re: Secured Loan Facilities granted by SNDL Inc. (f/k/a Sundial Growers Inc. (the “Lender”) to Delta 9 Cannabis Inc. (the “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, the “Guarantors” and, together with the Borrower, the “Obligors” and, each, an “Obligor”)

Please be advised that we are counsel to the Lender. We write further to:

- (a) the Note Purchase Agreement, dated March 30, 2022, between the Borrower and the Lender (the **“Note Purchase Agreement”**);
- (b) the 10% Senior Secured Second-Lien Convertible Debenture, dated March 30, 2022, between the Borrower and the Lender issued in connection with the Note Purchase Agreement (the **“Debenture”**);
- (c) the Side Letter in respect of the Debenture, dated March 9, 2022, between the Borrower and the Lender (the **“Side Letter”**, and collectively with the Note Purchase Agreement and Debenture, as each has been amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the **“Debenture Documents”**); and
- (d) the Guarantees (defined below), the Security Agreement (defined below), and any other guarantees, security documents, agreements, instruments, and documents entered into by any Obligor from time to time in connection with any of the Guarantees, the Security Agreement, or the Debenture Documents (collectively, in each case, as amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the **“Additional Documents”** and, collectively with the Debenture Documents, the **“Financing Documents”**).

Please note that all references herein to “dollars” or “\$” are to Canadian dollars.

As you know, pursuant to the Debenture Documents, the Lender made financing available to the Borrower in the principal amount of \$10,000,000 (the “**Loan**”).

The Loan is guaranteed by the Guarantors pursuant to the following guarantees (collectively, the “**Guarantees**”):

- (a) an Unlimited Guarantee and Postponement granted by Bio-Tech with respect to the obligations of Borrower, dated March 22, 2022;
- (b) an Unlimited Guarantee and Postponement granted by Store with respect to the obligations of Borrower, dated March 22, 2022; and
- (c) an Unlimited Guarantee and Postponement granted by Lifestyle with respect to the obligations of Borrower, dated March 22, 2022.

To provide general and continuing security for the payment and performance of all indebtedness, liabilities, and other obligations of the Borrower to the Lender, including in relation to the Loan and the Financing Documents, the Borrower entered into a general security agreement, dated March 22, 2022, granting the Lender a security interest in all present and after-acquired property of the Borrower (the “**Security Agreement**”).

As you are aware, multiple defaults have occurred and are continuing under the Financing Documents, including, without limitation:

- 1. the events of default described in (a) the first waiver in respect of the Debenture between the Lender and Borrower, dated August 11, 2022, (b) the second waiver in respect of the Debenture between the Lender and Borrower, dated September 9, 2022 (the “**Second Waiver**”), and (c) the written notice of default in respect of the Second Waiver delivered by the Lender to the Borrower, dated March 7, 2024; and
- 2. the occurrence of a material adverse change in the financial condition of the Obligors.

Accordingly, pursuant to the Financing Documents and on behalf of the Lender, we hereby demand immediate payment of all of the Borrower's indebtedness, liabilities, and other obligations under the Financing Documents, which, as at May 21, 2024, total \$12,512,876.71 (the “**Borrower Indebtedness**”).

The Borrower Indebtedness is calculated as of May 21, 2024 and does not include any interest which may accrue after such date, legal fees and expenses, and/or any other costs or amounts recoverable pursuant to the Financing Documents (collectively, “**Additional Indebtedness**”).

Payment of the Borrower Indebtedness, together with all Additional Indebtedness incurred to the date of payment (collectively, the “**Total Indebtedness**”), should be made by wire transfer, bank draft or certified cheque within 22 business days of the date of this letter, payable to:

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver, BC V6E 0C5
Attention: Sue Danielisz

Prior to making payment, please ensure you contact Ms. Danielisz at 604-643-5904 or sdanielisz@mccarthy.ca to confirm the Total Indebtedness on the date payment is to be made.

If payment of the Total Indebtedness is not made on or within 22 business days of this letter, the Lender will take such steps as it considers necessary to protect its rights and security, including, but not limited, to commencing action against the Obligor, without further notice to you.

We hereby enclose a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended. To the extent that the *Farm Debt Mediation Act*, SC 1997, c. 21, as amended (the "**FDMA**"), also applies, we also enclose a Notice of Intent by Secured Creditor, in accordance with section 21 of the FDMA.

For the avoidance of doubt, the Lender expressly reserves all rights, powers, and privileges available to it under the Loan, the Financing Documents, applicable law, and otherwise, including, without limitation, the right to appoint an interim receiver over any of the Obligor, and/or their assets and undertaking, prior to the expiry of any applicable notice period.

Yours truly,

McCarthy Tétrault LLP

Per:

A handwritten signature in cursive script, appearing to read "Lance Williams".

Lance Williams*

LW/kd

**NOTICE OF INTENTION TO ENFORCE A SECURITY
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

To: Delta 9 Cannabis Inc.

TAKE NOTICE THAT:

1. SNDL Inc. (f/k/a Sundial Growers Inc.) intends to enforce its security on Delta 9 Cannabis Inc.'s property described below:
 - a. all present and after-acquired personal property.
2. The security that is to be enforced is the following:
 - a. Security Agreement dated March 22, 2022 (the "**Security**").
3. The total amount of indebtedness secured by the Security as at May 21, 2024 is \$12,512,876.71 plus interest, costs, and other amounts recoverable and continuing to accrue to the date of payment.
4. SNDL Inc. (f/k/a Sundial Growers Inc.) will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless Delta 9 Cannabis Inc. consents to an earlier enforcement, by executing the consent and waiver attached hereto as **Schedule "A"** and providing a copy to the undersigned.

Dated at Vancouver, British Columbia, this 21st day of May, 2024.

SNDL Inc. (f/k/a Sundial Growers Inc.), by its solicitors, McCarthy Tétrault LLP



Lance Williams

SCHEDULE "A"**CONSENT TO AN EARLIER ENFORCEMENT
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)****To: Delta 9 Cannabis Inc.****TAKE NOTICE THAT:**

The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security dated _____, 2024 pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) with respect to the assets of Delta 9 Cannabis Inc., waives its right to the 10-day notice period to redeem the collateral, and consents to the immediate enforcement of the security held by SNDL Inc. (f/k/a Sundial Growers Inc.).

DATED at _____, this _____ day of _____, 2024.

Delta 9 Cannabis Inc.

Per:

Signature_____
Print Name_____
Title



Agriculture and
Agri-Food Canada
Farm Debt
Mediation Service

Agriculture et
Agroalimentaire Canada
Service de médiation en
matière d'endettement agricole

PROTECTED B
when completed

NOTICE OF INTENT BY SECURED CREDITOR

As required under Section 21 of the *Farm Debt Mediation Act*, you are hereby notified that it is the intent of:

Name of creditor

SNDL Inc. (f/k/a Sundial Growers Inc.)

To enforce a remedy against the property of; or commence a proceeding, action, execution or other proceeding, judicial or extra-judicial, for the recovery of a debt, the realization of the security or the taking of the property of:

Full name of farmer or business name

Delta 9 Cannabis Inc.

Farmer's address

Unit/Suite/Apt. 2600	Street Number 1066	Number Suffix	Street Name West Hastings	Street Type Street
Street direction	PO Box or Route Number	Municipality (City, Town, etc.) Vancouver	Province British Columbia	Postal code V6E 3X1

The security being (type(s) of security)	on (asset(s))
General Security Agreement dated March 22, 2022	All present and after-acquired property.

Dated this 21st day of May, 2024 at Vancouver, British Columbia

McCarthy Tétrault LLP

Name of secured creditor or authorized representative (print)

Signature of secured creditor or authorized representative

+1 604-643-7154

Creditor's phone number and ext.

+1 604-643-7900

Creditor's fax number

LWilliams@mccarthy.ca

Email address of secured creditor or authorized representative

You are hereby notified of your right to make application under Section 5 of the *Farm Debt Mediation Act* for a review of your financial affairs, mediation with your creditors, and to obtain a stay of proceedings against this action. Provided you are:

- a) currently engaged in farming for commercial purposes; and
- b) insolvent, meaning that you are:
 - unable to meet your obligations as they generally become due; or
 - have ceased paying your current obligations in the ordinary course of business as they generally become due; or
 - the aggregate of your property is not, at fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process would not be sufficient, to enable payment of all your obligations, due and accruing due.

A secured creditor must wait 15 business days after this notice has been deemed served before beginning action to realize on their security. You may apply for mediation and a stay of proceedings at any time, before, during, or after the 15 business day period, by making an application to the Farm Debt Mediation Service.

The Farm Debt Mediation Service provides qualified farm financial counsellors to conduct a financial review and to prepare a recovery plan for your mediation meeting. Qualified mediators are provided to help you and your creditors reach a mutually satisfactory arrangement.

Application forms and more information about the service can be obtained from:

Farm Debt Mediation Service

<https://agriculture.canada.ca/en/agricultural-programs-and-services/farm-debt-mediation-service>

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act*.

Eastern Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmseast-smmeaest.aac@agr.gc.ca

Fax: 1-506-452-4975

Western Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmwest-smmeaouest.aac@agr.gc.ca

Fax: 1-306-780-7353

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver BC V6E 0C5
Canada
Tel: 604-643-7100
Fax: 604-643-7900



Lance Williams*
Partner | Associé
Direct Line: 604-643-7154
Email: williams@mccarthy.ca
***Law Corporation**

Assistant: Katerina Doumakis
Direct Line: 604-643-7910
Email: kdoumakis@mccarthy.ca

May 21, 2024

Via Registered Mail

Delta 9 Lifestyle Cannabis Clinic Inc.

MLT Aikins LLP
30th Floor
360 Main Street
Winnipeg MB R3C 4G1

Re: Secured Loan Facilities granted by SNDL Inc. (f/k/a Sundial Growers Inc. (the "Lender") to Delta 9 Cannabis Inc. (the "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, the "Guarantors" and, together with the Borrower, the "Obligors" and, each, an "Obligor")

Please be advised that we are counsel to the Lender. We write further to:

- (a) the Note Purchase Agreement, dated March 30, 2022, between the Borrower and the Lender (the **"Note Purchase Agreement"**);
- (b) the 10% Senior Secured Second-Lien Convertible Debenture, dated March 30, 2022, between the Borrower and the Lender issued in connection with the Note Purchase Agreement (the **"Debenture"**);
- (c) the Side Letter in respect of the Debenture dated March 9, 2022, between the Borrower and the Lender (the **"Side Letter"**, and collectively with the Note Purchase Agreement and Debenture, as each has been amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the **"Debenture Documents"**); and
- (d) the Guarantee (defined below), the Security (defined below), and any other guarantees, security documents, agreements, instruments, and documents entered into by any Obligor from time to time in connection with any of the Guarantee, the Security, or the Debenture Documents (collectively, in each case, as amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the **"Additional Documents"** and, collectively with the Debenture Documents, the **"Financing Documents"**).

Please note that all references herein to "dollars" or "\$" are to Canadian dollars.

As you know, pursuant to the Debenture Documents, the Lender made financing available to the Borrower in the principal amount of \$10,000,000 (the **"Loan"**).

Multiple defaults have occurred and are continuing under the Financing Documents including, without limitation:

1. the events of default described in (a) the first waiver in respect of the Debenture between the Lender and Borrower, dated August 11, 2022; (b) the second waiver in respect of the Debenture between the Lender and Borrower, dated September 9, 2022 (the “**Second Waiver**”); and (c) a written notice of default in respect of the Second Waiver delivered by the Lender to the Borrower, dated March 7, 2024; and
2. the occurrence of a material adverse change in the financial condition of the Obligors.

Accordingly, the Lender has demanded that the Borrower immediately repay of all of its indebtedness, liabilities, and other obligations under the Financing Documents, and we enclose a copy of the demand letter sent today to the Borrowers in connection therewith (the “**Demand Letter**”).

As you know, Lifestyle granted an unlimited guarantee and postponement with respect to the obligations of the Borrower, dated March 22, 2022.

In addition to the Guarantee, as general and continuing security for the payment and performance of all indebtedness, liabilities, and other obligations of the Borrower to the Lender, Lifestyle also granted the Lender the following security (collectively, the “**Security**”):

- (a) general security agreement, dated March 22, 2022, granted by Lifestyle in favour of the Lender.

Further to the Demand Letter, pursuant to the Financing Documents, and on behalf of the Lender, we hereby demand immediate payment of all of the Borrower’s indebtedness, liabilities, and other obligations under the Financing Documents, which, as at May 21, 2024, total \$12,512,876.71 (the “**Borrower Indebtedness**”).

The Borrower Indebtedness is calculated as of May 21, 2024, and does not include any interest which may accrue after such date, legal fees and expenses, and/or any other costs or amounts recoverable pursuant to the Financing Documents (collectively, “**Additional Indebtedness**”).

Payment of the Borrower Indebtedness, together with all Additional Indebtedness incurred to the date of payment (collectively, the “**Total Indebtedness**”), should be made by wire transfer, bank draft or certified cheque within 22 business days of the date of this letter, payable to:

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver, BC V6E 0C5
Attention: Sue Danielisz

Prior to making payment, please ensure you contact Ms. Danielisz at 604-643-5904 or sdanielisz@mccarthy.ca to confirm the Total Indebtedness on the date payment is to be made.

If payment of the Total Indebtedness is not made on or within 22 business days of this letter, the Lender will take such steps as it considers necessary to protect its rights and security, including, but not limited, to commencing action against the Obligors, without further notice to you.

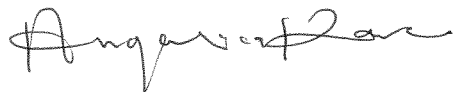
We hereby enclose a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended. To the extent that the *Farm Debt Mediation Act*, SC 1997, c. 21, as amended (the "**FDMA**"), also applies, we also enclose a Notice of Intent by Secured Creditor, in accordance with section 21 of the FDMA.

For the avoidance of doubt, the Lender expressly reserves all rights, powers, and privileges available to it under the Financing Documents, applicable law, and otherwise, including, without limitation, the right to appoint an interim receiver over any of the Obligors, and/or their assets and undertaking, prior to the expiry of any applicable notice period.

Yours truly,

McCarthy Tétrault LLP

Per:

A handwritten signature in cursive script, appearing to read "Lance Williams".

Lance Williams*

LW/kd

Enclosure

**NOTICE OF INTENTION TO ENFORCE A SECURITY
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

To: Delta 9 Lifestyle Cannabis Clinic Inc.

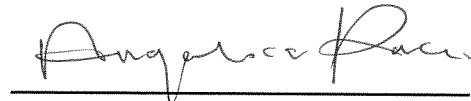
TAKE NOTICE THAT:

1. SNDL Inc. (f/k/a Sundial Growers Inc.) intends to enforce its security on Delta 9 Lifestyle Cannabis Clinic Inc.'s property described below:
 - a. all present and after-acquired personal property.
2. The security that is to be enforced is the following:
 - a. General Security Agreement, dated March 22, 2022; and
 - b. Unlimited Guarantee with respect to the obligations of Delta 9 Cannabis Inc., dated March 22, 2022;

(collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security as at May 21, 2024 is \$12,512,876.71 plus interest, costs, and other amounts recoverable and continuing to accrue to the date of payment.
4. SNDL Inc. (f/k/a Sundial Growers Inc.) will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless Delta 9 Lifestyle Cannabis Clinic Inc. consents to an earlier enforcement, by executing the consent and waiver attached hereto as **Schedule "A"** and providing a copy to the undersigned.

Dated at Vancouver, British Columbia, this 21st day of May, 2024.

SNDL Inc. (f/k/a Sundial Growers Inc.), by its solicitors, McCarthy
Tétrault LLP



Lance Williams

SCHEDULE "A"

**CONSENT TO AN EARLIER ENFORCEMENT
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

To: Delta 9 Lifestyle Cannabis Clinic Inc.

TAKE NOTICE THAT:

The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security dated _____, 2024 pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) with respect to the assets of Delta 9 Lifestyle Cannabis Clinic Inc., waives its right to the 10-day notice period to redeem the collateral, and consents to the immediate enforcement of the security held by SNDL Inc. (f/k/a Sundial Growers Inc.).

DATED at _____, this _____ day of _____, 2024.

Delta 9 Lifestyle Cannabis Clinic Inc.

Per:

Signature

Print Name

Title



Agriculture and
Agri-Food Canada
Farm Debt
Mediation Service

Agriculture et
Agroalimentaire Canada
Service de médiation en
matière d'endettement agricole

PROTECTED B
when completed

NOTICE OF INTENT BY SECURED CREDITOR

As required under Section 21 of the *Farm Debt Mediation Act*, you are hereby notified that it is the intent of:

Name of creditor

SNDL Inc. (f/k/a Sundial Growers Inc.)

To enforce a remedy against the property of; or commence a proceeding, action, execution or other proceeding, judicial or extra-judicial, for the recovery of a debt, the realization of the security or the taking of the property of:

Full name of farmer or business name

Delta 9 Lifestyle Cannabis Clinic Inc.

Farmer's address

Unit/Suite/Apt. 2600	Street Number 1066	Number Suffix	Street Name West Hastings	Street Type Street
Street direction	PO Box or Route Number	Municipality (City, Town, etc.) Vancouver	Province British Columbia	Postal code V6E 3X1

The security being (type(s) of security)	on (asset(s))
General Security Agreement dated March 22, 2022	All present and after-acquired property.
Unlimited Guarantee, dated March 22, 2022	All obligations of Delta 9 Cannabis Inc.

Dated this 21st day of May, 2024 at Vancouver, British Columbia

McCarthy Tétrault LLP

Name of secured creditor or authorized representative (print)

Signature of secured creditor or authorized representative

+1 604-643-7154

Creditor's phone number and ext.

+1 604-643-7900

Creditor's fax number

LWilliams@mccarthy.ca

Email address of secured creditor or authorized representative

You are hereby notified of your right to make application under Section 5 of the *Farm Debt Mediation Act* for a review of your financial affairs, mediation with your creditors, and to obtain a stay of proceedings against this action. Provided you are:

- a) currently engaged in farming for commercial purposes; and
- b) insolvent, meaning that you are:
 - unable to meet your obligations as they generally become due; or
 - have ceased paying your current obligations in the ordinary course of business as they generally become due; or
 - the aggregate of your property is not, at fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process would not be sufficient, to enable payment of all your obligations, due and accruing due.

A secured creditor must wait 15 business days after this notice has been deemed served before beginning action to realize on their security. You may apply for mediation and a stay of proceedings at any time, before, during, or after the 15 business day period, by making an application to the Farm Debt Mediation Service.

The Farm Debt Mediation Service provides qualified farm financial counsellors to conduct a financial review and to prepare a recovery plan for your mediation meeting. Qualified mediators are provided to help you and your creditors reach a mutually satisfactory arrangement. Application forms and more information about the service can be obtained from:

Farm Debt Mediation Service

<https://agriculture.canada.ca/en/agricultural-programs-and-services/farm-debt-mediation-service>

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act*.

Eastern Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmseast-smmeaest.aac@agr.gc.ca

Fax: 1-506-452-4975

Western Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmwest-smmeaouest.aac@agr.gc.ca

Fax: 1-306-780-7353

McCarthy Tétrault LLP
 Suite 2400, 745 Thurlow Street
 Vancouver BC V6E 0C5
 Canada
 Tel: 604-643-7100
 Fax: 604-643-7900



Lance Williams*
 Partner | Associé
 Direct Line: 604-643-7154
 Email: williams@mccarthy.ca
***Law Corporation**

Assistant: Katerina Doumakis
 Direct Line: 604-643-7910
 Email: kdoumakis@mccarthy.ca

May 21, 2024

Via Registered Mail

Delta 9 Bio-Tech Inc.
 30th Floor, 360 Main Street
 Winnipeg MB R3C 4G1

Delta 9 Bio-Tech Inc.
 770 Pandora Avenue E
 Winnipeg MB R2C 3N1

Delta 9 Bio-Tech Inc.
 760 Pandora Avenue East
 Winnipeg MB R2C 3N1

Delta 9 Bio-Tech Inc.
 PO Box 68096 Osborne Village
 Winnipeg, MB R3L 2V9

Re: Secured Loan Facilities granted by SNDL Inc. (f/k/a Sundial Growers Inc. (the "Lender") to Delta 9 Cannabis Inc. (the "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, the "Guarantors" and, together with the Borrower, the "Obligors" and, each, an "Obligor")

Please be advised that we are counsel to the Lender. We write further to:

- (a) the Note Purchase Agreement, dated March 30, 2022, between the Borrower and the Lender (the "**Note Purchase Agreement**");
- (b) the 10% Senior Secured Second-Lien Convertible Debenture, dated March 30, 2022, between the Borrower and the Lender issued in connection with the Note Purchase Agreement (the "**Debenture**");
- (c) the Side Letter in respect of the Debenture dated March 9, 2022, between the Borrower and the Lender (the "**Side Letter**", and collectively with the Note Purchase Agreement and Debenture, as each has been amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the "**Debenture Documents**"); and
- (d) the Guarantee (defined below), the Security (defined below), and any other guarantees, security documents, agreements, instruments, and documents entered into by any Obligor from time to time in connection with any of the Guarantee, the Security, or the Debenture Documents (collectively, in each case, as amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the "**Additional Documents**" and, collectively with the Debenture Documents, the "**Financing Documents**").

Please note that all references herein to "dollars" or "\$" are to Canadian dollars.

As you know, pursuant to the Debenture Documents, the Lender made financing available to the Borrower in the principal amount of \$10,000,000 (the "**Loan**").

Multiple defaults have occurred and are continuing under the Financing Documents including, without limitation:

1. the events of default described in (a) the first waiver in respect of the Debenture between the Lender and Borrower, dated August 11, 2022; (b) the second waiver in respect of the Debenture between the Lender and Borrower, dated September 9, 2022 (the “**Second Waiver**”); and (c) a written notice of default in respect of the Second Waiver delivered by the Lender to the Borrower, dated March 7, 2024; and
2. the occurrence of a material adverse change in the financial condition of the Obligors.

Accordingly, the Lender has demanded that the Borrower immediately repay of all of its indebtedness, liabilities, and other obligations under the Financing Documents, and we enclose a copy of the demand letter sent today to the Borrowers in connection therewith (the “**Demand Letter**”).

As you know, Bio-Tech granted an unlimited guarantee and postponement with respect to the obligations of the Borrower, dated March 22, 2022.

In addition to the Guarantee, as general and continuing security for the payment and performance of all indebtedness, liabilities, and other obligations of the Borrower to the Lender, Bio-Tech also granted the Lender the following security (collectively, the “**Security**”):

- (a) a mortgage, dated March 22, 2022, granting the Lender a fixed and specific mortgage and charge, in the principal amount of \$14,000,000.00, over certain real property commonly known as 760 Pandora Avenue, Winnipeg, Manitoba, Canada and 770 Pandora Avenue, Winnipeg, Manitoba, Canada in Manitoba and legally described as follows:

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

(collectively, the “**Mortgaged Properties**”)

- (b) general assignment of leases and rents in respect of the Mortgaged Properties, dated March 22, 2022, granted by Bio-Tech in favour of the Lender; and
- (c) general security agreement, dated March 22, 2022, granted by Bio-Tech in favour of the Lender.

Further to the Demand Letter, pursuant to the Financing Documents, and on behalf of the Lender, we hereby demand immediate payment of all of the Borrower’s indebtedness, liabilities, and other

obligations under the Financing Documents, which, as at May 21, 2024, total \$12,512,876.71 (the "**Borrower Indebtedness**").

The Borrower Indebtedness is calculated as of May 21, 2024, and does not include any interest which may accrue after such date, legal fees and expenses, and/or any other costs or amounts recoverable pursuant to the Financing Documents (collectively, "**Additional Indebtedness**").

Payment of the Borrower Indebtedness, together with all Additional Indebtedness incurred to the date of payment (collectively, the "**Total Indebtedness**"), should be made by wire transfer, bank draft or certified cheque within 22 business days of the date of this letter, payable to:

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver, BC V6E 0C5
Attention: Sue Danielisz

Prior to making payment, please ensure you contact Ms. Danielisz at 604-643-5904 or sdanielisz@mccarthy.ca to confirm the Total Indebtedness on the date payment is to be made.

If payment of the Total Indebtedness is not made on or within 22 business days of this letter, the Lender will take such steps as it considers necessary to protect its rights and security, including, but not limited, to commencing action against the Obligors, without further notice to you.

We hereby enclose a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended. To the extent that the *Farm Debt Mediation Act*, SC 1997, c. 21, as amended (the "**FDMA**"), also applies, we also enclose a Notice of Intent by Secured Creditor, in accordance with section 21 of the FDMA.

For the avoidance of doubt, the Lender expressly reserves all rights, powers, and privileges available to it under the Financing Documents, applicable law, and otherwise, including, without limitation, the right to appoint an interim receiver over any of the Obligors, and/or their assets and undertaking, prior to the expiry of any applicable notice period.

Yours truly,

McCarthy Tétrault LLP

Per:



Lance Williams*

LW/kd

Enclosures

**NOTICE OF INTENTION TO ENFORCE A SECURITY
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

To: Delta 9 Bio-Tech Inc.

TAKE NOTICE THAT:

1. SNDL Inc. (f/k/a Sundial Growers Inc.) intends to enforce its security on Delta 9 Bio-Tech Inc.'s property described below:
 - a. all present and after-acquired personal property; and
 - b. real property in the Province of Manitoba legally described as:

PARCELS A, B, C, D, E AND F PLAN 51110 WLTO EXC FIRSTLY: OUT OF SAID PARCELS A AND C ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL GRAVEL AND VALUABLE STONE OF EVERY DESCRIPTION THAT MAY BE FOUND IN UPON OR UNDER SAID PARCELS A AND C TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME SECONDLY: OUT OF SAID PARCELS B AND E, ALL MINES AND MINERALS AS RESERVED IN DEED 2374744 WLTO AND THIRDLY: OUT OF SAID PARCEL F, ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 2374748 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS


(the “**Property**”); and
 - c. all leases associated with the Property and any rents payable under such leases associated with the Property.
2. The security that is to be enforced is the following:
 - a. Mortgage dated March 22, 2022 (the “**Mortgage**”);
 - b. General Assignment of Leases and Rents in respect of the properties indicated in the Mortgage, dated March 22, 2022;
 - c. General Security Agreement, dated March 22, 2022 specific to the properties indicated in the Mortgage; and
 - d. Unlimited Guarantee with respect to the obligations of Delta 9 Cannabis Inc., dated March 22, 2022;

(collectively, the “**Security**”).
3. The total amount of indebtedness secured by the Security as at May 21, 2024 is \$12,512,876.71 plus interest, costs, and other amounts recoverable and continuing to accrue to the date of payment.
4. SNDL Inc. (f/k/a Sundial Growers Inc.) will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless Delta 9 Bio-Tech Inc.

consents to an earlier enforcement, by executing the consent and waiver attached hereto as **Schedule "A"** and providing a copy to the undersigned.

Dated at Vancouver, British Columbia, this 21st day of May, 2024.

SNDL Inc. (f/k/a Sundial Growers Inc.), by its solicitors, McCarthy Tétrault LLP

A handwritten signature in black ink, appearing to read "Lance Williams", written over a horizontal line.

Lance Williams

SCHEDULE "A"

**CONSENT TO AN EARLIER ENFORCEMENT
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

To: Delta 9 Bio-Tech Inc.

TAKE NOTICE THAT:

The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security dated _____, 2024 pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) with respect to the assets of Delta 9 Cannabis Inc., waives its right to the 10-day notice period to redeem the collateral, and consents to the immediate enforcement of the security held by SNDL Inc. (f/k/a Sundial Growers Inc.).

DATED at _____, this _____ day of _____, 2024.

Delta 9 Bio-Tech Inc.

Per:

Signature

Print Name

Title



Agriculture and
Agri-Food Canada
Farm Debt
Mediation Service

Agriculture et
Agroalimentaire Canada
Service de médiation en
matière d'endettement agricole

PROTECTED B
when completed

NOTICE OF INTENT BY SECURED CREDITOR

As required under Section 21 of the *Farm Debt Mediation Act*, you are hereby notified that it is the intent of:

Name of creditor

SNDL Inc. (f/k/a Sundial Growers Inc.)

To enforce a remedy against the property of; or commence a proceeding, action, execution or other proceeding, judicial or extra-judicial, for the recovery of a debt, the realization of the security or the taking of the property of:

Full name of farmer or business name

Delta 9 Cannabis Inc.

Farmer's address

Unit/Suite/Apt. 2600	Street Number 1066	Number Suffix	Street Name West Hastings	Street Type Street
Street direction	PO Box or Route Number	Municipality (City, Town, etc.) Vancouver	Province British Columbia	Postal code V6E 3X1

The security being (type(s) of security)	on (asset(s))
See attached Schedule "A"	See attached Schedule "A"

Dated this 21st day of May, 2024 at Vancouver, British Columbia

McCarthy Tétrault LLP

Name of secured creditor or authorized representative (print)

Angela Tétrault

Signature of secured creditor or authorized representative

+1 604-643-7154

Creditor's phone number and ext.

+1 604-643-7900

Creditor's fax number

LWilliams@mccarthy.ca

Email address of secured creditor or authorized representative

You are hereby notified of your right to make application under Section 5 of the *Farm Debt Mediation Act* for a review of your financial affairs, mediation with your creditors, and to obtain a stay of proceedings against this action. Provided you are:

- a) currently engaged in farming for commercial purposes; and
- b) insolvent, meaning that you are:
 - unable to meet your obligations as they generally become due; or
 - have ceased paying your current obligations in the ordinary course of business as they generally become due; or
 - the aggregate of your property is not, at fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process would not be sufficient, to enable payment of all your obligations, due and accruing due.

A secured creditor must wait 15 business days after this notice has been deemed served before beginning action to realize on their security. You may apply for mediation and a stay of proceedings at any time, before, during, or after the 15 business day period, by making an application to the Farm Debt Mediation Service.

The Farm Debt Mediation Service provides qualified farm financial counsellors to conduct a financial review and to prepare a recovery plan for your mediation meeting. Qualified mediators are provided to help you and your creditors reach a mutually satisfactory arrangement. Application forms and more information about the service can be obtained from:

Farm Debt Mediation Service

<https://agriculture.canada.ca/en/agricultural-programs-and-services/farm-debt-mediation-service>

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act*.

Eastern Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmseast-smmeaest.aac@agr.gc.ca

Fax: 1-506-452-4975

Western Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmwest-smmeaouest.aac@agr.gc.ca

Fax: 1-306-780-7353

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver BC V6E 0C5
Canada
Tel: 604-643-7100
Fax: 604-643-7900



Lance Williams*
Partner | Associé
Direct Line: 604-643-7154
Email: lwilliams@mccarthy.ca
***Law Corporation**

Assistant: Katerina Doumakis
Direct Line: 604-643-7910
Email: kdoumakis@mccarthy.ca

May 21, 2024

Via Registered Mail

Delta 9 Cannabis Store Inc.
30th Floor, 360 Main Street
Winnipeg, MB R3C 4G1

Delta 9 Cannabis Store Inc.
1500 – 1874 Scarth Street
Regina, SK S4P 4E9

Re: Secured Loan Facilities granted by SNDL Inc. (f/k/a Sundial Growers Inc. (the “Lender”) to Delta 9 Cannabis Inc. (the “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, the “Guarantors” and, together with the Borrower, the “Obligors” and, each, an “Obligor”)

Please be advised that we are counsel to the Lender. We write further to:

- (a) the Note Purchase Agreement, dated March 30, 2022, between the Borrower and the Lender (the **“Note Purchase Agreement”**);
- (b) the 10% Senior Secured Second-Lien Convertible Debenture, dated March 30, 2022, between the Borrower and the Lender issued in connection with the Note Purchase Agreement (the **“Debenture”**);
- (c) the Side Letter in respect of the Debenture dated March 9, 2022, between the Borrower and the Lender (the **“Side Letter”**, and collectively with the Note Purchase Agreement and Debenture, as each has been amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the **“Debenture Documents”**); and
- (d) the Guarantee (defined below), the Security (defined below), and any other guarantees, security documents, agreements, instruments, and documents entered into by any Obligor from time to time in connection with any of the Guarantee, the Security, or the Debenture Documents (collectively, in each case, as amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the **“Additional Documents”** and, collectively with the Debenture Documents, the **“Financing Documents”**).

Please note that all references herein to “dollars” or “\$” are to Canadian dollars.

As you know, pursuant to the Debenture Documents, the Lender made financing available to the Borrower in the principal amount of \$10,000,000 (the **“Loan”**).

Multiple defaults have occurred and are continuing under the Financing Documents including, without limitation:

1. the events of default described in (a) the first waiver in respect of the Debenture between the Lender and Borrower, dated August 11, 2022; (b) the second waiver in respect of the Debenture between the Lender and Borrower, dated September 9, 2022 (the "**Second Waiver**"); and (c) a written notice of default in respect of the Second Waiver delivered by the Lender to the Borrower, dated March 7, 2024; and
2. the occurrence of a material adverse change in the financial condition of the Obligors.

Accordingly, the Lender has demanded that the Borrower immediately repay of all of its indebtedness, liabilities, and other obligations under the Financing Documents, and we enclose a copy of the demand letter sent today to the Borrowers in connection therewith (the "**Demand Letter**").

As you know, Store granted an unlimited guarantee and postponement with respect to the obligations of the Borrower, dated March 22, 2022.

In addition to the Guarantee, as general and continuing security for the payment and performance of all indebtedness, liabilities, and other obligations of the Borrower to the Lender, Store also granted the Lender the following security (collectively, the "**Security**"):

- (a) general security agreement, dated March 22, 2022, granted by Store in favour of the Lender.

Further to the Demand Letter, pursuant to the Financing Documents, and on behalf of the Lender, we hereby demand immediate payment of all of the Borrower's indebtedness, liabilities, and other obligations under the Financing Documents, which, as at May 21, 2024, total \$12,512,876.71 (the "**Borrower Indebtedness**").

The Borrower Indebtedness is calculated as of May 21, 2024, and does not include any interest which may accrue after such date, legal fees and expenses, and/or any other costs or amounts recoverable pursuant to the Financing Documents (collectively, "**Additional Indebtedness**").

Payment of the Borrower Indebtedness, together with all Additional Indebtedness incurred to the date of payment (collectively, the "**Total Indebtedness**"), should be made by wire transfer, bank draft or certified cheque within 22 business days of the date of this letter, payable to:

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver, BC V6E 0C5
Attention: Sue Danielisz

Prior to making payment, please ensure you contact Ms. Danielisz at 604-643-5904 or sdanielisz@mccarthy.ca to confirm the Total Indebtedness on the date payment is to be made.

If payment of the Total Indebtedness is not made on or within 22 business days of this letter, the Lender will take such steps as it considers necessary to protect its rights and security, including, but not limited, to commencing action against the Obligors, without further notice to you.

We hereby enclose a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended. To the extent that the *Farm Debt*

Mediation Act, SC 1997, c. 21, as amended (the “**FDMA**”), also applies, we also enclose a Notice of Intent by Secured Creditor, in accordance with section 21 of the FDMA.

For the avoidance of doubt, the Lender expressly reserves all rights, powers, and privileges available to it under the Financing Documents, applicable law, and otherwise, including, without limitation, the right to appoint an interim receiver over any of the Obligors, and/or their assets and undertaking, prior to the expiry of any applicable notice period.

Yours truly,

McCarthy Tétrault LLP

Per:

A handwritten signature in black ink, appearing to read "Lance Williams", followed by a period.

Lance Williams*

LW/kd

Enclosure



Agriculture and
Agri-Food Canada
Farm Debt
Mediation Service

Agriculture et
Agroalimentaire Canada
Service de médiation en
matière d'endettement agricole

PROTECTED B
when completed

NOTICE OF INTENT BY SECURED CREDITOR

As required under Section 21 of the *Farm Debt Mediation Act*, you are hereby notified that it is the intent of:

Name of creditor

SNDL Inc. (f/k/a Sundial Growers Inc.)

To enforce a remedy against the property of, or commence a proceeding, action, execution or other proceeding, judicial or extra-judicial, for the recovery of a debt, the realization of the security or the taking of the property of:

Full name of farmer or business name

Delta 9 Cannabis Store Inc.

Farmer's address

Unit/Suite/Apt. 30th Floor	Street Number 360	Number Suffix	Street Name Main	Street Type Street
Street direction	PO Box or Route Number	Municipality (City, Town, etc.) Winnipeg	Province Manitoba	Postal code R3C 4G1

The security being (type(s) of security)	on (asset(s))
General Security Agreement dated March 22, 2022	All present and after-acquired property.
Unlimited Guarantee, dated March 22, 2022	In respect to obligations of Delta 9 Cannabis Inc.

Dated this 21st day of May, 2024 at Vancouver, British Columbia

McCarthy Tétrault LLP

Name of secured creditor or authorized representative (print)

Signature of secured creditor or authorized representative

+1 604-643-7154

Creditor's phone number and ext.

+1 604-643-7900

Creditor's fax number

LWilliams@mccarthy.ca

Email address of secured creditor or authorized representative

You are hereby notified of your right to make application under Section 5 of the *Farm Debt Mediation Act* for a review of your financial affairs, mediation with your creditors, and to obtain a stay of proceedings against this action. Provided you are:

- currently engaged in farming for commercial purposes; and
- insolvent, meaning that you are:
 - unable to meet your obligations as they generally become due; or
 - have ceased paying your current obligations in the ordinary course of business as they generally become due; or
 - the aggregate of your property is not, at fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process would not be sufficient, to enable payment of all your obligations, due and accruing due.

A secured creditor must wait 15 business days after this notice has been deemed served before beginning action to realize on their security. You may apply for mediation and a stay of proceedings at any time, before, during, or after the 15 business day period, by making an application to the Farm Debt Mediation Service.

The Farm Debt Mediation Service provides qualified farm financial counsellors to conduct a financial review and to prepare a recovery plan for your mediation meeting. Qualified mediators are provided to help you and your creditors reach a mutually satisfactory arrangement. Application forms and more information about the service can be obtained from:

Farm Debt Mediation Service

<https://agriculture.canada.ca/en/agricultural-programs-and-services/farm-debt-mediation-service>

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act*.

Eastern Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmseast-smmeaest.aac@agr.gc.ca

Fax: 1-506-452-4975

Western Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmwest-smmeaouest.aac@agr.gc.ca

Fax: 1-306-780-7353

**NOTICE OF INTENTION TO ENFORCE A SECURITY
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

To: Delta 9 Cannabis Store Inc.

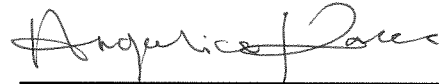
TAKE NOTICE THAT:

1. SNDL Inc. (f/k/a Sundial Growers Inc.) intends to enforce its security on Delta 9 Cannabis Store Inc.'s property described below:
 - a. all present and after-acquired personal property.
2. The security that is to be enforced is the following:
 - a. General Security Agreement, dated March 22, 2022
 - b. Unlimited Guarantee with respect to the obligations of Delta 9 Cannabis Inc., dated March 22, 2022;

(collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security as at May 21, 2022 is \$12,512,876.71 plus interest, costs, and other amounts recoverable and continuing to accrue to the date of payment.
4. SNDL Inc. (f/k/a Sundial Growers Inc.) will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless Delta 9 Cannabis Store Inc. consents to an earlier enforcement, by executing the consent and waiver attached hereto as **Schedule "A"** and providing a copy to the undersigned.

Dated at Vancouver, British Columbia, this 21st day of May, 2024.

SNDL Inc. (f/k/a Sundial Growers Inc.), by its solicitors, McCarthy Tétrault LLP



Lance Williams

SCHEDULE "A"**CONSENT TO AN EARLIER ENFORCEMENT
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)****To: Delta 9 Cannabis Store Inc.****TAKE NOTICE THAT:**

The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security dated _____, 2024 pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) with respect to the assets of Delta 9 Cannabis Store Inc., waives its right to the 10-day notice period to redeem the collateral, and consents to the immediate enforcement of the security held by SNDL Inc. (f/k/a Sundial Growers Inc.).

DATED at _____, this _____ day of _____, 2024.

Delta 9 Cannabis Store Inc.

Per:

Signature_____
Print Name_____
Title

This is Exhibit "H" referred to in the Affidavit of Ryan Hellard
sworn before me via two-way video conference this _____ day of December, 2024.

A Commissioner for Oaths in and for the Province of Alberta

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver BC V6E 0C5
Canada
Tel: 604-643-7100
Fax: 604-643-7900

**mccarthy
tétrault**

Angelica Kovac
Associate | Sociétaire
Direct Line: 604-643-5889
Email: akovac@mccarthy.ca

Assistant: Junko Breen
Direct Line: 604-643-7114
Email: jbreen@mccarthy.ca

May 22, 2024

Via Registered Mail

Delta 9 Bio-Tech Inc.
30th Floor, 360 Main Street
Winnipeg MB R3C 4G1

Delta 9 Bio-Tech Inc.
770 Pandora Avenue E
Winnipeg MB R2C 3N1

Delta 9 Bio-Tech Inc.
760 Pandora Avenue East
Winnipeg MB R2C 3N1

Delta 9 Bio-Tech Inc.
PO Box 68096 Osborne Village
Winnipeg, MB R3L 2V9

Re: Secured Loan Facilities granted by SNDL Inc. (f/k/a Sundial Growers Inc. (the "Lender") to Delta 9 Cannabis Inc. (the "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, the "Guarantors" and, together with the Borrower, the "Obligors" and, each, an "Obligor")

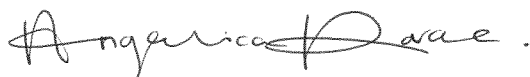
Further to our letter package sent to you on May 21, 2024, we want to inform you that a clerical error has been identified in the documents enclosed. We sincerely apologize for any inconvenience this may have caused and kindly ask that you disregard the contents of that package.

Attached please find a new package for Delta 9 Bio-Tech Inc.

Yours truly,

McCarthy Tétrault LLP

Per:



Angelica Kovac

Enclosure

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver BC V6E 0C5
Canada
Tel: 604-643-7100
Fax: 604-643-7900



Lance Williams*
Partner | Associé
Direct Line: 604-643-7154
Email: lwilliams@mccarthy.ca
***Law Corporation**

Assistant: Katerina Doumakis
Direct Line: 604-643-7910
Email: kdoumakis@mccarthy.ca

May 22, 2024

Via Registered Mail

Delta 9 Bio-Tech Inc.
30th Floor, 360 Main Street
Winnipeg MB R3C 4G1

Delta 9 Bio-Tech Inc.
770 Pandora Avenue E
Winnipeg MB R2C 3N1

Delta 9 Bio-Tech Inc.
760 Pandora Avenue East
Winnipeg MB R2C 3N1

Delta 9 Bio-Tech Inc.
PO Box 68096 Osborne Village
Winnipeg, MB R3L 2V9

Re: Secured Loan Facilities granted by SNDL Inc. (f/k/a Sundial Growers Inc. (the “Lender”) to Delta 9 Cannabis Inc. (the “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, the “Guarantors” and, together with the Borrower, the “Obligors” and, each, an “Obligor”)

Please be advised that we are counsel to the Lender. We write further to:

- (a) the Note Purchase Agreement, dated March 30, 2022, between the Borrower and the Lender (the “**Note Purchase Agreement**”);
- (b) the 10% Senior Secured Second-Lien Convertible Debenture, dated March 30, 2022, between the Borrower and the Lender issued in connection with the Note Purchase Agreement (the “**Debenture**”);
- (c) the Side Letter in respect of the Debenture dated March 9, 2022, between the Borrower and the Lender (the “**Side Letter**”, and collectively with the Note Purchase Agreement and Debenture, as each has been amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the “**Debenture Documents**”); and
- (d) the Guarantee (defined below), the Security (defined below), and any other guarantees, security documents, agreements, instruments, and documents entered into by any Obligor from time to time in connection with any of the Guarantee, the Security, or the Debenture Documents (collectively, in each case, as amended, supplemented, amended and restated, replaced, or otherwise modified from time to time, the “**Additional Documents**” and, collectively with the Debenture Documents, the “**Financing Documents**”).

Please note that all references herein to “dollars” or “\$” are to Canadian dollars.

As you know, pursuant to the Debenture Documents, the Lender made financing available to the Borrower in the principal amount of \$10,000,000 (the “**Loan**”).

Multiple defaults have occurred and are continuing under the Financing Documents including, without limitation:

1. the events of default described in (a) the first waiver in respect of the Debenture between the Lender and Borrower, dated August 11, 2022; (b) the second waiver in respect of the Debenture between the Lender and Borrower, dated September 9, 2022 (the "**Second Waiver**"); and (c) a written notice of default in respect of the Second Waiver delivered by the Lender to the Borrower, dated March 7, 2024; and
2. the occurrence of a material adverse change in the financial condition of the Obligors.

Accordingly, the Lender has demanded that the Borrower immediately repay of all of its indebtedness, liabilities, and other obligations under the Financing Documents, and we enclose a copy of the demand letter sent today to the Borrowers in connection therewith (the "**Demand Letter**").

As you know, Bio-Tech granted an unlimited guarantee and postponement with respect to the obligations of the Borrower, dated March 22, 2022.

In addition to the Guarantee, as general and continuing security for the payment and performance of all indebtedness, liabilities, and other obligations of the Borrower to the Lender, Bio-Tech also granted the Lender the following security (collectively, the "**Security**"):

- (a) a mortgage, dated March 22, 2022, granting the Lender a fixed and specific mortgage and charge, in the principal amount of \$14,000,000.00, over certain real property legally described as follows:

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

(collectively, the "**Mortgaged Properties**")

- (b) general assignment of leases and rents in respect of the Mortgaged Properties, dated March 22, 2022, granted by Bio-Tech in favour of the Lender; and
- (c) general security agreement, dated March 22, 2022, granted by Bio-Tech in favour of the Lender.

Further to the Demand Letter, pursuant to the Financing Documents, and on behalf of the Lender, we hereby demand immediate payment of all of the Borrower's indebtedness, liabilities, and other obligations under the Financing Documents, which, as at May 21, 2024, total \$12,512,876.71 (the "**Borrower Indebtedness**").

The Borrower Indebtedness is calculated as of May 21, 2024, and does not include any interest which may accrue after such date, legal fees and expenses, and/or any other costs or amounts recoverable pursuant to the Financing Documents (collectively, "**Additional Indebtedness**").

Payment of the Borrower Indebtedness, together with all Additional Indebtedness incurred to the date of payment (collectively, the "**Total Indebtedness**"), should be made by wire transfer, bank draft or certified cheque within 22 business days of the date of this letter, payable to:

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver, BC V6E 0C5
Attention: Sue Danielisz

Prior to making payment, please ensure you contact Ms. Danielisz at 604-643-5904 or sdanielisz@mccarthy.ca to confirm the Total Indebtedness on the date payment is to be made.

If payment of the Total Indebtedness is not made on or within 22 business days of this letter, the Lender will take such steps as it considers necessary to protect its rights and security, including, but not limited, to commencing action against the Obligors, without further notice to you.

We hereby enclose a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended. To the extent that the *Farm Debt Mediation Act*, SC 1997, c. 21, as amended (the "**FDMA**"), also applies, we also enclose a Notice of Intent by Secured Creditor, in accordance with section 21 of the FDMA.

For the avoidance of doubt, the Lender expressly reserves all rights, powers, and privileges available to it under the Financing Documents, applicable law, and otherwise, including, without limitation, the right to appoint an interim receiver over any of the Obligors, and/or their assets and undertaking, prior to the expiry of any applicable notice period.

Yours truly,

McCarthy Tétrault LLP

Per:



Lance Williams*

LW/kd
Enclosures

**NOTICE OF INTENTION TO ENFORCE A SECURITY
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

To: Delta 9 Bio-Tech Inc.

TAKE NOTICE THAT:

1. SNDL Inc. (f/k/a Sundial Growers Inc.) intends to enforce its security on Delta 9 Bio-Tech Inc.'s property described below:
 - a. real property in the Province of Manitoba legally described as:
 - (i) PARCELS A, B, C, D, E AND F PLAN 51110 WLTO EXC FIRSTLY: OUT OF SAID PARCELS A AND C ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL GRAVEL AND VALUABLE STONE OF EVERY DESCRIPTION THAT MAY BE FOUND IN UPON OR UNDER SAID PARCELS A AND C TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME SECONDLY: OUT OF SAID PARCELS B AND E, ALL MINES AND MINERALS AS RESERVED IN DEED 2374744 WLTO AND THIRDLY: OUT OF SAID PARCEL F, ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 2374748 WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS (the "**Mortgaged Property**");
 - b. all leases in respect of the Mortgaged Property and all rents payable in respect of the Mortgaged Property;
 - c. all present and after-acquired personal property which is, now or at any time hereafter, located at, related to, used in connection with, arises from the business or affairs carried on at, and/or generated in respect of the Mortgaged Property and the following properties, and all parts, accessories, attachments, equipment additions, accretions and accessions thereto and proceeds thereof:
 - (i) 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 "**G Parcel**");
 - (ii) 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 (the "**J Parcel**");
 - (iii) 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 (the "**K Parcel**"); and
 - (iv) 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 (the "**H Parcel**" and collectively with the Mortgaged Property, the
G Parcel, the J Parcel, and the K Parcel, the "**Properties**").

2. The security that is to be enforced is the following:
 - a. Mortgage in respect of the Mortgaged Property dated March 22, 2022;
 - b. General Assignment of Leases and Rents in respect of the Mortgaged Property, dated March 22, 2022;
 - c. General Security Agreement, dated March 22, 2022; and
 - d. Unlimited Guarantee with respect to the obligations of Delta 9 Cannabis Inc., dated March 22, 2022;

(collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security as at May 21, 2024 is \$12,512,876.71 plus interest, costs, and other amounts recoverable and continuing to accrue to the date of payment.
4. SNDL Inc. (f/k/a Sundial Growers Inc.) will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless Delta 9 Bio-Tech Inc. consents to an earlier enforcement, by executing the consent and waiver attached hereto as **Schedule "A"** and providing a copy to the undersigned.

Dated at Vancouver, British Columbia, this 22nd day of May, 2024.

SNDL Inc. (f/k/a Sundial Growers
Inc.), by its solicitors, McCarthy
Tétrault LLP



Lance Williams

SCHEDULE "A"**CONSENT TO AN EARLIER ENFORCEMENT
UNDER SECTION 244 OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)****To: Delta 9 Bio-Tech Inc.****TAKE NOTICE THAT:**

The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security dated _____, 2024 pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) with respect to the assets of Delta 9 Cannabis Inc., waives its right to the 10-day notice period to redeem the collateral, and consents to the immediate enforcement of the security held by SNDL Inc. (f/k/a Sundial Growers Inc.).

DATED at _____, this _____ day of _____, 2024.

Delta 9 Bio-Tech Inc.

Per:

Signature_____
Print Name_____
Title



Agriculture and
Agri-Food Canada

Farm Debt
Mediation Service

Agriculture et
Agroalimentaire Canada

Service de médiation en
matière d'endettement agricole

PROTECTED B
when completed

NOTICE OF INTENT BY SECURED CREDITOR

As required under Section 21 of the *Farm Debt Mediation Act*, you are hereby notified that it is the intent of:

Name of creditor

SNDL Inc. (f/k/a Sundial Growers Inc.)

To enforce a remedy against the property of; or commence a proceeding, action, execution or other proceeding, judicial or extra-judicial, for the recovery of a debt, the realization of the security or the taking of the property of:

Full name of farmer or business name

Delta 9 Bio-Tech Inc.

Farmer's address

Unit/Suite/Apt. 30th Floor	Street Number 360	Number Suffix	Street Name Main	Street Type Street
Street direction	PO Box or Route Number	Municipality (City, Town, etc.) Winnipeg	Province Manitoba	Postal code R3C 4G1

The security being (type(s) of security)

on (asset(s))

See Schedule "A" attached.

See Schedule "A" attached.

Dated this 22nd day of May, 2024 at Vancouver, British Columbia

McCarthy Tétrault LLP

Name of secured creditor or authorized representative (print)

Signature of secured creditor or authorized representative

+1 604-643-7154

Creditor's phone number and ext.

+1 604-643-7900

Creditor's fax number

LWilliams@mccarthy.ca

Email address of secured creditor or authorized representative

You are hereby notified of your right to make application under Section 5 of the *Farm Debt Mediation Act* for a review of your financial affairs, mediation with your creditors, and to obtain a stay of proceedings against this action. Provided you are:

- currently engaged in farming for commercial purposes; and
- insolvent, meaning that you are:
 - unable to meet your obligations as they generally become due; or
 - have ceased paying your current obligations in the ordinary course of business as they generally become due; or
 - the aggregate of your property is not, at fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process would not be sufficient, to enable payment of all your obligations, due and accruing due.

A secured creditor must wait 15 business days after this notice has been deemed served before beginning action to realize on their security. You may apply for mediation and a stay of proceedings at any time, before, during, or after the 15 business day period, by making an application to the Farm Debt Mediation Service.

The Farm Debt Mediation Service provides qualified farm financial counsellors to conduct a financial review and to prepare a recovery plan for your mediation meeting. Qualified mediators are provided to help you and your creditors reach a mutually satisfactory arrangement.

Application forms and more information about the service can be obtained from:

Farm Debt Mediation Service

<https://agriculture.canada.ca/en/agricultural-programs-and-services/farm-debt-mediation-service>

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act*.

Eastern Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmseast-smmeaest.aac@agr.gc.ca

Fax: 1-506-452-4975

Western Canada Office

Tel: 1-866-452-5556

Email: aafc.fdmwest-smmeaouest.aac@agr.gc.ca

Fax: 1-306-780-7353

Notice of Intent by Secured Creditor

Schedule "A"

The security being (type(s) of security)	On (asset(s))
Mortgage dated March 22, 2022	Real property described therein (the "Mortgaged Property")
General Assignment of Leases and Rents dated March 22, 2022	All leases in respect of the Mortgaged Property and all rents payable in respect of the Mortgaged Property
General Security Agreement dated March 22, 2022	All present and after-acquired personal property which is, now or at any time hereafter, located at, related to, used in connection with, arises from the business or affairs carried on at, and/or generated in respect of the real property described therein, and all parts, accessories, attachments, equipment additions, accretions and accessions thereto and proceeds thereof
Unlimited Guarantee dated March 22, 2022	All debts and liabilities of Delta 9 Cannabis Inc.

This is Exhibit "I" referred to in the Affidavit of Ryan Hellard
sworn before me via two-way video conference this _____ day of December, 2024.

A Commissioner for Oaths in and for the Province of Alberta

PURCHASE AND SALE OF INDEBTEDNESS AGREEMENT

This Purchase and Sale of Indebtedness Agreement (this “**Agreement**”) is made as of July 5, 2024 between **CONNECT FIRST AND SERVUS CREDIT UNION LTD.** (formerly Connect First Credit Union Ltd.) (including its successors and assigns, “**Connect First**”) and **SNDL INC.** (including its successors and assigns, “**SNDL**”).

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 in the total aggregate amount of \$27,868,283.94 (the “**Debt**”);

AND WHEREAS, the Debt is evidenced, guaranteed, and secured, as applicable, by the Commitment Letter and the other Loan Documents (defined below);

AND WHEREAS, SNDL is the subordinate lender to the Borrower and holds security over the Obligors subject to the Priority Agreement (defined below);

AND WHEREAS, Connect First has agreed to sell, and SNDL has agreed to purchase, the Purchased Indebtedness (defined below), on the terms described herein;

AND WHEREAS, Connect First will deposit the unutilized portion (the “**Authorized Overdraft Deposit**”) of the Borrower’s authorized overdraft facility (the “**Authorized Overdraft**”) in the Borrower’s deposit account with Connect First such that, within two business days of the Effective Date, the Authorized Overdraft shall be fully advanced to the Borrower in the principal amount of \$4,000,000.00;

NOW THEREFORE in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Capitalized Terms.

(a) All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Commitment Letter.

(b) In addition to the terms defined above and elsewhere herein, the following terms have the following meanings in this Agreement:

(i) “**Loan Documents**” means the Commitment Letter, the Security, and all security and guarantees held by or on behalf of Connect First securing and/or guaranteeing (or intending to secure and/or guarantee) the Debt, and any other agreements, documents, and/or instruments delivered in connection therewith or pursuant thereto, including, without limitation, the agreements, documents, and instruments listed on Schedule “A” hereto (in each case, as amended, amended and restated, renewed, extended, supplemented, replaced, or otherwise modified from time to time);

- (ii) **“Priority Agreement”** means the priority, subordination and standstill agreement dated March 30, 2022 among Connect First, SNDL, and the Borrower (as amended, amended and restated, renewed, extended, supplemented, replaced, or otherwise modified from time to time); and
- (iii) **“Purchased Indebtedness”** means all of Connect First’s rights, title, interest in, and to, and obligations as a lender under, the Commitment Letter and the other Loan Documents, including, without limitation, the Debt, all of Connect First’s interests in any insurance policies of any of the Obligors, all of Connect First’s title insurance policies with respect to any of the Lands (as defined on Schedule “A”), all of Connect First’s rights of enforcement regarding warranties, representations, covenants, events of default, remedies, and indemnities made by the Obligors under the Loan Documents, and all rights, suits, claims, causes of action, or other rights of Connect First (as a lender) against any person or entity, whether known or unknown, arising under or with respect to any Loan Document or the transactions contemplated thereby or otherwise based on or related to any of the foregoing (including, without limitation, contract claims, tort claims, malpractice claims, statutory claims, and all other claims at law or in equity).

2. Purchase and Sale of Purchased Indebtedness. Effective on the date hereof (the **“Effective Date”**):

- (a) Connect First irrevocably sells, assigns, transfers, and sets over unto SNDL, and SNDL irrevocably purchases from Connect First, the Purchased Indebtedness, 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. “As Is, Where Is” Basis.

- (a) Except as expressly set forth in this Agreement, Connect First makes no representations or warranties, including, without limitation, representations or warranties with respect to (i) any statements, representations, or warranties made in or in connection with the Loan Documents, (ii) the execution, validity, legality, sufficiency, genuineness or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document, (iii) the financial condition of the Obligors, or (iv) the performance or observance by the Obligors of any of their respective obligations under any Loan Document.
- (b) SNDL acknowledges and agrees that:
 - (i) the Purchased Indebtedness is being acquired on an *“as is, where is, and without recourse or liability”* basis, without any representations or warranties from Connect First except for those expressly set out in this Agreement;
 - (ii) it has been provided with copies of the Loan Documents listed on Schedule “A” hereto; and

- (iii) from and after the Effective Date, Connect First will have no liability to SNDL in relation to the amounts deposited into, or withdrawn from, the bank accounts of the Borrower held with Connect First (save and except in connection with any rights that SNDL may have as a secured creditor under applicable laws).

4. Purchase Price. The aggregate purchase price for the purchase by SNDL from Connect First of the Purchased Indebtedness is \$28,138,283.94 (the “**Purchase Price**”). SNDL shall pay the Purchase Price to McMillan LLP, solicitors for Connect First, on the Effective Date in immediately available funds. Connect First irrevocably authorizes SNDL to pay the Purchase Price and the Legal Fees (defined below) to McMillan LLP in accordance with the wire instructions attached as Schedule “B” hereto, and this shall be SNDL’s good and sufficient authority for doing so.

5. Representations and Warranties, Covenant of Connect First.

(a) Connect First represents and warrants to SNDL as follows (acknowledging that SNDL is relying thereon in connection with its entering into this Agreement and the consummation of the transactions contemplated hereby):

- (i) Connect First is duly formed, organized and validly existing and in good standing under the laws of the jurisdiction of its formation.
- (ii) Connect First is the sole legal and beneficial owner of the Purchased Indebtedness free and clear of any lien, encumbrance, or security interest. Without limiting the generality of the foregoing, Connect First has not sold, transferred, assigned, encumbered, postponed, released, discharged, compromised, or agreed to sell, transfer, assign, encumber, postpone, release, discharge, or compromise any of the Purchased Indebtedness and/or any of its interest in the collateral described in the Loan Documents.
- (iii) Connect First has all necessary power and capacity to execute and deliver, and to observe and perform its covenants and obligations under, this Agreement.
- (iv) Connect First has taken all action necessary to authorize the execution and delivery of, and the observance and performance of its covenants and obligations under, this Agreement.
- (v) This Agreement has been duly authorized, executed, and delivered by Connect First and constitutes a legal, valid, and binding obligation of Connect First enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy laws and other laws of general application relating to creditors’ rights or general principles of equity.
- (vi) No consent, approval, waiver or authorization is required to be obtained by Connect First from any person or entity (including, without limitation, any governmental authority) in connection with the execution, delivery, and performance by Connect First of this Agreement and the consummation of

the transactions contemplated hereby (including, without limitation, the sale of the Purchased Indebtedness).

- (vii) Connect First has provided SNDL with true and complete copies of all of the Loan Documents listed on Schedule "A" hereto.
- (viii) As more particularly set out in a Letter re: Notice of Breach for Financial Covenant, dated June 13, 2024, a true and complete copy of which is attached as Schedule "C" hereto, an Event of Default has occurred and is continuing under the Commitment Letter and the other Loan Documents.
- (ix) As of the date hereof, the full amount of the Debt (including, for the avoidance of doubt, the Authorized Overdraft Deposit) is \$27,868,283.94, and the full amount of the Debt is due and owing from the Obligor to Connect First. Attached as Schedule "D" hereto are a true and complete copies of payout statements for the Debt, which show a breakdown of the principal, interest, fees, and other amounts comprising the Debt (other than the portion of the Debt arising from the Authorized Overdraft Deposit), as of the date hereof.
- (x) Connect First is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**").

(b) SNDL represents and warrants to Connect First as follows (acknowledging that Connect First is relying thereon in connection with its entering into of this Agreement and the consummation of the transaction contemplated hereby):

- (i) SNDL is duly incorporated, organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation.
- (ii) SNDL has all necessary power and capacity to execute and deliver, and to observe and perform its covenants and obligations under, this Agreement.
- (iii) SNDL has taken all action necessary to authorize the execution and delivery of, and the observance and performance of its covenants and obligations under, this Agreement.
- (iv) This Agreement has been duly authorized, executed, and delivered by SNDL and this Agreement constitutes a legal, valid, and binding obligation of SNDL enforceable against SNDL in accordance with its terms except as the enforcement thereof may be limited by bankruptcy and insolvency laws and other laws of general application relating to creditors' rights or general principles of equity.
- (v) No consent, approval, waiver or authorization is required to be obtained by SNDL from any person or entity (including, without limitation, any governmental authority) in connection with the execution, delivery, and performance by SNDL of this Agreement and the consummation of the transactions contemplated hereby (including, without limitation, the purchase of the Purchased Indebtedness).

- (vi) SNDL is not a non-resident of Canada within the meaning of the Tax Act.
- (vii) SNDL has, independently and without reliance upon Connect First (save and except for the representations and warranties of Connect First expressly made herein), and based on such information as SNDL has deemed appropriate, made its own analysis and decision to enter into this Agreement.

(c) The representations and warranties of Connect First and SNDL set forth above shall survive the consummation of the transaction contemplated hereby and shall continue in effect without limitation.

(d) As soon as available and, in any event, within two business days of the Effective Date, Connect First covenants and agrees that it shall advance the Authorized Overdraft Deposit to the Borrower and provide SNDL with evidence satisfactory to SNDL in its sole discretion that, within two business days of the Effective Date, the Authorized Overdraft Deposit has been made and the Authorized Overdraft is fully advanced to the Borrower in the principal amount of \$4,000,000.00

6. Payments under Loan Documents. Notwithstanding any provision of the Loan Documents or any other provision of this Agreement:

(a) after the Effective Date, all principal, interest, fees, and other amounts owing under, pursuant to, or in respect of any loans or credit facilities made available in accordance with the Loan Documents for any period of time or in respect of any event or circumstance, including, without limitation, any standby and commitment fees and fees payable in respect of letters of credit, letters of guarantee, and similar instruments shall be payable to SNDL and Connect First shall have no right, title or interest in the same, and Connect First will hold in trust for SNDL all such amounts which it may receive from or on behalf of any Obligor, and will pay the same to SNDL promptly upon receipt; and

(b) SNDL shall have no right, title or interest in or to any principal, interest or fees which were paid to Connect First under, pursuant to, or in respect of any loans or credit facilities made available in accordance with the Loan Documents for any period of time or in respect of any event or circumstance occurring on or prior to the Effective Date, including, without limitation, any standby and commitment fees and fees payable in respect of letters of credit, letters of guarantee and similar instruments which Connect First collected before the Effective Date.

7. Covenants of SNDL. SNDL covenants and agrees with Connect First that:

(a) The enforcement and all other dealings relating to the Purchased Indebtedness and the Loan Documents shall be done in the name of SNDL and not in the name of Connect First.

(b) SNDL shall promptly execute and register the financing change statements, security notices, and other instruments which are required to record the assignment of the Security under the *Personal Property Security Act* (British Columbia), the *Personal Property Security Act* (Alberta), the *Personal Property Security Act* (Saskatchewan), the *Personal Property Security Act* (Manitoba), *The Real Property Act* (Manitoba), and any other applicable legislation in force under which the Security has been registered (all such

financing change statements, security notices, and other instruments, collectively, the “**Assignments of Security Interest**”). If SNDL fails to submit or file the Assignments of Security Interest for registration within thirty days of the Effective Date, Connect First may do so, and SNDL shall promptly reimburse Connect First for all costs incurred in doing so and SNDL hereby authorizes Connect First or its legal counsel to register the Assignments of Security Interest in accordance with the foregoing.

(c) Any taxes levied under Part IX of the *Excise Tax Act* (Canada) that are payable with respect to the sale or assignment of the Purchased Indebtedness shall be paid by SNDL in addition to the Purchase Price and SNDL shall indemnify and save harmless Connect First from any liability or obligation in respect of any such taxes.

8. Authorization and Direction. Connect First hereby irrevocably authorizes and directs SNDL, its legal counsel, and any other authorized agents of SNDL to execute and register the Assignments of Security Interest, and this shall be their good and sufficient authority for doing so.

9. Time of the Essence. Time is of the essence in this Agreement.

10. Governing Law. This Agreement is governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

11. Submission to Jurisdiction. Any action or proceeding arising out of this Agreement and all transactions and matters contemplated hereby may be instituted in the courts of the Province of Alberta, and each party irrevocably submits to the non-exclusive jurisdiction of such courts in any such action or proceeding.

12. Successors and Assigns. This Agreement is binding upon, and shall enure to the benefit of, the parties hereto and their respective successors and assigns.

13. Currency. Unless otherwise stated, all references in this Agreement to dollar amounts, “dollars” or “\$” are references to Canadian dollars.

14. Notices. Any notice or other communication to be given under this Agreement shall be in writing and may effectively be given to a party hereto by delivering the same to, or sending the same by email transmission, to the other party at its address or email address set forth opposite its signature line below or such other address as may be advised by such party to the other in accordance with this section from time to time.

15. Further Assurances. Each party shall execute and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby. Without limiting the generality of the foregoing, Connect First agrees to provide to SNDL, promptly upon request of SNDL:

(a) any and all of Connect First’s records relating to the Loan Documents (including, without limitation, any and all evidence of the Debt);

(b) any documents, instruments, and/or agreements required for SNDL to execute and register the Assignments of Security Interest; and

(c) any documents, instruments, and/or agreements required by any of the Obligors' insurance providers and/or Connect First's title insurance provider to effect the transfer of Connect First's interests in any of the Obligors' insurance policies and/or Connect First's title insurance policies with respect to the any of the Lands, in each case, to SNDL.

16. Amendments. This Agreement may only be amended, amended and restated, or otherwise modified by an agreement in writing signed by Connect First and SNDL. No waiver under this Agreement is effective unless it is in writing, identified as a waiver to this Agreement and signed by the party waiving its right.

17. Termination of Priority Agreement. The parties acknowledge, confirm, and agree that the Priority Agreement is terminated and rendered of no force and effect.

18. Costs and Expenses. SNDL agrees to pay all reasonable and documented third-party legal expenses incurred by Connect First in connection with the preparation, negotiation, execution, and delivery of this Agreement, up to a maximum amount of \$25,000.00 plus applicable taxes (collectively, the "**Legal Fees**") concurrently with payment of the Purchase Price in accordance with this Agreement. Except as provided in the immediately preceding sentence, each party shall pay for all of the costs and expenses that it incurs in connection with this Agreement and the transactions contemplated hereby, including the preparation, negotiation, execution, and delivery of this Agreement, and neither party shall have any obligation to pay for any such costs and expenses of the other party.

19. Counterparts. This Agreement 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 Agreement 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 Agreement.

[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

Address for notices:

Connect First and Servus Credit Union Ltd.
P.O. Box 908
Calgary, Alberta T2P 2J6

Attention: Ryan Andries

Email: randries@connectfirstcu.com

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

McMillan LLP

1700 – 421 7th Avenue SW
Calgary, AB T2P 4K9

Attention: Adam Maerov

Email: adam.maerov@mcmillan.ca

Address for notices:

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

Attention: Zachary George

Email: zgeorge@sndl.com

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

McCarthy Tétrault LLP

5300 – 66 Wellington St W
Toronto, ON M5K 1E6

Attention: Ranjeev Dhillon, Lance Williams,
and Jenna Clark

Email: rdhillon@mccarthy.ca,
lwilliams@mccarthy.ca, and
jkrclark@mccarthy.ca

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: _____

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

Address for notices:

Connect First and Servus Credit Union
Ltd.

P.O. Box 908
Calgary, Alberta T2P 2J6

Attention: Ryan Andries

Email: randries@connectfirstcu.com

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

McMillan LLP

1700 – 421 7th Avenue SW
Calgary, AB T2P 4K9

Attention: Adam Maerov

Email: adam.maerov@mcmillan.ca

Address for notices:

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

Attention: Zachary George

Email: zgeorge@sndl.com

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

McCarthy Tétrault LLP

5300 – 66 Wellington St W
Toronto, ON M5K 1E6

Attention: Ranjeev Dhillon, Lance Williams,
and Jenna Clark

Email: rdhillon@mccarthy.ca,
lwilliams@mccarthy.ca, and
jkrclark@mccarthy.ca

**CONNECT FIRST AND SERVUS CREDIT
UNION LTD.**

By: _____

Name:

Title:

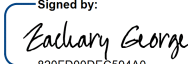
By: _____

Name:

Title:

SNDL INC.

Signed by:

By:  _____

Name: Zachary George

Title: Chief Executive Officer

By: _____

Name:

Title:

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
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 B
WIRE INSTRUCTIONS**

Wire transfer details for McMillan LLP Canadian Dollar Trust Account:

Bank Name: Royal Bank of Canada
Bank Address: 740 – 8th Ave. SW, Calgary, AB, Canada T2P 1H2
Bank No.: 0003
Transit No.: 02539
Account No.: 101-362-2
Swift Code: ROYCCAT2

Account Name: McMillan LLP - CAD Calgary Trust
Address: TD Canada Trust Tower, 421 7th Avenue SW, Suite 1700, Calgary, AB T2P 4K9

Attention: Adam Maerov
Matter Number: 308343

SCHEDULE C
LETTER RE: NOTICE OF BREACH OF FINANCIAL COVENANT

Attached.



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.



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 D
PAYOUT STATEMENTS**

Attached.

July 04, 2024

Delta 9 Cannabis Inc.
Unit 210, 777 8th Ave SW
Calgary, AB T2P 3R5

Dear Sir/Madam:

Re: Payout Statement:
Commercial Loan Account(s) #

Delta 9 Cannabis Inc M#3105110
Loan # 723112106783

As per your request on July 04, 2024, we are providing the following information:

EXCEPTING OMISSIONS AND ERROS

Authorized Limit	\$4,000,000.00
Principal Outstanding as of July 05, 2024	\$3,985,255.50
Interest Outstanding as of July 05, 2024	\$4,613.13
Total Payable as of July 05, 2024	\$3,989,868.63

Next Regular Payment Due July 31, 2024

Loan Number 723112106783 is a Authorized Overdraft therefore you will need to contact our office on date of payout to confirm the outstanding balance. For information purposes, we have quoted outstanding balance and interest as at time of writing.

The balance, accrued interest and the Per Diem outstanding may differ from the amounts quoted above. Please contact OSS Credit at (403) 736 4357 ext.3 on the date funds are to be forwarded to obtain an exact payout figure.

The payout payment must be received by 3:00 p.m. on the date payout is to be advanced, otherwise, please add on appropriate per diem interest for any extra day(s). (ie. Please allow for weekends.) Please ensure the payout is sent to the attention of the undersigned at the address listed on the first page of this letter with attention to: Operational Support Services.

Yours truly,

CONNECT FIRST AND SERVUS CREDIT UNION LTD.

July 5, 2024

Delta 9 Cannabis Inc.
Unit 210 777 8th Ave SW
Calgary, AB T2P 3R5
Fax # :
Your File No:

Loan Number: 723112205676

Member Name: Delta 9 Cannabis Inc.
Property Address:
Short Legal

Principal Balance as of	July 5, 2024		\$4,262,193.45
Accrued Interest as of		\$0.00	
Prepayment Penalty			
LESS Loan in Progress		\$0.00	
Total Payout as at	July 5, 2024		
Per Diem		\$531.31	
Next Regular Payment Due:	August 5, 2024		

*** Payments due after date of this letter have not been taken into consideration in the above quoted payout statement.**

The payout payment must be received by 3:00 p.m. on the date payout is to be advanced, otherwise, please add on appropriate per diem interest for any extra day(s). (ie. Please allow for weekends.) Please ensure the payout is sent to the attention of the undersigned at the address listed on the first page of this letter with attention to: **Operational Support Services**

This statement is issued subject to any errors and omissions. Adjustments will be necessary if any entries are reversed or if sundry items are paid.

Yours truly,
CONNECT FIRST AND SERVUS CREDIT UNION LTD.

Connect First Credit Union Ltd.
200 - 2850 Sunridge BLVD NE Calgary, AB T1Y 6G2
Tel: (403) 736-4357 EXT 3 Option 2

July 5, 2024

Delta 9 Cannabis Inc.
Unit 210 777 8th Ave SW
Calgary, AB T2P 3R5
Fax # :
Your File No:

Loan Number: 723112205601

Member Name: Delta 9 Cannabis Inc.
Property Address:
Short Legal

Principal Balance as of	July 5, 2024		\$19,606,090.49
Accrued Interest as of		\$0.00	
Prepayment Penalty			
LESS Loan in Progress		\$0.00	
Total Payout as at	July 5, 2024		
Per Diem		\$2,444.05	
Next Regular Payment Due:	August 5, 2024		

*** Payments due after date of this letter have not been taken into consideration in the above quoted payout statement.**

The payout payment must be received by 3:00 p.m. on the date payout is to be advanced, otherwise, please add on appropriate per diem interest for any extra day(s). (ie. Please allow for weekends.) Please ensure the payout is sent to the attention of the undersigned at the address listed on the first page of this letter with attention to: **Operational Support Services**

This statement is issued subject to any errors and omissions. Adjustments will be necessary if any entries are reversed or if sundry items are paid.

Yours truly,
CONNECT FIRST AND SERVUS CREDIT UNION LTD.

Connect First Credit Union Ltd.
200 - 2850 Sunridge BLVD NE Calgary, AB T1Y 6G2
Tel: (403) 736-4357 EXT 3 Option 2