

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

THE HONOURABLE) WEDNESDAY, THE 18TH
)
JUSTICE CAVANAGH) DAY OF SEPTEMBER, 2024
)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 2675970 ONTARIO INC., 2733181
ONTARIO INC., 2385816 ALBERTA LTD., 2161907 ALBERTA
LTD., 2733182 ONTARIO INC., 2737503 ONTARIO INC.,
2826475 ONTARIO INC., 14284585 CANADA INC., 2197130
ALBERTA LTD., 2699078 ONTARIO INC., 2708540 ONTARIO
CORPORATION, 2734082 ONTARIO INC., TS WELLINGTON
INC., 2742591 ONTARIO INC., 2796279 ONTARIO INC.,
10006215 MANITOBA LTD., AND 80694 NEWFOUNDLAND &
LABRADOR INC. (individually, an "**Applicant**" and collectively,
the "**Applicants**")

SALE PROCESS APPROVAL ORDER

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order approving, among other things: (1) the procedures for the Sale and Investment Solicitation Process in respect of the Applicants attached hereto as Schedule "A" (the "**SISP**"); and (2) approving the Stalking Horse Agreement (as defined below), was heard this day by judicial videoconference.

ON READING the affidavit of Andrew Williams sworn September 12, 2024 (the "**Williams Affidavit**") and the Exhibits thereto, and the second report of Alvarez & Marsal Canada Inc. dated September 16, 2024, in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**"), and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel to Bank of Montreal ("**BMO**"), the Applicants' senior secured lender, counsel for TS Investments Corp. (the "**DIP Lender**") and such other counsel as were present,

no one appearing for any other person although duly served as appears from the affidavit of service of Julie Mah sworn September 13, 2024, as filed,

SERVICE AND DEFINITIONS

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

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the SISP or the Amended and Restated Initial Order granted by Justice Cavanagh dated September 6, 2024 (the “**ARIO**”).

APPROVAL OF THE SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to such amendments as may be agreed to by the Monitor, the Applicants, BMO and the DIP Lender in accordance with the terms of the SISP) be and is hereby approved and the Applicants and the Monitor are hereby authorized to implement the SISP pursuant to the terms thereof.

4. **THIS COURT ORDERS** that the Monitor and Applicants are authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order.

5. **THIS COURT ORDERS** that each of the Monitor, the Applicants and their respective affiliates, partners, employees, directors, representatives, and agents shall have no liability with respect to any and all losses, claims, damages or liability, of any nature or kind, to any person in connection with or as a result of performing their duties under the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor or the Applicants, as applicable, in performing their obligations under the SISP, as determined by this Court.

6. **THIS COURT ORDERS** that in implementing the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the ARIO, and any other order of the Court in the within proceedings.

7. **THIS COURT ORDERS** that, pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Monitor, the Applicants and their

respective counsel are hereby authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors (each a “**SISP Participant**”) and to their advisors, or any interested party that the Monitor or the Applicants consider appropriate, but only to the extent required to provide information with respect to the SISP in these proceedings.

8. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the SISP, the Monitor shall not take possession of the Property or be deemed to take possession of the Property, including pursuant to any provision of the Cannabis Legislation.

APPROVAL OF THE STALKING HORSE AGREEMENT

9. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to enter into the stalking horse agreement between 2675970 Ontario Inc. and the DIP Lender (in such capacity, the “**Stalking Horse Bidder**”) and attached as Exhibit “D” to the Williams Affidavit (the “**Stalking Horse Agreement**”), with such minor amendments as may be acceptable to each of the parties thereto, with the prior approval of the Monitor; provided that, nothing herein approves the sale and vesting of any Property to the Stalking Horse Bidder (or any of its designees) pursuant to the Stalking Horse Agreement and that the approval of any sale and vesting of any such Property shall be considered by this Court on a subsequent motion made to this Court if the Stalking Horse Agreement is the Successful Bid pursuant to the SISP.

10. **THIS COURT ORDERS** that the Break Fee, as defined in the Stalking Horse Agreement, is hereby approved and, in the event the Stalking Horse Bidder is not the Successful Bidder under the SISP, the Applicants are hereby authorized and directed to pay the Break Fee to the Stalking Horse Bidder in the manner and circumstances described in the Stalking Horse Agreement.

11. **THIS COURT ORDERS** that the Stalking Horse Agreement is hereby approved and accepted solely for the purposes of being the stalking horse bid under the SISP and subject to further order of the Court referred to in paragraph 9 above.

PROTECTION OF PERSONAL INFORMATION

12. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Monitor, the Applicants and their respective advisors are hereby authorized and permitted to disclose personal information of identifiable individuals (“**Personal Information**”) to a SISP Participant and to its advisors,

including human resources and payroll information, records pertaining to the Applicants' past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction in the SISP. Each SISP Participant to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each SISP Participant to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP.

GENERAL

13. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under the SISP.

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

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

16. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

17. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order without any need for entry and filing.

Schedule "A"
SISP Procedures

[*See next page.*]

Sale and Investment Solicitation Process

Introduction

On August 28, 2024, 2675970 Ontario Inc., 2733181 Ontario Inc., 2385816 Alberta Ltd., 2161907 Alberta Ltd., 2733182 Ontario Inc., 2737503 Ontario Inc., 2826475 Ontario Inc., 14284585 Canada Inc., 2197130 Alberta Ltd., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., 2796279 Ontario Inc., 10006215 Manitoba Ltd., and 80694 Newfoundland & Labrador Inc. (collectively, the “**Companies**”) obtained an initial order (as amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc., a licensed insolvency trustee, was appointed as monitor in the CCAA proceedings (in such capacity, the “**Monitor**”) and an interim financing facility put forward by TS Investments Corp. (in such capacity, the “**DIP Lender**”) was approved.

On September 18, 2024, the Court granted an order (the “**SISP Order**”) authorizing the Monitor, with the assistance of the Companies, to undertake a sale and investment solicitation process (“**SISP**”). The SISP is intended to canvass the market and solicit interest in, and opportunities for, a sale of, investment in or recapitalization of, all or part of the Companies, their assets and business operations. The SISP will be conducted by the Monitor in the manner set forth herein and in accordance with the SISP Order.

Pursuant to the SISP Order, the Court also approved a subscription agreement (the “**Stalking Horse Agreement**”) between the Companies as issuers and the DIP Lender as purchaser (in such capacity, the “**Stalking Horse Bidder**”). For the avoidance of doubt, the implementation of the transactions contemplated by the Stalking Horse Agreement is conditional upon the Stalking Horse Agreement being selected as a Successful Bid (as defined below) in accordance with the Bidding Procedures and Court approval of the Stalking Horse Agreement and the transactions contemplated therein on a subsequent motion to be brought by the Companies following the completion of the SISP.

This document sets out the procedures for the conduct of the SISP, which will include two phases for qualified interested bidders and will provide the parameters for the selection of a successful bid.

Opportunity

1. The SISP is intended to solicit interest in, and opportunities for, a sale of, investment in, or recapitalization of, all or part of the Companies, their assets, and business operations (the “**Opportunity**”). The Opportunity may include one or more of: (i) a recapitalization, arrangement or other form of investment in or reorganization of the business and affairs of the Companies as a going concern, (ii) a sale of all, substantially all or one or more components of the Companies’ business operations (the “**Business**”) as a going concern, or (iii) a sale of all, substantially all or one or more components of the Companies’ assets (including without limitation the shares of the Companies) (the “**Property**”) as a going concern or otherwise.
2. The procedures set out herein (the “**Bidding Procedures**”) describe the manner in which prospective bidders may gain access to due diligence materials concerning the Companies, the Property and the Business, the manner in which bidders may participate

in the SISP, requirements for bids received, the ultimate selection of a Successful Bidder(s) (as defined herein) and the requisite approvals to be sought from the Court in connection therewith.

3. Subject to Section 7 herein, the Monitor shall have the right to modify, amend, vary or supplement the Bidding Procedures (including extending the deadlines set forth herein) in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Order, without the need for obtaining an order of the Court or providing notice to Participants (as defined herein); provided that, the Monitor may not modify, amend, vary or supplement sections 13.i, 14, 19.i, and 20 of the Bidding Procedures, without the prior written consent of the Stalking Horse Bidder or Bank of Montreal (“**BMO**”), the Companies senior secured lender. In addition, the Monitor shall not make any modification, amendment or supplement to the Bidding Procedures that materially affects the rights of the Stalking Horse Bidder, except with the written consent of the Stalking Horse Bidder, which consent shall not be unreasonably withheld.
4. The Monitor will post on the Monitor's website, as soon as practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and inform the bidders impacted by such modifications.
5. In the event of a dispute as to the interpretation or application of the SISP Order or Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.
6. Certain bid protections are provided for in the Stalking Horse Agreement (including a break fee), subject to the conditions set forth therein. No other bidder may request or receive any form of bid protection as part of any bid made pursuant to the SISP.
7. The following table sets out the key milestones under the SISP, which milestones and deadlines may be extended or amended by up to two weeks by the Monitor, in consultation with the Companies, without court approval; provided that, the milestone with respect to the closing of the Successful Bid(s) can only be extended or amended, without court approval, with the prior written consent of the DIP Lender and BMO, in each case, acting reasonably:

<u>Milestone</u>	<u>Deadline</u>
Marketing and due diligence commences and access to the virtual data room is granted to Participants having executed NDAs as defined herein) and, if requested by the Monitor, Participants who have provided evidence reasonably satisfactory to the Monitor in consultation with the Companies, of their financial wherewithal to complete on a timely basis a transaction in respect of the Opportunity (as defined herein) (the “ Commencement Date ”)	As soon as reasonably practicable but no later than September 20, 2024
Deadline to submit a non-binding Letter of Interest (the “ Phase 1 Bid Deadline ”)	5:00 p.m. (Eastern Time) on October 21, 2024

Deadline to submit a Binding Offer (the “Phase 2 Bid Deadline”)	5:00 p.m. (Eastern Time) on November 11, 2024
Selection of Successful Bid(s), including the holding of an Auction, if needed (as defined herein)	No later than 5:00 p.m. (Eastern Time) on November 13, 2024
Motion for Court Approval of Successful Bid(s)	As soon as reasonably practicable following the selection of the Successful Bid, but by no later than November 22, 2024
Closing of Successful Bid(s)	No later than December 6, 2024

Solicitation of Interest and Notice of the SISP

8. As soon as reasonably practicable, but, in any event, by no later than the Commencement Date:
 - a. the Monitor, in consultation with the Companies, will prepare a list of potential bidders, including (i) parties that have approached the Companies or the Monitor indicating an interest in the Opportunity, (ii) local and international strategic and financial parties which the Monitor, in consultation with the Companies, believes may be interested in the Opportunity, and (iii) parties that have otherwise showed an interest in the Companies, the Property and/or the Business prior to the date of the SISP Order; in each case, whether or not such party has submitted a letter of intent or similar document (collectively, the “**Known Potential Bidders**”);
 - b. the Monitor will publish a notice of the SISP and any other relevant information that the Companies, in consultation with the Monitor, consider appropriate, on the Monitor’s website, and in publications as may be considered appropriate by the Monitor;
 - c. a press release setting out relevant information regarding the commencements of the SISP and the Opportunity generally will be issued by the Companies with Canada Newswire designating dissemination in Canada;
 - d. the Monitor, in consultation with the Companies, will prepare (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement (an “**NDA**”) in form and substance satisfactory to the Monitor, the Companies, and their respective counsel, which agreement shall enure to the benefit of the Successful Bidder(s); and
 - e. the Monitor, in consultation with the Companies, will prepare and maintain a virtual data room (the “**VDR**”) containing due diligence information and documentation in relation to the Opportunity. The VDR may be updated from time to time throughout the SISP. Participants (as defined below), must direct all due diligence questions in connection with the VDR, on a without liability or representation basis, to the Monitor.

9. As soon as reasonably practicable following the SISP Order, the Monitor will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Phase 1: Non-Binding Letters of Interest

10. In order to participate in the SISP, and prior to the distribution of any confidential information to an interested party (including access to the VDR), such interested party must deliver to the Monitor (a) the executed NDA, and (b) if requested by the Monitor, evidence, reasonably satisfactory to the Monitor in consultation with the Companies, of its financial wherewithal to complete on a timely basis a transaction in respect of the Opportunity.
11. Interested parties that deliver the NDA and financial information referred to in paragraph 10 (together with the Stalking Horse Bidder, the **"Participants"** and each a **"Participant"**), will be granted access to the VDR by the Monitor. The Companies, the Monitor, and their respective advisors make no representation or warranty as to the information contained in the VDR, including, without limitation, as to its accuracy, completeness, quality or fitness for purpose.
12. The Monitor may limit any Participant's access to specific confidential information and to customer and supplier names and information where, the Companies determine, following consultation with the Monitor, that such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, the Business, or the Property.
13. All Participants wishing to bid for the Business or Property are required to submit a non-binding letter of interest ("**LOI**") in accordance with the Bidding Procedures. An LOI submitted by a Participant will only be considered a **"Phase 1 Qualified Bid"** (and the Participant who submits a Phase 1 Qualified Bid, a **"Phase 1 Qualified Bidder"**) if the LOI complies at a minimum with the following:
 - a. it has been duly executed by all required parties;
 - b. it is received by the Monitor on or before the Phase 1 Bid Deadline;
 - c. it provides written evidence, satisfactory to the Monitor, in consultation with the Companies, of the Participant's ability to consummate the transaction within the timeframe contemplated by the SISP and to satisfy any obligations or liabilities to be assumed on closing of the transaction, including, without limitation, a specific indication of the sources of capital and, to the extent that the Participant expects to finance any portion of the purchase price, the identity of the financing source;
 - d. it identifies the terms and conditions of the proposed transaction including:
 - i. a description of the specific assets/shares that are expected to be subject to the transaction and any assets/shares expected to be excluded;
 - ii. a description of those liabilities and obligations (including operating liabilities and obligations to employees) which the Participant intends to

- assume and which liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
- iii. whether the proposed transaction is to be implemented by way of a “reverse vesting order”; and
 - iv. any other terms or conditions of the proposed transaction that the Phase 1 Qualified Bidder believes are material to the transaction;
- e. it identifies all proposed material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of consent, agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such conditions, along with information sufficient for the Monitor, in consultation with the Companies, to determine that these conditions are reasonable in relation to the Participant;
 - f. it identifies the Participant and representatives thereof who are authorized to appear and act on behalf of the Participant for all purposes regarding the contemplated transaction;
 - g. it fully discloses the identity of each entity or person that will be sponsoring, participating in or benefiting from the transaction contemplated by the LOI, and it identifies all legal, financial, accounting and other advisors that have been or that are expected to be retained by the Participant in connection with the contemplated transaction;
 - h. it identifies any additional due diligence required to be completed in order to submit a Binding Offer (as defined below);
 - i. it identifies the investment amount or purchase price that must, at a minimum, provide cash consideration sufficient to pay in full on closing of the transaction: (i) the amount equal to the purchase price in the Stalking Horse Agreement plus an incremental overbid amount (in the minimum amount of \$250,000); (ii) an administrative reserve in an amount satisfactory to the Monitor necessary to wind-down the CCAA proceeding; and (iii) a break fee in the amount of \$390,000 as contemplated in the Stalking Horse Agreement (the aggregate of these amounts, the “**Minimum Purchase Price**”). The Monitor may deem this criterion satisfied if the LOI, together with one or more other non-overlapping LOIs, have an aggregate value that meets or exceeds the Minimum Purchase Price (the “**Aggregated Bids**”);
 - j. it confirms that the Participant will bear its own costs and expenses (including legal and advisor fees) in connection with the LOI and the proposed transaction, and by submitting its LOI is agreeing to refrain from and waive any assertion or request for reimbursement on any basis;
 - k. it does not provide for any break fee or expense reimbursement, it being understood and agreed that no bidder other than the Stalking Horse Bidder will be entitled to any such bid protections; and
 - l. it contains such other information as may be reasonably requested by the Monitor, in consultation with the Companies.

14. The Monitor, in consultation with the Companies, may waive compliance with any one or more of the requirements specified in Section 13, except for 13.i), and deem any such non-compliant LOI to be a Phase 1 Qualified Bid.
15. Notwithstanding anything to the contrary herein, including the requirements set out in sections 13 and 19, as applicable, the Stalking Horse Agreement shall constitute a Phase 1 Qualified Bid and a Phase 2 Qualified Bid, and the Stalking Horse Bidder shall constitute a Phase 1 Qualified Bidder and a Phase 2 Qualified Bidder, and the Stalking Horse Bidder shall be permitted to proceed to Phase 2 of the SISP.

Assessment of Phase 1 Qualified Bids and Subsequent Process

16. Following the receipt of any LOI, the Monitor may, in consultation with the Companies, seek clarification with respect to any of the terms or conditions of such LOI and/or request and negotiate one or more amendments to such LOI prior to determining if the LOI should be considered a Phase 1 Qualified Bid.
17. Following the Phase 1 Bid Deadline, the Monitor, in consultation with the Companies, shall assess the LOIs. If the Monitor determines that a LOI constitutes a Phase 1 Qualified Bid, then such Participant who submitted the LOI will be deemed to be qualified to participate in Phase 2 of the SISP (in that capacity a “**Phase 2 Qualified Bidder**”) and the Monitor will notify in writing each Phase 2 Qualified Bidder that it has been selected as a Phase 2 Qualified Bidder within three (3) business day following the Phase 1 Bid Deadline, or at such later time as the Monitor deems appropriate, in consultation with the Companies.
18. In the event that no Phase 1 Qualified Bid is received, or the Monitor has determined in its reasonable business judgment that it would not be appropriate to select any Phase 2 Qualified Bidders, the Monitor will, as soon as reasonably possible, declare the Stalking Horse Bidder as the Successful Bidder, post a notice on its website that the SISP has been terminated and the Companies shall promptly seek from the Court the approval order contemplated in the Stalking Horse Agreement.

Phase 2: Binding Offers and Selection of Successful Bidder

19. Any Phase 2 Qualified Bidder that wishes to make a formal offer in the SISP shall submit a binding offer (“**Binding Offer**” and the Phase 2 Qualified Bidder who submits a Binding Offer, a “**Binding Bidder**”) prior to the Phase 2 Bid Deadline that complies with the following terms:
 - a. the Binding Offer shall be submitted to the Monitor on or before the Phase 2 Bid Deadline;
 - b. it identifies all executory contracts of the Companies that the Phase 2 Qualified Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;
 - c. if the bid is structured as a “reverse vesting transaction”, it includes a duly authorized and executed binding transaction agreement, including all exhibits and schedules contemplated thereby, together with a blackline against the Stalking Horse Agreement (which shall be posted in Word format in the VDR), describing the terms and conditions of the proposed transaction, including any liabilities and obligations proposed to be assumed, the purchase price, the structure and

financing of the proposed transaction, and any regulatory or other third-party approvals required;

- d. if the bid is structured in a form other than a “reverse vesting transaction”, it includes a duly authorized and executed, definitive transaction agreement, containing the detailed terms and conditions of the proposed transaction, including the Business or the assets proposed to be acquired, the obligations and liabilities to be assumed/excluded, the detailed structure of the transaction, the final purchase price or investment amount, and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements), and the proposed form of order(s) for the Court to consider in the motion to approve the transaction;
- e. it is not subject to any financing condition;
- f. it is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding Offer;
- g. it contains or identifies the key terms and provisions to be included in any Approval Order, including whether such order will be a “reverse vesting order”;
- h. among other representations and acknowledgments that may be requested by the Monitor or the Companies, it includes acknowledgments and representations of the Phase 2 Qualified Bidder that it,
 - i. has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer;
 - ii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Business in making its Binding Offer;
 - iii. did not rely upon any written or oral statements, covenants, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Company, the business, the Property, the Opportunity, the SISP, or any information provided in connection with the SISP, including, without limitation, any information disclosed in the Teaser Letter and the VDR, or the accuracy, completeness, quality or fitness for purpose of any information provided in connection therewith, other than as expressly set forth in the Binding Offer; and
 - iv. promptly will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating in the cannabis sector;
- i. it provides for net cash proceeds that are not less than the Minimum Purchase Price; unless it is a part of Aggregated Bids, in which case the total net cash

proceeds of the Aggregated Bids will be not less than the Minimum Purchase Price;

- j. it is accompanied by a letter that confirms that:
 - i. the Binding Offer may be accepted by the Companies by countersigning the Binding Offer;
 - ii. the Binding Offer is irrevocable and capable of acceptance until the earlier of (A) two business days after the date of closing of the Successful Bid(s); and (B) December 6, 2024 (the “**Outside Date**”); and
 - iii. the Phase 2 Qualified Bidder will bear its own costs and expenses (including legal and advisor fees) in connection with the Binding Offer and the proposed transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis;
 - k. it does not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder other than the Stalking Horse Bidder will be entitled to any bid protections;
 - l. it is accompanied by a deposit in the amount of not less than 10% of the cash purchase price payable on closing or total new investment contemplated, as the case may be (the “**Deposit**”), along with acknowledgement (i) that if the Phase 2 Participant is selected as the Successful Bidder, the Deposit will be nonrefundable subject to approval of the Successful Bid by the Court and (ii) of the terms described in paragraph 31 below; and
 - m. it contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on or before November 29, 2024, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than the Outside Date.
20. The Monitor may not waive compliance with any one or more of the requirements specified above and may not deem any non-compliant Binding Offer to be a Successful Bid.
21. Notwithstanding anything to the contrary contained herein, the Stalking Horse Agreement shall constitute a Binding Offer.

Selection of Successful Bid(s)

22. The Monitor, in consultation with the Companies, may, following the receipt of any Binding Offer, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered a Successful Bid.
23. If any Binding Offers are received (other than the Stalking Horse Agreement) the Monitor will, in consultation with the Companies:
- a. review and evaluate each Binding Offer based on various factors in addition to those set out at Section 19 of the SISF, as the Monitor deems appropriate in its reasonable business judgment including, without limitation,

- i. the purchase price and the net value provided by such bid including the proposed form, composition, and allocation of such consideration;
 - ii. the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transaction,
 - iii. the proposed transaction documents;
 - iv. the effects of the bid on the stakeholders of the Companies;
 - v. factors affecting the speed, certainty, and value of the transaction (including any regulatory or licensing approvals or third-party contractual arrangements required to close the transactions);
 - vi. the assets and/or liabilities included or excluded from the bid;
 - vii. any related restructuring costs, and the likelihood and timing of consummating such transaction; and
 - viii. the likelihood of the Court to approve such Successful Bid; and
- b. consult with BMO regarding the aspects of a Binding Offer related to payout or assumption of the BMO's debt, which shall include providing a summary of the terms of each Binding Offer to BMO; and
 - c. select the best bid(s) (the "**Successful Bid(s)**") within two (2) business days of the Phase 2 Bid Deadline and following such selection will promptly notify the Binding Bidder making such Successful Bid that it has been selected as a successful bidder (the "**Successful Bidder**").
24. Any Successful Bid will be subject to approval by the Court.
 25. In the event that no Binding Offer is received (other than the Stalking Horse Agreement), the Monitor will, as soon as reasonably possible, post a notice on its website that the SISP has concluded and will promptly seek from the Court the approval and vesting order contemplated in the Stalking Horse Agreement.
 26. If a Binding Offer is received other than the Stalking Horse Agreement, the Monitor, in consultation with the Companies, will direct such Binding Bidders to participate in an auction (the "**Auction**") to be conducted and administered by the Monitor in accordance with the Auction Procedures Letter (as defined below).
 27. In the event that it is determined that there is to be an Auction in respect of some or all of the Property or Business, the Auction shall be governed by an auction procedures letter ("**Auction Procedures Letter**") to be prepared by the Monitor and sent to all applicable Binding Bidders setting out, among other things, (a) the date, time and location of the Auction (including whether in person or by videoconference); (b) the amount of the starting bid; and (c) the initial minimum overbid.

Approval of Successful Bid(s)

28. The Companies will make a motion to the Court (the “**Approval Motion**”) for one or more orders:
 - a. approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and
 - b. granting a vesting order and/or reverse vesting order to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets in the name of the Successful Bidder(s) and/or vest unwanted liabilities out of one or more of the Companies (collectively, the “**Approval Order(s)**”).
29. The Approval Motion will be held on the earliest possible date after the selection of the Successful Bid, taking into account Court availability. With the consent of the Monitor and the Successful Bidder(s), and in consultation with the DIP Lender and BMO, the Approval Motion may be adjourned or rescheduled by the Companies without further notice, by an announcement of the adjourned date at the Approval Motion or with notice to the service list of the CCAA proceedings prior to the Approval Motion. The Companies will consult with the Monitor, and the Successful Bidder(s) regarding the application material to be filed by the Companies for the Approval Motion.
30. All Binding Offers (other than the Successful Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s), with no further or continuing obligation of the Companies to any unsuccessful Phase 2 Qualified Bidders.

Deposits

31. The Deposit(s):
 - a. will, upon receipt from the Phase 2 Qualified Bidder(s), be retained by the Monitor and deposited in a non-interest-bearing trust account;
 - b. received from the Successful Bidder(s) will:
 - i. be applied to the purchase price to be paid by the applicable Successful Bidder(s) whose Successful Bid is the subject of the Approval Order(s), upon closing of the approved transaction; and
 - ii. otherwise be held and refundable in accordance with the terms of the definitive documentation in respect of any Successful Bid provided that all such documentation will provide that the Deposit will be retained by the Companies and forfeited by the Successful Bidder if the Successful Bid fails to close by the Outside Date, and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of the Successful Bid;
 - c. received from the Phase 2 Qualified Bidder(s) that are not the Successful Bidder will be fully refunded to the Phase 2 Qualified Bidder(s) that paid the Deposit(s) as soon as practical following the closing of the Successful Bid.

32. Notwithstanding anything to the contrary herein, the Stalking Horse Bidder will not be required to provide a Deposit.

“As is, where is”

33. Any sale (or sales) of the Property or the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Companies or any of their respective agents, advisors or estates, except for representations and warranties that are customarily provided in purchase agreements for a company subject to CCAA proceedings, and that may be expressly provided in the final documentation and Approval Order(s). Any such representations and warranties provided for in the definitive documents will not survive closing.

Free of Claims and Interests

34. Pursuant to the applicable Approval Order and to the extent permitted by law, all of the rights, title and interests of the Companies in and to the Property or the Business to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein (collectively, the “**Claims and Interests**”) pursuant to the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property or Business (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant transaction documents with a Successful Bidder and the applicable Approval Order.

Confidentiality

35. For greater certainty, other than as required in connection with any Approval Motion, neither the Companies nor the Monitor will disclose: (i) the identity of any Participant (other than the Stalking Horse Bidder); or (ii) the terms of any bid, LOI, Phase 1 Qualified Bid, Phase 2 Qualified Bid, or Binding Offer (other than the Stalking Horse Agreement), with any other bidder without the consent of such party (including by way of email), subject to applicable law.

Further Orders

36. At any time during the SISP, the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP including, but not limited to, the continuation of the SISP or with respect to the discharge of their powers and duties hereunder.

Additional Terms

37. In addition to any other requirement of the SISP:
 - a. The Monitor will at all times prior to the selection of a Successful Bid(s) use commercially reasonable efforts to facilitate a competitive bidding process in the SISP including, without limitation, by actively soliciting participation by all persons who would be customarily identified as high-potential bidders in a process of this kind or who may be reasonably proposed by any of the Companies’ stakeholders as a high-potential bidder.
 - b. Any consent, approval or confirmation to be provided by the Stalking Horse Bidder, the DIP Lender, BMO, the Companies and/or the Monitor is ineffective unless

provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the CCAA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email will be deemed to have been provided in writing for the purposes of this paragraph.

- c. Prior to seeking Court approval for any transaction or bid contemplated by this SISP, the Monitor will provide a report to the Court on the SISP process, parts of which may be filed under seal, including in respect of any and all bids received.
38. The DIP Lender, BMO, and any other secured creditor of the Companies shall have the right (subject to compliance with the terms of this SISP) to credit bid their secured debt against the assets secured thereby up to the full face value of such secured lender's claims, including principal, interest and any other obligations owing to such secured lender; provided that any such secured lender shall be required to: (a) pay in full in cash, or assume (with the consent of the holder of the priority claim), any obligations of the Companies in priority to its secured debt; and (b) pay appropriate consideration for any assets of the Companies which are contemplated to be acquired and that are not subject to such secured lender's security.
39. Any requirement to deliver notices, bids, consents, or any other information, documentation, or other material to the Monitor pursuant to this SISP shall be satisfied by delivery via courier or electronic transmission to the Monitor at the following addresses:

To the Monitor:

ALVAREZ & MARSAL CANADA INC.

200 Bay Street
Toronto, Ontario M5J 2J1
Canada

Attention:

Josh Nevsky – jnevsky@alvarezandmarsal.com
Skylar Rushton – srushton@alvarezandmarsal.com

With a copy to counsel to the Monitor

STIKEMAN ELLIOTT LLP

5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Canada

Attention:

Maria Konyukhova - mkonyukhova@stikeman.com
Lee Nicholson - leenicholson@stikeman.com

40. Other than as specifically set forth in a definitive agreement between the Companies and a Successful Bidder, the SISP does not, and will not be interpreted to, create any contractual, fiduciary, or other legal relationship between the Monitor, the Companies, and any other person.

41. The Monitor, the Companies, and their advisors shall not be liable for any claim for commission, finder's fee or like payment in respect of the completion of any of the transactions completed under the SISP. Any such claim shall be the sole liability of the bidder who completes a transaction under the SISP pursuant to which the claim is being made.

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

Court File No. CV-24-00726584-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 2675970 ONTARIO INC. et al.**

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

Proceedings commenced at Toronto

SALE PROCESS APPROVAL ORDER

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