

STALKING HORSE PURCHASE AGREEMENT

This Agreement is made as of the [●] day of [●], 2024 (the “**Effective Date**”)

BY AND BETWEEN:

DELTA 9 CANNABIS INC., a corporation formed pursuant to the laws of the Province of British Columbia (hereinafter referred to as the “**Company**”)

- and -

2759054 ONTARIO INC., a corporation formed pursuant to the laws of the Province of Ontario, or its nominee (hereinafter referred to as the “**Purchaser**”)

WHEREAS, on July 12, 2024 the Purchaser and the Company, Delta 9 Bio-Tech Inc. (“**Bio-Tech**”), Delta 9 Cannabis Store Inc. (“**Store**”), Delta 9 Lifestyle Cannabis Clinic Inc. (“**Lifestyle**”) and Delta 9 Logistics Inc. (“**Logistics**”, and together with Delta Parent, Bio-Tech, Store and Lifestyle, the “**Delta 9 Group**”) entered into a binding term sheet (the “**Plan Sponsor Term Sheet**”) pursuant to which the Purchaser agreed to acquire the Delta 9 Group and substantially all of its assets (the “**Restructuring**”);

AND WHEREAS, in order to effect the Restructuring, the Delta 9 Group commenced proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to the order of the Honourable Justice Mah of the Court of King’s Bench of Alberta (the “**Court**”) dated July 15, 2024 (the “**Initial Order**”), and Alvarez & Marsal Canada Inc. was appointed as monitor of the Delta 9 Group (in such capacity, the “**Monitor**”);

AND WHEREAS, in order to provide funding required to satisfy the cash flow requirements of the CCAA Proceedings and to meet other short-term liquidity requirements, the Purchaser established an interim financing facility in favour of the Delta 9 Group pursuant to the terms of an interim finance term sheet dated July 18, 2024 (as amended, the “**Interim Finance Term Sheet**” and together with the Plan Sponsor Term Sheet, the “**Term Sheets**”);

AND WHEREAS, on July 24, 2024, the Court amended and restated the Initial Order (as may be further amended and restated from time to time, the “**ARIO**”) to, among other things, approve the Delta 9 Group’s execution of the Interim Finance Term Sheet;

AND WHEREAS, in connection with the CCAA Proceedings, the Delta 9 Group intends to seek the approval of the Court to run a stalking horse sale and investment solicitation process (as further described in Schedule “**F**”, attached hereto, the “**SISP**”) pursuant to which this Agreement will serve as the Stalking Horse Bid for the Purchased Shares (each as defined herein);

AND WHEREAS, in the event that this Agreement is selected as the Successful Bid (as defined herein) in the SISP, the Company has agreed to issue, sell and transfer to the Purchaser, and the Purchaser has agreed to subscribe for and purchase from the Company, the Purchased Shares (as defined herein), subject to and in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

“**Administration Charge**” has the meaning set out in the ARIO.

“**Administrative Wind-down Amount**” means cash in the amount of [\$●] to be used to satisfy costs incurred by the Monitor and its professional advisors, and the professional advisors of the Delta 9 Group and ResidualCo: (a) to administer ResidualCo and the Excluded Assets and Excluded Liabilities; and (b) to wind-down and/or dissolve ResidualCo.

“**Affiliate**” has the meaning given to the term “affiliate” in the *Business Corporations Act* (Alberta).

“**Agreement**” means this purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, with the consent of the Monitor, and “**Article**” and “**Section**” mean and refer to the specified article, section and subsection of this Agreement.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“**Approval and Vesting Order**” means an order by the Court, in form and substance satisfactory to the Purchaser, acting reasonably, among other things, approving and authorizing the Transaction.

“**ARIO**” has the meaning set out in the recitals hereto.

“**Auction**” has the meaning set out in Section 5.1(e).

“**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

“**Bid Deadline**” has the meaning set out in Schedule “F”.

“**Bio-Tech**” has the meaning set out in the recitals hereto.

“**Bio-Tech SISP**” means the sale and investment solicitation process approved by the Court on July 24, 2024 pursuant to the Approval of Sale and Investment Solicitation Process Order.

“**Books and Records**” means: (i) all of the Delta 9 Group’s files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records; and (ii) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or

electronic format or otherwise), including Tax and accounting books and records in the possession or control of the Company or any other member of the Delta 9 Group or any of their respective Affiliates including information, documents and records relating to the Retained Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

“**Break Fee**” has the meaning set out in Section 5.1(b).

“**Business**” means the business conducted by the Delta 9 Group, being a cannabis retailer with operations across western Canada and its head office located in Winnipeg, Manitoba.

“**Business Day**” means a day on which banks are open for business in Calgary, Alberta, but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta.

“**CCAA**” has the meaning set out in the recitals hereto.

“**CCAA Charge Amount**” means cash in an amount sufficient to satisfy the amounts owing in respect of the obligations secured by the CCAA Charges at the Closing Time.

“**CCAA Charges**” means the Administration Charge, the Directors’ Charge, and the KERP Charge.

“**CCAA Proceedings**” has the meaning set out in the recitals hereto.

“**Claims**” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Closing**” means the closing and consummation of the Transaction.

“**Closing Date**” means the date that is ten (10) Business Days, or such shorter period as the Purchaser may determine by notice in writing to the Company, after the date upon which the conditions set forth in Article 9 have been satisfied or waived, other than any conditions set forth in Article 9 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Company and the Purchaser in writing).

“**Closing Time**” means 12:01 a.m. (Calgary time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

“**Contracts**” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any member of the Delta 9 Group is a party or is bound or in which any member of the Delta 9 Group has, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

“**Company**” has the meaning set out in the recitals hereto.

“**Court**” has the meaning set out in the recitals hereto.

“**Delta 9 Group**” has the meaning set out in the recitals hereto.

“**Directors’ Charge**” “has the meaning set out in the ARIIO.

“**Discharge**” means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

“**Effective Date**” has the meaning set out in the preamble hereto.

“**Employee**” means any individual who is employed by any member of the Delta 9 Group as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long term disability leave, but for certainty, excludes Terminated Employees

“**Employee Priority Claims**” means any Claim for: (i) accrued and unpaid wages and vacation pay owing to an employee of any member of the Delta 9 Group whose employment was terminated between the Filing Date and the Closing Date, including the Terminated Employees; and (ii) unpaid amounts provided for in Section 6(5)(a) of the CCAA.

“**Encumbrance**” means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

“**Equity Interests**” has the meaning set out in section 2(1) of the CCAA.

“**Excise Tax Act**” means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

“**Excluded Assets**” means the properties, rights, assets and undertakings of the Delta 9 Group listed as “Excluded Assets” on Schedule “A”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

“**Excluded Asset Bill of Sale**” has the meaning set out in Section 4.1.

“**Excluded Contracts**” means those Contracts and other agreements of the Delta 9 Group that are not Retained Contracts and for greater certainty, includes those Contracts and agreements which are listed on Schedule “B”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

“**Excluded Liabilities**” has the meaning set out in Section 0.

“**Excluded Liabilities Assumption Agreement**” has the meaning set out in Section **Error! Reference source not found.**

“**Existing Shares**” means: (i) all of the common shares of the Company that are issued and outstanding immediately prior to the Closing Time; and (ii) any other Equity Interests of any nature or kind of the Delta 9 Group, whether voting or non-voting, whether preferred, common or otherwise, whether convertible or otherwise, including any Contract, plan, indenture, deed,

certificate, subscription rights, conversion rights, pre-emptive rights, options (including stock option or share purchase or equivalent plans), or other documents or instruments governing and/or having been created or granted in connection with any such equity interests; provided, however, that Existing Shares shall not include the Purchased Shares, the Intercompany Interests, or any Equity Interest held by the Purchaser in any member of the Delta 9 Group prior to Closing.

“**Governmental Authority**” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“**GST/HST**” means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act*.

“**Implementation Steps**” means the transactions, acts or events described in Exhibit “A”, as the same may be modified by the Parties prior to the Closing Time in accordance with the terms hereof and the Approval and Vesting Order.

“**Income Tax Act**” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“**Interim Finance Debt**” means all of the indebtedness and obligations owing by the Delta 9 Group under the Interim Finance Term Sheet.

“**Interim Finance Term Sheet**” has the meaning set out in the recitals hereto.

“**Initial Order**” has the meaning set out in the recitals hereto.

“**Intercompany Interests**” means any Equity Interest held by one member of the Delta 9 Group in any other member of the Delta 9 Group.

“**Interim Period**” means the period beginning on the Effective Date and ending at the Closing Time.

“**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Lifestyle**” has the meaning set out in the recitals hereto.

“**Logistics**” has the meaning set out in the recitals hereto.

“**Monitor**” has the meaning set out in the recitals hereto.

“**Monitor’s Certificate**” means a certificate signed by the Monitor to be filed with the Court following Closing substantially in the form attached to the Approval and Vesting Order.

“**Organizational Documents**” means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“**Outside Date**” means 11:59 pm (Calgary time) on [●] or such later date and time as the Company and the Purchaser may agree to in writing.

“**Parties**” means the Company and the Purchaser, and “**Party**” means either of them.

“**Permits and Licenses**” means the orders, permits, licenses, Authorizations, approvals, registrations, consent, waiver or other evidence of authority issued to, granted to, conferred upon, or otherwise created for, the Company or any other member of the Delta 9 Group, by any Governmental Authority, including those related to the Business, the Retained Assets and the Retained Contracts, and explicitly including those listed on Schedule “**E**”, attached hereto.

“**Permitted Encumbrances**” means those Encumbrances related to the Retained Assets set forth on Schedule “**D**”, as the same may be modified by the Purchaser prior to the granting of the Approval and Vesting Order in accordance with the terms hereof.

“**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“**Plan Sponsor Term Sheet**” has the meaning set out in the recitals hereto.

“**Professional Fees**” has the meaning set out in Section 5.1(b).

“**Priority Payments**” means (i) those priority payments prescribed under subsections 6(3), 6(5) and 6(6) of the CCAA; (ii) the amounts owing under the Employee Priority Claims; and (iii) the SNDL Debt.

“**Purchase Price**” has the meaning set out in Section 3.1.

“**Purchased Shares**” has the meaning set out in Section **Error! Reference source not found.**

“**Purchaser**” means 2759054 Ontario Inc., a corporation formed pursuant to the laws of the Province of Ontario, or its nominee.

“**Recapitalization Documents**” means: (a) notice of articles and articles of amendment in respect of the authorized and issued capital of the Company to: (i) create a new class of shares of the Company, being the Class “**A**” Common Shares; and (ii) add a redemption right to the Existing Shares; and (b) a resolution of the directors of the Company authorizing the redemption by the Company of all of the Existing Shares other than the Purchased Shares, for no consideration at Closing; in form and substance satisfactory to Purchaser, acting reasonably.

“**ResidualCo**” means a corporation to be incorporated, to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Implementation Steps, which will have no issued and outstanding shares.

“**Restructuring**” has the meaning set out in the recitals.

“**Retained Assets**” has the meaning set out in Section 4.2.

“**Retained Contracts**” means the Contracts listed in Schedule “**H**”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof (and including as such Retained Contracts may be amended, restated, supplemented or otherwise modified from time to time).

“Retained Liabilities” means: (a) Liabilities specifically and expressly designated by the Purchaser as retained Liabilities in Schedule “G”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof; (b) the Secured Debt; (c) all Liabilities and Encumbrances which rank in priority to the Secured Debt to the extent that such Liabilities and Encumbrances are not paid and satisfied at or prior to Closing; and (d) all Liabilities which relate to: (i) the Business under any Retained Contracts; (ii) any Permits and Licences forming part of the Retained Assets; in each case solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

“SISP” means the sale and investment solicitation process, to be conducted pursuant to the sale and bidding procedures substantially in the form set out in Schedule “F” hereto.

“SISP Order” means an order of the Court, in form and substance acceptable to the Purchaser, approving, among other things: (a) the SISP; (b) this Agreement as the Stalking Horse Bid in the SISP; and (c) the Professional Fees.

“SNDL” means SNDL Inc.

“SNDL Debt” means all of the indebtedness and obligations owing by the Delta 9 Group to SNDL under the SNDL Credit Agreement.

“SNDL Credit Agreement” means the Commitment Letter dated February 1, 2022 among Connect First Credit Union Ltd., as lender, the Company, as borrower, and Bio-Tech, Lifestyle and Retail, as guarantors, pursuant to which Connect First Credit Union Ltd. made available to the Company a commercial mortgage loan in the maximum principal amount of \$23,000,000, a commercial mortgage loan in the maximum principal amount of \$5,000,000, and an authorized overdraft facility in the maximum principal amount of \$4,000,000; as assigned to SNDL on July 5, 2024.

“Stalking Horse Bid” has the meaning set out in Section 5.1(a).

“Store” has the meaning set out in the recitals hereto.

“Secured Debt” means, collectively, the Interim Finance Debt and the SNDL Debt.

“Successful Bid” has the meaning set out in Section 5.1(e).

“Successful Bidder” has the meaning set out in Section 5.1(e).

“Taxes” means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“**Terminated Employee**” means those Employees whose employment will be terminated prior to Closing pursuant to Section 9.2(d), as determined by the Purchaser by written notice to the Company at least ten (10) Business Days prior to the Closing Date.

“**Term Sheets**” has the meaning set out in the recitals hereto.

“**Transaction**” means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser will acquire the Purchased Shares.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Company or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to “\$”, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

EXHIBITS

Exhibit A - Implementation Steps

SCHEDULES

Schedule A - Excluded Assets

Schedule B - Excluded Contracts

Schedule C - Excluded Liabilities

Schedule D	-	Permitted Encumbrances
Schedule E	-	Permits and Licenses
Schedule F	-	SISP and Bidding Procedures
Schedule G	-	Retained Liabilities
Schedule H	-	Retained Contracts

The Parties acknowledge that as of the Effective Date, the Schedules are not complete. Such Schedules are for the benefit of the Purchaser and may be amended or completed by the Purchaser, in its sole and absolute discretion, on or before the dates set out in such Schedules and on notice to the Company with a copy to the Monitor.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of the Purchased Shares

- (a) Subject to the terms and conditions of this Agreement, in accordance with the Implementation Steps and effective as of the Closing Time, the Purchaser shall subscribe for and purchase from the Company, and the Company shall issue to the Purchaser, free and clear of all Encumbrances (other than any Permitted Encumbrances), 100 newly-issued common shares of the Company (the “**Purchased Shares**”).
- (b) Pursuant to the Approval and Vesting Order and the Recapitalization Documents, and in accordance with the Implementation Steps, all of the Existing Shares will be cancelled, without consideration, and the Purchased Shares issued to the Purchaser shall represent 100% of the issued and outstanding common shares of the Company following such cancellation and issuance.
- (c) For the avoidance of doubt, upon the Closing, following the issuance of the Purchased Shares, the cancellation of the Existing Shares and the completion of the Implementation Steps, the Delta 9 Group shall be wholly owned, directly or indirectly, by the Purchaser.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The total aggregate consideration payable by the Purchaser for the Purchased Shares (the “**Purchase Price**”) shall be equal to: (a) the Closing Payment; (b) all amounts outstanding and obligations payable by the Delta 9 Group under or in connection with the Secured Debt, including principal and interest accrued through to and including the Closing Date, plus any fees and expenses associated therewith; plus (c) the value of the Retained Liabilities. As at the Effective Date, the Secured Debt is equal to [\$●].

3.2 Payment of Purchase Price

The Purchase Price shall be paid and satisfied on the Closing Date by the Purchaser paying the Closing Payment and retaining the Retained Liabilities, including the Secured Debt, and performing and/or discharging such amounts as and when they become due.

3.3 Closing Payment

- (a) On the Closing Date, the Purchaser shall pay to the Monitor, on behalf of the Company, an amount equal to the sum of: (i) the Priority Payments; (ii) the CCAA Charge Amount; and (iii) the Administrative Wind-down Amount (collectively, the “**Closing Payment**”). The Monitor shall hold the Closing Payment in trust for the benefit of Persons entitled to be paid from the Closing Payment.
- (b) Following the Closing, the Monitor may utilize the Closing Payment to pay and satisfy the Priority Payments, all amounts owing under the CCAA Charges, and the costs incurred in connection with the administration and wind-down of ResidualCo, in its sole discretion and without further authorization from the Delta 9 Group or the Purchaser. Any unused portion of the Closing Payment shall be returned by the Monitor to the Purchaser.
- (c) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of Company and the Purchaser acknowledges and agrees that: (i) the Monitor’s obligations hereunder are and shall remain limited to those specifically set out in this Section 3.3; and (ii) the Monitor is acting solely in its capacity as the CCAA Court-appointed Monitor of the Delta 9 Group and not in its personal or corporate capacity, and the Monitor has no liability in connection with this Agreement whatsoever, in its personal or corporate capacity or otherwise, save and except for and only to the extent of the Monitor’s gross negligence or intentional fault. The Parties further acknowledge and agree that the Monitor may rely upon the provisions of this Section 3.3 notwithstanding that the Monitor is not a party to this Agreement.

ARTICLE 4 EXCLUDED ASSETS, EXCLUDED LIABILITIES

4.1 Excluded Liabilities; Transfer of Excluded Liabilities to ResidualCo

Pursuant to the Approval and Vesting Order, save and except for the Retained Liabilities, all debts, obligations, Liabilities, Encumbrances (other than Permitted Encumbrances), indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Delta 9 Group or the Purchased Shares or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule “C”, (collectively, the “**Excluded Liabilities**”) shall be transferred to, vested in and assumed in full by ResidualCo as evidenced by an assignment and assumption agreement in form and substance acceptable to the Purchaser and the Company (the “**Excluded Liabilities Assumption Agreement**”), and the Delta 9 Group, the Purchased Shares, the Retained Assets and the Delta 9 Group’s undertakings, business, Property and Books and Records shall be discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo only and the Excluded Assets, if any, shall be available to satisfy such Claims. Notwithstanding any other provision of this Agreement, the Purchaser and the Delta 9 Group shall not assume and shall have no liability for any of the Excluded Liabilities and all Excluded Liabilities shall

be fully and finally discharged from the Delta 9 Group, the Purchased Shares and the Retained Assets as at and from and after the Closing Time.

4.2 Transfer of Excluded Assets to ResidualCo

At Closing, each member of the Delta 9 Group shall retain all of the assets owned by it on the Effective Date of this Agreement and any assets acquired by it up to and including Closing, including, without limitation, the shares of all subsidiaries, equipment and other personal property, Retained Contracts, Books and Records, business and undertakings, trade names and intellectual property, Permits and Licences, Tax losses, and any cash of the Delta 9 Group (collectively, the “**Retained Assets**”). The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts; which shall be transferred to ResidualCo, in accordance with the Implementation Steps, and same shall be vested in ResidualCo pursuant to the Approval and Vesting Order as evidenced by a bill of sale and assignment of contracts (the “**Excluded Asset Bill of Sale**”). The Parties acknowledge and agree that, depending on the outcome of the Bio-Tech SISP, the Retained Assets shall include either the equity and assets of Bio-Tech, or the proceeds thereof, provided that in no event shall the Purchaser acquire Bio-Tech with its Health Canada licence intact. The Purchaser shall retain the right to designate assets as Retained Assets or Excluded Assets up to two (2) Business Days prior to the granting of the Approval and Vesting Order.

4.3 Tax Matters

Pursuant to the Approval and Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by the Company shall be transferred to, vested in and assumed by ResidualCo. Any audits or reassessments with respect to any Taxes that relate to a time period occurring, or facts arising, prior to the Closing Date, regardless upon when such audit was commenced or completed, and any and all such obligations with respect to such audits or reassessments shall be transferred to and vest in ResidualCo.

ARTICLE 5 SISP, BIDDING PROCEDURES

5.1 SISP

- (a) The Company shall use best efforts to bring an application for the SISP Order to be heard on or before [●]. The SISP Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or “stalking horse bid” in respect of the Purchased Shares (the “**Stalking Horse Bid**”); and (ii) as a deemed “Qualified Bid”, with an attendant right on the part of the Purchaser to participate as a bidder in any Auction (as defined below). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained for the Purchased Shares and the Retained Assets, and that the within Stalking Horse Bid may or may not be the Successful Bid for the Purchased Shares and the Retained Assets.
- (b) In consideration for the Purchaser’s expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to: a break fee in the amount of \$1,500,000 (the “**Break Fee**”), which Break Fee shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid.
- (c) The payment of the Break Fee shall be approved in the SISP Order and shall, if payable pursuant to Section 5.1(b), be payable to the Purchaser, on behalf of the Company, within two (2) Business Days of the closing of the transaction contemplated by the Successful Bid.

- (d) The Parties acknowledge and agree that the aggregate foregoing Break Fee amount represents a fair and reasonable estimate of the costs and damages that will be incurred by the Purchaser as a result of preparing and entering into, and not completing the Transactions contemplated by this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Retained Assets. For certainty, the Break Fee do not form part of the Purchase Price.
- (e) In the event that one or more Persons submits a Qualified Bid (as defined in the SISP) on or before the Bid Deadline, the Company, in consultation with the Monitor, shall determine if an auction (the “**Auction**”) is necessary in order to determine and select a winning bid (the “**Successful Bid**” and the Person submitting such bid being the “**Successful Bidder**”). Upon the selection of a Successful Bidder, there shall be a binding agreement of purchase and sale between the Successful Bidder and the Company. The Company shall forthwith bring a motion following the selection of the Successful Bidder for an order approving the agreement reached with the Successful Bidder and to vest the Purchased Shares in the Successful Bidder and, if granted, shall proceed with closing the transaction forthwith.
- (f) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Successful Bidder under the SISP, then upon selection of the other Successful Bid: (i) this Agreement shall be terminated (subject to Section 10.2 and the Purchaser’s entitlement to the Break-Fee); (ii) the Purchaser shall be entitled to the Break Fee; and (iii) neither Party hereto shall have any further Liability or obligation hereunder, except as expressly provided for in this Agreement.
- (g) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), the Company shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the Transaction forthwith.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Company

The Company hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Company is a corporation incorporated and existing under the *Business Corporations Act* (British Columbia), and, subject to the obtaining of the Approval and Vesting Order, has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.
- (c) Residency. The Company is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.

6.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Company as of the date hereof and as of the Closing Time, and acknowledges that the Company is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending or, to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.

6.3 As is, Where is

The representations and warranties of the Company shall not survive the Closing Time on the Closing Date. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an “*as is, where is*” basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.

ARTICLE 7 COVENANTS

7.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

7.2 Application for Approval and Vesting Order

As soon as practicable after the selection of this Agreement as the Successful Bid in the SISP and in any event by no later than [●], the Company shall serve and file with the Court an application for the issuance of the Approval and Vesting Order, seeking relief that will, *inter alia*, approve this Agreement and the Transaction, and release the officers and directors of the Delta 9 Group, its advisors, the Purchaser, its

advisors, the Monitor and the Monitor's counsel. The Company shall use its best efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Company in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

7.3 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order and the Implementation Steps), the Delta 9 Group shall comply with the terms of the Term Sheets and continue to maintain the Business and operations of the Delta 9 Group and the Retained Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws, Permits and Licences. Notwithstanding the foregoing, at the request of the Purchaser, the Company shall, and shall cause the other members of the Delta 9 Group to, co-operate and provide reasonable assistance to the Purchaser to achieve the termination of Bio-Tech's cannabis licence.

7.4 Access During Interim Period

During the Interim Period, the Company shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees; and (b) the Purchaser and its representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the Company's customers and contractual counterparties. All investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the Company's operations and the Company shall co-operate, and shall cause the other members of the Delta 9 Group to co-operate, in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

7.5 Insurance Matters

Until Closing, the Company shall, and shall cause the other members of the Delta 9 Group to, keep in full force and effect all insurance policies existing as of the Effective Date and give any notice or present any claim under any such insurance policies consistent with past practice of the Delta 9 Group in the ordinary course of business.

ARTICLE 8 CLOSING ARRANGEMENTS

8.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

8.2 Implementation Steps

- (a) Subject to the other terms of this Agreement, the Company shall effect the Implementation Steps on the terms and using the steps set out at Exhibit “A”; *provided that* the Purchaser and Company shall cooperate to ensure that the Implementation Steps are completed in a tax efficient manner, including by revising the steps thereof as required by the Purchaser.
- (b) The Purchaser and the Company shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do such other acts and things as are necessary to give effect to the Implementation Steps.

8.3 Company’s Closing Deliverables

At or before the Closing Time, the Company shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) evidence of the completion of the Implementation Steps, including: (i) confirmation of the due incorporation and organization of ResidualCo; and (ii) evidence of the filing of the amendment to Recapitalization Documents, as set out in Section 2.1;
- (c) share certificates representing the Purchased Shares and the Intercompany Interests, to the extent available;
- (d) the Excluded Liabilities Assumption Agreement, signed by the Company and ResidualCo;
- (e) the Excluded Asset Bill of Sale, signed by the Company and ResidualCo;
- (f) a certificate of an officer of the Company dated as of the Closing Date confirming that all of the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Company has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time;
- (g) the Organizational Documents of the Company and the corporate Books and Records;
- (h) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

8.4 Purchaser’s Closing Deliverables

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Company (or to the Monitor, as applicable), the following:

- (a) payment of the Closing Payment to the Monitor, on behalf of the Company, by wire transfer of immediately available funds;
- (b) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material

respects the covenants, obligations and agreements to be performed by it prior to the Closing Time; and

- (c) such other agreements, documents and instruments as may be reasonably required by the Company to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 9 CONDITIONS OF CLOSING

9.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Successful Bid. This Agreement shall have been designated as the Successful Bid in accordance with the terms of the SISP.
- (b) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, vacated, subject to appeal, or leave to appeal and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (c) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction.
- (d) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.
- (e) Monitor's Certificate. The Monitor shall have delivered the Monitor's Certificate confirming that all conditions to Closing have either been satisfied or waived by both the Purchaser and the Company.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in this Section 9.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

9.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Company's Deliverables. The Company shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 8.3.
- (b) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in

Section 6.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

- (c) No Breach of Covenants. The Company shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Company on or before the Closing Date.
- (d) Employees. The Company shall have terminated, and shall have caused the other entities in the Delta 9 Group to have terminated, the employment of any Employees identified by the Purchaser in its sole discretion to be Terminated Employees and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law, shall be Excluded Liabilities or shall be Discharged pursuant to the Approval and Vesting Order.
- (e) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets, if any; and (iii) the Delta 9 Group, its Business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than Retained Liabilities, if any) such that, from and after Closing the Business and property of the Delta 9 Group shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.
- (f) Partial Termination of CCAA Proceedings. Upon Closing, the CCAA Proceedings shall have been terminated in respect of the Delta 9 Group, its Business and property, as set out in the Approval and Vesting Order, but, for greater certainty, shall continue in respect of ResidualCo.
- (g) Disclaimer of Excluded Contracts. The Delta 9 Group shall have sent notices of disclaimer for all known Excluded Contracts, and such known Excluded Contracts shall form part of the Excluded Assets.
- (h) Permits and Licenses. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that remains unremedied and such Permits and Licenses shall remain in good standing immediately following and notwithstanding Closing.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 9.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 9.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Company to terminate this Agreement.

9.3 Conditions Precedent in favour of the Company

The obligation of the Company to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Company at the Closing all the documents and payments contemplated in Section 8.4.

- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 6.2 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Company. Any condition in this Section 9.3 may be waived by the Company in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Company only if made in writing. If any condition set forth in this Section 9.3 is not satisfied or performed on or prior to the Outside Date, the Company may elect on written notice to the Purchaser to terminate the Agreement.

ARTICLE 10 TERMINATION

10.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Company (with the consent of the Monitor) and the Purchaser;
- (b) by the Company (with the consent of the Monitor) or the Purchaser, if there has been a material violation or breach by the other Party of any agreement, covenant, representation or warranty of such Party in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Article 9, by the Outside Date and such violation or breach has not been waived by the non-breaching Party or cured within five (5) Business Days after written notice thereof from the non-breaching Party to the breaching Party; or
- (c) by the Company (with the consent of the Monitor) or the Purchaser upon written notice to the other Party if the Closing has not occurred on or prior to the Outside Date; provided that the failure to close by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

10.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 10.1 or 5.1(f), all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of: (a) this Section 10.2; and (b) Section 5.1 with respect to the Purchaser's entitlement to Break Fee. Notwithstanding the foregoing, if this Agreement is terminated by the Company pursuant to Section 10.1(b), the Purchaser shall not be entitled to receive the Break Fee and nothing in this Agreement shall absolve the Purchaser of liability for the violation or breach giving rise to such termination.

**ARTICLE 11
GENERAL**

11.1 Access to Books and Records

For a period of two years from the Closing Date or for such longer period as may be reasonably required for ResidualCo (or any trustee in bankruptcy of the estate of the ResidualCo) to comply with Applicable Law, the Purchaser shall, and shall cause the Company to, retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser is not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, ResidualCo (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the ResidualCo, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

11.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

2759054 Ontario Inc.
40 King Street West, Suite 3410
Toronto, ON M5H 3Y2

Attention: Mark Vasey
Email: mark.vasey@fikasupply.com

with a copy to:

Miller Thomson LLP
40 King Street West, Suite 5800
Toronto, ON M5H 4A9

Attention: Larry Ellis / Sam Massie
Email: lellis@millertomson.com / smassie@millertomson.com

- (b) in the case of the Company, as follows:

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

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

with a copy to:

MLT Akins LLP

2100 Livingston Place
222 3 Ave SW
Calgary, AB T2P 0B4

Attention: Ryan Zahara / Chris Nyberg
Email: rzahara@mltaikins.com / cnyberg@mltaikins.com

(c) in each case, with a further copy to the Monitor as follows:

Alvarez & Marsal Canada Inc.

202 6 Ave SW
Calgary, AB T2P 2R9

Attention: Orest Konowalchuk
Email: okonowalchuk@alvarezandmarsal.com

with a copy to:

Burnet, Duckworth & Palmer LLP

525 8 Ave SW #2400
Calgary, AB T2P 1G1

Attention: David LeGeyt / Ryan Algar
Email: dlegeyt@bdplaw.com / ralgar@bdplaw.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

11.3 Public Announcements

The Company shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advises the Company in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Company or any

of its Affiliates under Applicable Laws or stock exchange rules, the Company shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

11.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

11.5 Survival

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

11.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, including for greater certainty, ResidualCo, provided that no consent, waiver or agreement of ResidualCo shall be required for any amendment of this Agreement.

11.7 Entire Agreement

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any material respect except by written instrument executed by the Company and the Purchaser and with the approval of the Monitor or the Court.

11.8 Paramourty

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

11.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Alberta therefrom.

11.10 Assignment

- (a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, without the prior written consent of the Company, ResidualCo or the Monitor, provided that: (i) the Purchaser provides prior notice of such assignment to the Company and the Monitor; and (ii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment.
- (b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Company without the consent of the Purchaser.

11.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances,

transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

11.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

11.13 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

11.14 Monitor's Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith.

11.15 Monitor's Capacity

In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in the CCAA Proceedings, the Company and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Delta 9 Group and not in its personal or corporate capacity, will have no Liability, in its personal or corporate capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Monitor.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

2759054 ONTARIO INC.

By: _____

Name: Mark Vasey

Title: CEO

I have authority to bind the Corporation.

DELTA 9 CANNABIS INC.

By: _____

Name: John Arbuthnot

Title: Authorized Signatory

I have authority to bind the Corporation.

**EXHIBIT “A”
IMPLEMENTATION STEPS**

1. At least three (3) days prior to the Closing Date, ResidualCo shall be incorporated by the Company and shall be added to the CCAA Proceedings as an Applicant, but shall take no other steps or actions in respect thereof. ResidualCo shall have no issued or outstanding shares.
2. Effective as at the Closing Time, the following steps shall take place sequentially pursuant to the Approval and Vesting Order:
 - a. ResidualCo shall be added to the CCAA as an applicant;
 - b. all employees designated by the Purchaser as Terminated Employees will be terminated by the applicable member of the Delta 9 Group;
 - c. the Excluded Assets, Excluded Contracts and Excluded Liabilities shall transfer to, and vest in, ResidualCo;
 - d. to the extent required by Applicable Law, the Recapitalization Documents shall be filed or deposited with the applicable Governmental Authority or other Person;
 - e. the Company shall issue the Purchased Shares to the Purchaser;
 - f. the Existing Shares shall be cancelled for no consideration pursuant to the Approval and Vesting Order;
 - g. the Purchasers shall satisfy the Purchase Price in accordance with the terms of this Agreement, including paying the Closing Payment;
 - h. from the Closing Payment the Monitor shall pay the CCAA Charge Amount and the Priority Payments in accordance with the terms of this Agreement;
 - i. Closing shall be deemed to have occurred;
 - j. any and all Liabilities arising from or relating to: (i) the transactions noted above; (ii) the change of control resulting from the Transaction; and (iii) the transfer of the Excluded Assets and Excluded Liabilities to ResidualCo; including, for certainty and without limitation, Liabilities and Taxes resulting from any debt forgiveness, shall be transferred to ResidualCo and the Delta 9 Group shall have no obligations in connection with such Liabilities or Taxes; and
 - k. the members of the Delta 9 Group shall cease to be applicants in the CCAA Proceedings.

The Parties agree that this Exhibit “Error! Reference source not found.” remains subject to further revision no less than two (2) days prior to Closing.

SCHEDULE "A"
EXCLUDED ASSETS

1. Inventory sold in the ordinary course of Business in the Interim Period.
2. Excluded Contracts.
3. The Purchase Price, including the Closing Payment.

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "B"
EXCLUDED CONTRACTS

[Note: Schedule to be completed prior to Closing.]

**SCHEDULE “C”
EXCLUDED LIABILITIES**

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.
2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein.
3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.
4. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law.
5. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.
6. Any and all Liabilities that are not Retained Liabilities.

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "D"
PERMITTED ENCUMBRANCES

[Note: Balance of schedule to be completed prior to issuance of Approval and Vesting Order.]

SCHEDULE "E"
PERMITS & LICENSES

[Note: Schedule to be completed prior to issuance of Approval and Vesting Order.]

SCHEDULE "F"
SISP AND BIDDING PROCEDURES

[NTD: To be completed]

SCHEDULE "G"
RETAINED LIABILITIES

[Note: Schedule to be completed prior to Closing.]

SCHEDULE "H"
RETAINED CONTRACTS

[Note: Schedule to be completed prior to Closing.]