

COURT FILE NO.:

2301- 02578

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

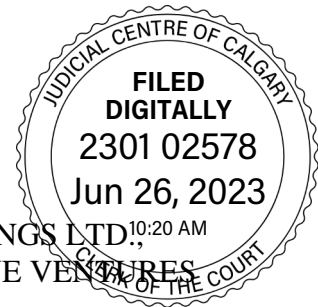
CALGARY

PLAINTIFF

ENZIO HOLDINGS LTD.

DEFENDANTS

CANDRE CANNABIS INC., FRONDIS HOLDINGS LTD.,
CALYPTRA CULTIVATION INC. and JASMINE VENTURES
LTD.



DOCUMENT

APPROVAL AND VESTING ORDER

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

BENNETT JONES LLP

Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard and Michael W. Selnes
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Fax No.: 403-265-7219
Client File No. 071752.4

Email: simardc@bennettjones.com and
selnesm@bennettjones.com

DATE ON WHICH ORDER WAS PRONOUNCED: June 22, 2023

NAME OF JUSTICE WHO MADE THIS ORDER: Justice G.A. Campbell

LOCATION OF HEARING: Calgary, AB (via Webex)

UPON THE APPLICATION of Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as court-appointed receiver (in such capacity, the "**Receiver**") of certain of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, of Candre Cannabis Inc. (the "**Debtor**"), for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Enzo Holdings Ltd. (the "**Purchaser**") dated June 6, 2023, a redacted copy of which is attached as Appendix "A" to the Third Report of the Receiver, dated June 12,

2023 (the "**Third Report**"), and vesting in the Purchaser (or its nominee) all of the Debtor's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement);

AND UPON HAVING READ the Receivership Order dated March 6, 2023 (the "**Receivership Order**"), the Third Report, the Confidential Appendix to the Third Report and the Affidavit of Service of Donna Kathler, sworn on June 14, 2023;

AND UPON HEARING the submissions of counsel for the Receiver, counsel to the Purchaser, and any other interested parties appearing at the application;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE AND DEFINITIONS

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION

2. The Transaction is hereby approved and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PURCHASED ASSETS

3. Upon the delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form and substance set out in **Schedule "A"** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed

trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order;
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders' Lien Act* (Alberta) or the *Prompt Payment and Construction Lien Act* (Alberta); and
- (d) those Claims listed on **Schedule "B"** hereto (all of which are collectively referred to as the "**Encumbrances**" which term shall not include the permitted encumbrances, caveats, easements and restrictive covenants listed on **Schedule "C"** (collectively, the "**Permitted Encumbrances**"))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

4. Upon delivery of the Receiver's Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Receiver's Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee

clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) the Registrar of Land Titles (the "**Land Titles Registrar**") for the lands defined below shall and is hereby authorized, requested and directed to forthwith:
 - (i) cancel existing Certificates of Title No. 181 106 563 for those lands and premises municipally described as 819 5 Ave SW, Sundre, AB T0M 1X0, and legally described as:

PLAN 1810863
BLOCK 3
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.936 HECTARES (2.31 ACRES) MORE OR LESS
(the "**Lands**");
 - (ii) issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, Enzo Holdings Ltd. ;
 - (iii) transfer to the New Certificate of Title the existing instruments listed in Schedule "C", to this Order, and to issue and register against the New Certificate of Title such new caveats, utility rights of ways, easements or other instruments as are listed in Schedule "C"; and
 - (iv) discharge and expunge the Encumbrances listed in Schedule "B" to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands; and
- (b) the Registrar of the Alberta Personal Property Registry (the "**PPR Registrar**") shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the

estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Receiver's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement.
7. Upon delivery of the Receiver's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c. L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.
8. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they

had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.

9. Except as expressly provided for in the Sale Agreement, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor.
10. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
11. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.
12. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.

13. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

MISCELLANEOUS MATTERS

14. Notwithstanding:

- (a) the pendency of these proceedings and the declaration of insolvency made herein;
- (b) the pendency of any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c.B-3, as amended (the "**BIA**") in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of the Debtor; and
- (d) the provisions of any federal or provincial statute;

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

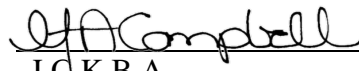
15. The Receiver and the Purchaser (or its nominee) shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
16. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals,

regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

17. Service of this Order shall be deemed good and sufficient by:

- (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
- (b) posting a copy of this Order on the Receiver's website at <https://www.alvarezandmarsal.com/candre>.

18. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.


J.C.K.B.A.

SCHEDULE "A"
FORM OF RECEIVER'S CERTIFICATE

COURT FILE NUMBER	2301- 02578
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ENZIO HOLDINGS LTD.
DEFENDANTS	CANDRE CANNABIS INC., FRONDIS HOLDINGS LTD., CALYPTRA CULTIVATION INC. and JASMINE VENTURES LTD.

DOCUMENT	<u>RECEIVER'S CERTIFICATE</u>
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ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	BENNETT JONES LLP Barristers and Solicitors 4500, 855 – 2nd Street S.W. Calgary, Alberta T2P 4K7
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Attention: Chris Simard and Michael W. Selnes
Tel No.: 403-298-4485/3311
Fax No.: 403-265-7219
Client File No. 071752.4
Email: simardc@bennettjones.com and
selnesm@bennettjones.com

RECITALS

- A. Pursuant to an Order of the Honourable Justice Fagnan of the Court of King's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated March 6, 2023, Alvarez & Marsal Canada Inc. was appointed as receiver and manager (the "**Receiver**") of Candre Cannabis Inc. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated June 22, 2023, the Court approved the agreement of purchase and sale made as of June 6, 2023 (the "**Sale Agreement**") between the Receiver and Enzo Holdings Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser (or its nominee) of

the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 14, 15 and 16 of the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid in full the Purchase Price to be paid for the Purchased Assets on the Closing Date pursuant to the Sale Agreement and the Receiver has received the cash portion of the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The Vendor and the Purchaser have each confirmed to the Receiver in writing, by delivering the Conditions Certificates, that the conditions to Closing referred to in sections 14, 15, and 16 of the Sale Agreement have been satisfied and/or waived, as applicable;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**, 2023.

ALVAREZ & MARSAL CANADA INC.
its capacity as Court-appointed Receiver
the assets, undertakings and properties
CANDRE CANNABIS INC., and not in
personal or corporate capacity
Per: _____

SCHEDULE "B"
Encumbrances

Registration Number	Date (D/M/Y)	Particulars
181 106 564	25/05/2018	MORTGAGE MORTGAGEE - ENZIO HOLDINGS LTD. 840, 517 - 10 AVENUE SW CALGARY ALBERTA T2R0A8 ORIGINAL PRINCIPAL AMOUNT: \$580,332
181 106 565	25/05/2018	MORTGAGE MORTGAGEE - ENZIO HOLDINGS LTD. 840, 517 - 10 AVENUE SW CALGARY ALBERTA T2R0A8 ORIGINAL PRINCIPAL AMOUNT: \$25,000,000
181 257 074	27/11/2018	BUILDER'S LIEN LIENOR - PARAMOUNT STRUCTURES INC. SUITE 750,101 6TH AVE SW CALGARY ALBERTA T2P3P4 AGENT - LIEN PRO INC. AMOUNT: \$680,613
181 264 825	07/12/2018	BUILDER'S LIEN LIENOR - MOLI INDUSTRIES LTD. 1880 CENTRE AVE NE CALGARY ALBERTA T2E0A6 AMOUNT: \$695,561
191 000 650	02/01/2019	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 181264825
191 095 749	22/05/2019	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 181257074
211 093 439	11/05/2021	CAVEAT

		RE : AMENDING AGREEMENT CAVEATOR - ENZIO HOLDINGS LTD. 840, 517 - 10 AVENUE SW CALGARY ALBERTA T2R0A8 (DATA UPDATED BY: TRANSFER OF CAVEAT 221099594)
211 251 992	16/12/2021	CAVEAT RE : AMENDING AGREEMENT CAVEATOR - ENZIO HOLDINGS LTD. 840, 517 - 10 AVENUE SW CALGARY ALBERTA T2R0A8 (DATA UPDATED BY: TRANSFER OF CAVEAT 221099594)

SCHEDULE "C"
Permitted Encumbrances

Registration Number	Date (D/M/Y)	Particulars
901 063 085	08/03/1990	UTILITY RIGHT OF WAY GRANTEE - THE TOWN OF SUNDRE. AS TO PORTION OR PLAN:8910921
191 002 481	04/01/2019	CAVEAT RE : UTILITY RIGHT OF WAY CAVEATOR - FORTISALBERTA INC. 320-17 AVE SW CALGARY ALBERTA T2S2V1 AGENT - MARK HAMEISTER.
231 109 321	13/04/2023	TAX NOTIFICATION BY - THE TOWN OF SUNDRE. BOX 420 SUNDRE, ALBERTA T0M1X0