

SCHEDULE "A"

SALE AND INVESTMENT SOLICITATION PROCESS

INTRODUCTION

Pursuant to an order (the "**Receivership Order**") granted by Justice J.A. Fagnan of the Court of King's Bench of Alberta (the "**Court**") dated March 6, 2023 in Court Action Number 2301-02578 (the "**Receivership Proceedings**") Alvarez & Marsal Canada Inc. was appointed as receiver (the "**Receiver**") of certain of the assets, undertakings and properties of Candre Cannabis Inc. (the "**Debtor**" or "**Candre**") pursuant to the provisions of, *inter alia*, the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**").

At a court application scheduled on March 24, 2023, the Receiver intends to request the Court's approval of, among other things, a sale and investment solicitation process (the "**SISP**") as set forth herein. The SISP is intended to solicit interest in an acquisition, investment in, restructuring or refinancing of the business or a sale of the assets and/or the business of Candre.

This document (the "**SISP Procedures**") outlines the SISP, which will be conducted in three stages: (1) pre-marketing, (2) marketing and (3) offering and evaluation.

All monetary references shall be in Canadian Dollars (\$CAD), unless otherwise stated.

OPPORTUNITY AND SISP SUMMARY

1. The SISP is intended to solicit interest in, and opportunities for, a purchase of, or investment in, all or part of Candre's Property (defined below), all of which was used by Candre in the operation of its Business (defined below) (the "**Opportunity**").
2. In order to maximize the number of participants that may have an interest in the Opportunity, the SISP will provide for the solicitation of interest for:
 - (a) the sale of all of Candre's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**"). Interested parties may submit proposals to acquire all, substantially all, or a portion of the Property (the "**Purchased Assets**") (a "**Sale Proposal**"); and
 - (b) the investment in the licensed wholesale cannabis production business that was formerly operated by Candre or such other business which a Potential Bidder might propose to engage in using some or all of the Property of the Debtor ("**Business**"). Such proposals for the Business may take the form of an investment in or a proposal to restructure, reorganize, recapitalize or refinance the Debtor (an "**Investment Proposal**", together with a Sale Proposal each a "**Proposal**").
3. Except to the extent otherwise set forth in a definitive sale or investment agreement with a Successful Bidder (defined below), any Sale Proposal or any Investment Proposal will

be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by Candre, the Receiver, their agents, advisors or estates.

4. In the event of a sale pursuant to this SISP, all of the right, title and interest of Candre and the Receiver in and to the Purchased Assets will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests therein and thereon, other than any permitted encumbrances and assumed agreed to by the Receiver and the Successful Bidder (collectively the "**Claims and Encumbrances**"), such Claims and Encumbrances to attach to the net proceeds of the sale of such Purchased Assets (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), pursuant to an approval and vesting order made by the Court upon the application of the Receiver.
5. Solicitation of interest for Sale Proposals and Investment Proposals will be on an unpriced basis, whereby no set asking price will be stipulated. Bidders can offer consideration in any form they deem appropriate, including but not limited to cash and/or shares.
6. Candre's secured creditors are Enzo Holding Ltd. and Censeo Capital Ltd. (collectively, the "**Secured Creditors**"). The Secured Creditors shall be entitled, but are not required, to make a Sale Proposal and/or an Investment Proposal by way of credit bid in this SISP.
7. As described more fully in this SISP, the major stages in the SISP process are comprised of the following:
 - (a) **Pre-Marketing:** preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data room and preparation of potential buyer/investor lists;
 - (b) **Marketing:** advertising, contacting potential buyers/investors, responding to requests for information and disseminating marketing material to potential buyers and investors; and
 - (c) **Offer Submission and Evaluation:** solicitation, receipt of, evaluation and negotiation of offers from potential buyers and investors, as described below.
8. The Offer Submission and Evaluation stage of the SISP will be comprised of a two phase offering process: "**Phase 1**" being the submission of non-binding letters of intent ("**LOIs**") from qualified bidders, and "**Phase 2**" being the submission of formal binding offers from those parties that submitted LOI's and have been invited by the Receiver participate in Phase 2 (defined below as "**Phase 1 Qualified Bidders**").

TIMELINE

9. The following table sets out the key milestones under the SISP:

Milestone	Deadlines
Phase 1 Non-Binding Bid Deadline	Friday, April 28, 2023
Phase 2 Binding Bid Deadline	Friday, May 12, 2023
Closing Date	Friday, June 2, 2023

PRE-MARKETING STAGE

10. As soon as reasonably practicable, but in any event by no later than March 27, 2023, the Receiver will:
- (a) 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 in form and substance satisfactory to the Receiver (an "**NDA**"). The Teaser Letter and the NDA will specifically stipulate that the Receiver and its advisors make no representation or warranty as to the accuracy or completeness of the information contained in the Teaser Letter, the Data Room (as defined below), or otherwise made available pursuant to the SISP or otherwise, except to the extent expressly contemplated in any definitive sale or investment agreement with a Successful Bidder (as defined below) ultimately executed and delivered by the Receiver;
 - (b) gather and review all required due diligence material to be provided to interested parties and shall establish a secure, electronic data room (the "**Data Room**"), which will be maintained and administered by the Receiver during the SISP;
 - (c) develop a purchase and sale agreement for use by Potential Bidders making a Sale Proposal (the "**Draft Purchase Agreement**") and a form of binding letter of intent for use by Potential Bidders making an Investment Sale Proposal (the "**Draft Binding LOI**"); and
 - (d) prepare a list of potential bidders, including: (i) parties that have approached Candre, the Secured Creditors, the Receiver or other stakeholders indicating an interest in the Opportunity; and (ii) local, national and international strategic and financial parties who the Receiver believes may be interested in making a Proposal pursuant to the SISP (collectively, "**Known Potential Bidders**").

MARKETING STAGE

11. The Receiver will arrange for a notice of the SISP (and such other relevant information as the Receiver considers appropriate) (the "**Notice**") to be published in the Calgary Herald, the Edmonton Journal, the Insolvency Insider, and any other industry publication, website, newspaper, journals or with any sales agents as the Receiver may consider appropriate.

12. The Receiver will issue a press release with Canada Newswire (the "**Press Release**") setting out the information contained in the Notice and such other relevant information as the Receiver considers appropriate designating dissemination in Canada and major financial centres in the United States.
13. The Receiver will send the Teaser Letter and NDA to all Known Potential Bidders and to any other party who responds to the Notice or press release as soon as reasonably practicable after such request or identification, as applicable.
14. The Receiver will grant access to the Data Room to those parties who have executed and delivered an NDA to the Receiver as soon as reasonably practicable after such request or identification, as applicable.
15. Requests for information and access will be directed to the representatives of the Receiver, at the contact information listed in Schedule "A" hereto.
16. Any party who expresses a wish to participate in the SISP (a "**Potential Bidder**") must, prior to being given any additional information and access to the Data Room, provide to the Receiver an NDA executed by it, and which shall inure to the benefit of any ultimate Successful Bidder who closes a transaction contemplated by the Successful Bid, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
17. If it is determined by the Receiver in its reasonable business judgment that a Potential Bidder has delivered an executed NDA and the information contemplated in paragraph 16 above, and that the Potential Bidder has a reasonable prospect of completing a Sale Proposal or an Investment Proposal, then such Potential Bidder will be deemed to be a "**Phase 1 Qualified Bidder**" provided that no Potential Bidder shall be deemed to be a Phase 1 Qualified Bidder without the approval of the Receiver.

OFFER SUBMISSION AND EVALUATION STAGE

Phase 1: LOI Submission Phase

18. At any time prior to the Phase 1 Bid Deadline, the Receiver may, in its reasonable business judgment, eliminate a Phase 1 Qualified Bidder from the SISP, in which case such bidder will no longer be a Phase 1 Qualified Bidder for the purposes of the SISP, without any further recourse against the Receiver, Candre or the Property.
19. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Receiver. The Potential Bidders acknowledge that the Receiver and its advisors make no representation or warranty as to the accuracy or completeness of the information contained in any of the materials of Candre, including information contained in the Teaser Letter, Data Room or otherwise.

20. A Phase 1 Qualified Bidder who wishes to pursue the Opportunity further must deliver an LOI to the Receiver at the email addresses specified in Schedule "B" hereto, so as to be received by them not later than 5:00 PM (Calgary time) on April 28, 2023 (the "**Phase 1 Bid Deadline**").
21. An LOI so submitted will be considered a qualified LOI (a "**Qualified LOI**") only if:
- (a) it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
 - (b) it contains an indication of whether the Phase 1 Qualified Bidder is making:
 - (i) a Sale Proposal; or
 - (ii) an Investment Proposal;
 - (c) in the case of a Sale Proposal, it identifies or contains the following:
 - (i) the purchase price, in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;
 - (ii) the form(s) of consideration being offered and the method by which any non-cash consideration is being valued;
 - (iii) a description of the Purchased Assets that are expected to be subject to the transaction and any of the Property expected to be excluded;
 - (iv) a specific indication of the financial capability, together with evidence of such capability, of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction;
 - (v) a description of the conditions and approvals required for a final and binding offer;
 - (v) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
 - (vi) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
 - (d) in the case of an Investment Proposal, it identifies the following:
 - (i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment in the Business;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business in Canadian dollars;

- (iii) the form(s) of consideration being offered and the method by which any non-cash consideration is being valued;
 - (iv) the underlying assumptions regarding the *pro forma* capital structure;
 - (v) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction;
 - (vi) a description of the conditions and approvals required for a final and binding offer;
 - (vii) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (viii) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose; and
 - (ix) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- (e) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by the Receiver from time to time.
22. The Receiver may waive compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified LOI. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

23. Following the Phase 1 Bid Deadline, the Receiver will, in consultation with the Secured Creditors, assess the Qualified LOIs. If it is determined by the Receiver that a Phase 1 Qualified Bidder that has submitted a Qualified LOI: (i) has a *bona fide* interest in completing a Sale Proposal or Investment Proposal (as the case may be); and (ii) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided; then such Phase 1 Qualified Bidder will be deemed a "**Phase 2 Qualified Bidder**", provided that the Receiver may, in its reasonable business judgment, limit the number of Phase 2 Qualified Bidders (and thereby eliminate certain Phase 1 Qualified Bidders from the SISP). Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP. No Phase 1 Qualified Bidder that has submitted a Qualified LOI shall be deemed to be a Phase 2 Qualified Bidder without the approval of the Receiver.
24. As part of the assessment of Qualified LOIs and the determination of the process subsequent thereto, the Receiver shall determine the process and timing to be followed in pursuing Qualified LOIs based on such factors and circumstances as it considers appropriate in the circumstances including, but not limited to: (i) the number of Qualified LOIs received; (ii) the scope of the Property or Business to which any Qualified LOIs may relate; and (iii) whether to proceed by way of sealed bid or auction (with or without a stalking horse bidder) with respect to some or all of the Property or Business.

25. Upon the determination by the Receiver of the manner in which to proceed to Phase 2 of the SISP, the Receiver will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), which will include the Draft Purchase Agreement and the Draft Binding LOI, including a blackline showing any changes thereto, and the Bid Process Letter will be sent to all Phase 2 Qualified Bidders, inviting them to participate in Phase 2.
26. Notwithstanding the process and deadlines outlined above with respect to Phase 1 of the SISP and the process to supplement Phase 2 by way of the Bid Process Letter, the Receiver may at any time bring an application to seek approval of a stalking horse asset purchase agreement or investment proposal in respect of some or all of the Property or Business and related bid procedures in respect of such Property or to establish further or other procedures for the SISP, including extending any of the deadlines set out herein.

Due Diligence

27. The Receiver shall in its reasonable business judgment and subject to competitive and other business considerations, afford each Phase 2 Qualified Bidder such access to due diligence materials through the Data Room and information relating to the Property and Business as it deems appropriate. Due diligence access may further include presentations by the Receiver and/or its advisors, on-site inspections, and other matters which a Phase 2 Qualified Bidder may reasonably request and to which the Receiver, in its reasonable business judgment, may agree. The Receiver will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 2 Qualified Bidders and the manner in which such requests must be communicated. The Receiver will not be obligated to furnish any information relating to the Property or Business to any person other than to Phase 2 Qualified Bidders.

Phase 2: Formal Offers and Selection of Successful Bidder

Formal Binding Offers

28. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Property or Business shall submit a sealed binding offer to the Receiver that complies with all of the following requirements at the email addresses specified in Schedule "A" hereto, so as to be received by them not later than 5:00 PM (Calgary time) on May 12, 2023 or such other date and time as may be modified in the Bid Process Letter (the "**Phase 2 Bid Deadline**"):
 - (a) the bid shall comply with all of the requirements set forth in respect of Phase 1 Qualified LOIs;
 - (b) if the bid utilizes consideration other than cash, a description of the material terms of the consideration shall be provided;
 - (c) the bid is an offer to purchase or make an investment in some or all of the Property or Business on terms and conditions reasonably acceptable to the Receiver;

- (d) unless otherwise agreed, the bid shall take the form of the Draft Purchase Agreement or Draft Binding LOI and shall include a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
- (e) the bid includes duly authorized and executed transaction agreements as listed in the Draft Purchase Agreement or Draft Binding LOI, as applicable; including, but not limited to, the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto, the name or names of the ultimately beneficial owner(s) of the Phase 2 Qualified Bidder including their respective percentage interests;
- (f) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction that will allow the Receiver to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
- (g) the bid shall not be conditioned on the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, apart from, to the extent applicable, to the disclosure of due diligence materials that represent proprietary or competitively sensitive information which was withheld in Phase 2 from the Phase 2 Qualified Bidder;
- (h) each Phase 2 Qualified Bidder must provide details with its bid regarding its ability to obtain and method of financing the transaction, the timetable for obtaining financing and, if appropriate, the amount of senior debt, subordinated debt, equity and any other source of financing contemplated in the pro forma capital structure;
- (i) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;
- (j) for either a Sales Proposal or an Investment Proposal, the bid shall be accompanied by a refundable deposit in the amount of not less than 10% of the purchase price offered, which shall be paid to the Receiver in trust (the "**Deposit**"). The Successful Bidder's Deposit shall be applied as against the Purchase Price and all other Deposits submitted by Phase 2 Qualified Bidders who are not selected as the Successful Bidder shall be returned within one week of obtaining Court Approval for the Successful Bid;
- (k) the bid includes acknowledgments and representations of the Phase 2 Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Property, Business and Candre prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or competitively sensitive information which were withheld in Phase 2 from the Phase 2 Qualified Bidder); (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and (iii) it did not rely upon any written or oral

statements, representations, warranties, or guarantees whatsoever made by the Receiver and/or its advisors, whether express, implied, statutory or otherwise, regarding the Business, Property, or Candre or the accuracy or completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Receiver;

- (l) the bid shall be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by Candre, the Receiver, their agents, advisors or estates;
 - (m) all required corporate approvals of the Phase 2 Qualified Bidder will have been obtained prior to the submission of the bid;
 - (n) the bid shall identify any material conditions in favour of the purchaser or investor to be resolved prior to closing the transaction;
 - (o) the bid is received by the relevant Phase 2 Bid Deadline; and
 - (p) the bid contemplates a schedule for closing the transaction set out therein which is on or before June 2, 2023 (the "**Closing Date**").
29. Following the Phase 2 Bid Deadline, the Receiver will assess the Phase 2 bids received. The Receiver will designate the most competitive bids that comply with the foregoing requirements to be "Qualified Bids". No Phase 2 bids received shall be deemed to be Qualified Bids without the approval of the Receiver. Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder.
30. The Receiver may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Phase 2 Qualified Bid.
31. The Receiver shall notify each Phase 2 Qualified Bidder in writing as to whether its bid constituted a Phase 2 Qualified Bid within five (5) business days of the Phase 2 Bid Deadline, or at such later time as the Receiver deems appropriate.
32. If the Receiver is not satisfied with the number or terms of the Phase 2 Qualified Bids, the Receiver may extend the Phase 2 Bid Deadline, or seek Court approval of an amendment to the SISP.
33. The Receiver may terminate, at any time, further participation in the Phase 2 Bid Process by any interested party, or modify dates or procedures as deemed appropriate or necessary, or terminate the process.

Evaluation of Competing Bids

34. A Phase 2 Qualified Bid will be evaluated based upon several factors, including, without limitation, items such as the purchase price and the net value and form of consideration to be paid provided by such bid, the identity, circumstances and ability of the Phase 2

Qualified Bidder to successfully complete such transactions, including any conditions attached to the bid and the expected feasibility of such conditions, the proposed transaction documents, factors affecting the speed, certainty and value of the transaction, the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, and the ability of the bidder to finance and ultimately consummate the proposed transaction within the timeline established by the Receiver, each as determined by the Receiver.

Selection of Successful Bid

35. The Receiver will review and evaluate each Phase 2 Qualified Bid. The Receiver may seek clarity with respect to the terms of any Phase 2 Qualified Bid. The Receiver may also negotiate with one or more Phase 2 Qualified Bidder, to seek amended, improved or clarified terms with respect to such Phase 2 Qualified Bids. After the completion of its evaluation and any negotiations of Phase 2 Qualified Bids, the Receiver shall identify the highest or otherwise best bid (the "**Successful Bid**"), and the Phase 2 Qualified Bidder making such Successful Bid (the "**Successful Bidder**"). The determination of any Successful Bid by the Receiver shall be subject to approval by the Court.
36. The Receiver shall have no obligation to enter into a Successful Bid, and it reserves the right to reject any or all Phase 2 Qualified Bids.

Sale Approval Motion Hearing

37. At the hearing of the application to approve any transaction with a Successful Bidder (the "**Approval Application**") the Receiver shall seek, among other things, approval from the Court to consummate any Successful Bid. The Approval Application will be held on a date to be agreed upon by the Receiver and the Successful Bidder. The Approval Application may be adjourned or rescheduled by the Receiver.
38. All Phase 2 Qualified Bids and Subsequent Bids (other than the Successful Bid) shall be deemed rejected on and as of the date of closing of the Successful Bid, but not before, and shall remain open for acceptance until that time.

Miscellaneous Provisions

39. All Deposits shall be retained by the Receiver in a non-interest-bearing bank account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Application shall be applied to the purchase or investment price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Phase 2 Qualified Bidders not selected as the Successful Bidder shall be returned to such bidders within five (5) Business Days of the date on which the Court grants an order approving the Successful Bid, or an earlier date if agreed by the Receiver. If there is no Successful Bid, all Deposits shall be returned to the bidders within five (5) Business Days of the date upon which the SISP is terminated in accordance with these procedures.
40. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Receiver and any Phase 1 Qualified Bidder, any Phase 2

Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed by the Receiver and approved by the Court.

41. Without limiting the preceding paragraph, the Receiver shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, the Successful Bidder, or any other creditor or other stakeholder of Candre, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Receiver. By submitting a bid, each Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Receiver for any reason whatsoever, except to the extent such claim is the result from gross negligence or willful misconduct of the Receiver.
42. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 2 bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
43. At any time during the SISP, the Receiver may apply to the Court for advice and directions with respect to any aspect of these SISP Procedures or the discharge of its powers and duties hereunder.
44. The Receiver shall have the right to modify the SISP and the deadlines set out herein (including, without limitation, pursuant to the Bid Process Letter) if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP.

Schedule "A"

TO THE RECEIVER:

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Bow Valley Square IV
Suite 1110, 250 6th Avenue SW
Calgary, AB T2P 3H7

Attention: Orest Konowalchuk / Cassie Riglin / Bryan Krol

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