

Clerk's Stamp:

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF DELTA 9 CANNABIS INC., DELTA 9
LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9
LIFESTYLE CANNABIS CLINIC INC. and DELTA 9
CANNABIS STORE INC.

APPLICANTS DELTA 9 CANNABIS INC., DELTA 9 LOGISTICS INC.,
DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE
CANNABIS CLINIC INC. and DELTA 9 CANNABIS STORE
INC.

DOCUMENT **AFFIDAVIT OF MARK TOWNSEND**

ADDRESS FOR SERVICE
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File No. 0283153.0006



COM
Dec. 2, 2024

THIRD AFFIDAVIT OF MARK TOWNSEND
Sworn November [25], 2024

I, Mark Townsend, of the City of Vancouver, in the Province of British Columbia, SWEAR AND SAY THAT:

1. I am the Managing Partner of Broderick Capital Corp., a mergers & acquisitions and capital raising advisory firm, and advisor to 2759054 Ontario Inc. o/a Fika Herbal Goods (the "**Plan Sponsor**"). I, through 1198184 B.C. Ltd., am also the Chief Restructuring Officer (in such capacity, the "**CRO**") of Delta 9 Cannabis Inc. ("**Delta Parent**"), Delta 9 Lifestyle Cannabis Clinic Inc. ("**Delta Lifestyle**"), Delta 9 Cannabis Store Inc. ("**Delta Retail**"; together with Delta Lifestyle and Delta Parent, and collectively, the "**Plan Entities**"), Delta 9 Logistics Inc. ("**Delta Logistics**") and Delta 9 Bio-Tech Inc. ("**Bio-Tech**", and collectively with Delta Logistics and the Plan Entities, the "**Applicants**").

2. As such, I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case, I verily believe the same to be true.

3. I swear this affidavit in support of an application (the "**Application**") by the Plan Sponsor for the relief sought in its Application returnable on December 2, 2024, including an Order (the "**Creditors' Meeting Order**"), among other things:

- (a) accepting the filing of the plan of compromise and arrangement dated November 25, 2024 (the "**Plan**") of the Plan Sponsor;
- (b) authorizing the Plan Entities to establish a single class of creditors for the purpose of considering and voting on the Plan, namely, the "**Affected Creditors Class**", as described in the Plan;
- (c) authorizing the Plan Entities to call, hold and conduct a virtual meeting of the Affected Creditors Class (the "**Creditors' Meeting**") to consider and vote on a resolution to approve the Plan, and approving procedures to be followed with respect to the Creditors' Meeting;
- (d) setting a date for the hearing of the application for an order sanctioning the Plan (the "**Plan Sanction Hearing**"), should the Plan be approved for filing and approved by the requisite majorities of creditors at the Creditors' Meeting; and

- (e) such further and other relief as counsel may request and this Honourable Court may deem appropriate.

4. Additional information about the circumstances underlying these proceedings (the “**CCAA Proceedings**”) is set out in the First Affidavit of John Arbuthnot IV sworn July 12, 2024 (the “**First Arbuthnot Affidavit**”), and the pre-filing report of Alvarez & Marsal Canada Inc. in its capacity as the court-appointed monitor (the “**Monitor**”) of the Applicants dated July 16, 2024 (“**Pre-Filing Report**”), the First Report of the Monitor dated July 22, 2024 (the “**First Report**”), the Second Affidavit of John Arbuthnot IV sworn on July 18, 2024 (the “**Second Arbuthnot Affidavit**”), the Third Affidavit of John Arbuthnot IV (the “**Third Arbuthnot Affidavit**”), sworn September 3, 2024, the Second Report of the Monitor dated September 10, 2024, and the Fifth Report of the Monitor, to be filed.

A. Background and Relief Sought

5. On July 15, 2024, the Honourable Justice D.R. Mah granted an Initial Order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”) which, among other things, appointed Alvarez & Marsal Canada Inc. as the Monitor of the Applicants.

6. On July 24, 2024 (the “**Comeback Hearing**”), the Honourable Associate Chief Justice K.G. Nielsen granted the following orders:

- (a) an Amended and Restated Initial Order (the “**ARIO**”), among other things:
 - (i) extending the stay of proceedings under the Initial Order from July 25, 2024 to September 15, 2024;
 - (ii) approving the break-fee of \$1,500,000 (the “**Break Fee**”) set out in the Restructuring Term Sheet dated July 12, 2024 between the Plan Sponsor and the Applicants (the “**Restructuring Term Sheet**”) and granting a charge (the “**Plan Sponsor Protection Charge**”) to secure the Break Fee;
 - (iii) approving an interim financing loan agreement between the Applicants and the Plan Sponsor dated July 18, 2024 (the “**Interim Financing Agreement**”) and a charge securing the Interim Financing Agreement not exceeding the principal sum of \$16,000,000, plus interest, costs and

expenses in favour of the Plan Sponsor, as security for any advances made by the Plan Sponsor pursuant to the Interim Financing Agreement (the "**Interim Financing Charge**");

- (iv) approving a key employee retention plan (the "**KERP**") and corresponding charge to secure obligations under the KERP up to the amount of \$655,000 (the "**KERP Charge**");
 - (v) approving an increase to the Administration Charge from \$350,000 to \$750,000 and the Directors' Charge from \$300,000 to \$900,000; and
 - (vi) appointing me as the CRO of the Applicants;
- (b) an Order (the "**SISP Order**") approving the sales and investment solicitation process ("**Bio-Tech SISP**") in respect of a going-concern sale of the assets and/or shares of Bio-Tech;
 - (c) an Order (the "**Claims Procedure Order**"), approving a claims procedure with respect to the Plan Entities (the "**Claims Procedure**"); and
 - (d) an Order (the "**Sealing Order**") sealing the confidential appendix of the First Report of the Monitor dated July 18, 2024, comprising of an unredacted copy of the KERP.

7. On September 11, 2024 (the "**Second Stay Extension and Approval Hearing**"), the Honourable Justice C.D. Simard granted a Stay Extension and Approval Order, among other things:

- (a) extending the Stay Period, as defined in the ARIO, granted on July 24, 2024, up to and including November 1, 2024;
- (b) approving Amendment No. 1 to the Interim Financing Term Sheet (the "**Amended Interim Financing Term Sheet**"), attached as Schedule "A" to the Second Report of the Monitor;
- (c) authorizing the Applicants to borrow up to \$17,500,000 from the Plan Sponsor under the Amended Interim Financing Term Sheet and approving the increase of the Interim Financing Charge, as defined in paragraph 35 of the ARIO, to the amounts outstanding under the Amended Interim Financing Term Sheet;

- (d) approving the accounts of the Monitor's legal counsel, Burnet, Duckworth & Palmer LLP, for its fees and disbursements, as set out in the Second Report; and
- (e) approving the Monitor's activities, actions and conduct, as set out in the Pre-Filing Report, the First Report and the Second Report.

8. On November 1, 2024, the Honourable Justice M.A. Marion granted a Stay Extension and Approval Order and an Amended and Restated Claims Procedure Order, among other things:

- (a) extending the Stay Period granted on July 24, 2024 and extended to November 1, 2024, up to and including January 31, 2025;
- (b) authorizing the Applicants to borrow up to \$18,500,000 from the Plan Sponsor under Amendment No. 2 to the Interim Financing Term Sheet (the "**Second Amended Interim Financing Term Sheet**") and approving the increase of the Interim Financing Charge, as defined in paragraph 35 of the ARIO and paragraph 4 of the First Stay Extension Order, to the amounts outstanding under the Second Amended Interim Financing Term Sheet; and
- (c) approving an Amended and Restated Claims Procedure Order to allow some late claims to be admitted.

9. Also on November 1, 2024, the Plan Sponsor applied to the Court for an order authorizing the Plan Entities and Delta Logistics to call, hold and conduct a virtual meeting of the creditors (a "**Creditors' Meeting**") and to approve a previous version of the Plan dated October 21, 2024 (the "**Initial Plan**") for creditors to vote on at the Creditors' Meeting, *inter alia* (the "**Initial Meeting Order Hearing**").

10. On November 8, 2024, Justice Marion provided reasons (the "**Initial Plan Decision**") in which he declined to file the Initial Plan and declined to order a Creditors' Meeting to vote on the Initial Plan, without prejudice to the Applicants' ability to seek a meeting order in respect of a revised Plan.¹

¹ See *Delta 9 Cannabis Inc (Re)*, 2024 ABKB 657.

11. The Initial Meeting Order Hearing was opposed by SNDL Inc. ("**SNDL**"), the Applicants' primary secured creditor, on the following grounds, *inter alia*:

- (a) the Initial Plan had the potential to adversely impact SNDL's position;
- (b) the Initial Plan did not properly incorporate the term in the Restructuring Term Sheet which stated that the Plan Sponsor would pay out the outstanding balance of the SNDL Debt on Plan implementation; and
- (c) the Initial Plan violated Section 6(8) of the CCAA by paying equity claims before creditor claims were paid in full.

12. The Plan Sponsor, in consultation with the Applicants, the Monitor, and SNDL, has amended the Initial Plan to address SNDL's and the Court's concerns set out in the Initial Plan Decision as discussed below. The Plan Sponsor now seeks approval from the Court to present the amended Plan for a vote at a Creditors' Meeting.

13. Unless otherwise indicated in this affidavit, monetary references herein are references to Canadian dollars. Capitalized terms used that are not otherwise defined in this affidavit have the meaning given to them in the First Arbutnot Affidavit or the Plan, as applicable.

B. UPDATE SINCE COMEBACK HEARING

14. Since the Comeback Hearing, the Applicants, the CRO, the Plan Sponsor and the Monitor have worked to, as applicable:

- (a) carry out the Bio-Tech SISF in respect of the sale of Bio-Tech's assets and/or shares;
- (b) implement the process set out in the Claims Procedure Order;
- (c) negotiate and finalize the Initial Plan, and then the Plan, for presentation to the Plan Entities' stakeholders; and
- (d) otherwise take all necessary steps to advance this restructuring.

15. The primary differences between the Initial Plan and the Plan are as follows:
- (a) Delta Logistics has been removed as a Plan Entity. Delta Logistics is no longer operating and has no material assets, business or going concern value. It is anticipated that Delta Logistics will make a voluntary assignment into bankruptcy;
 - (b) Bio-Tech has been removed as a Plan Entity. On July 24, 2024, the Court issued an order approving and authorizing the Monitor to conduct the Bio-Tech SISP;
 - (c) the Plan now explicitly requires the Plan Sponsor to make certain payments to SNDL in full satisfaction of SNDL's secured claims either at Plan Implementation or shortly thereafter, following the judicial determination of the quantum of one of SNDL's claims, as further discussed below. The satisfaction or acknowledgement of these claims, as applicable, are conditions precedent in favour of SNDL to Plan Implementation; and
 - (d) the Initial Plan contemplated an equity pool that would be distributed to certain qualifying existing shareholders of Delta Parent. The Court, SNDL and the Monitor raised concerns that this equity distribution would be contrary to section 6(8) of the CCAA, so the shareholder equity distribution has now been removed from the Plan.
16. Counsel to SNDL has provided comments on the Plan, which have been incorporated into the Plan.
17. The purpose of the Plan is to, among other things: (i) facilitate and implement the restructuring of the Plan Entities in accordance with the Restructuring Term Sheet; (ii) effect a compromise, settlement, release and discharge of all Affected Claims in exchange for distributions to Affected Creditors; and (iii) ensure the continuation of the Plan Entities and their retail operations.
18. I believe that the Plan preserves the value of the Plan Entities and is in the best interest of the Plan Entities' stakeholders. I believe that the Plan, if approved and implemented, will enable substantially greater recoveries for creditors than in a bankruptcy or liquidation of the Plan Entities. I understand that the Applicants and the Monitor support this position.

C. The Plan

(i) Overview

19. The Plan Sponsor seeks this Court's authorization, on behalf of the Applicants, to file the Plan, a copy of which is attached as Schedule "1" to the draft Creditors' Meeting Order. The Plan Sponsor also seeks this Court's authorization to convene the Creditors' Meeting to consider and vote on the proposed Plan.

20. The Plan Sponsor and the Applicants, in consultation with the Monitor, the CRO, and SNDL, have developed the Plan to restructure the Plan Entities' retail operations in order to allow those entities to successfully emerge from these CCAA Proceedings and ensure the continuation of the Plan Entities' retail businesses.

21. Court approval of the Plan is not being sought at this time. Rather, approval is being sought to file the Plan with the Court and to present it to Affected Creditors so that the Affected Creditors can vote on the Plan at the Creditors' Meeting.

22. In general, the Plan includes the following key elements, as more fully particularized in the Plan:

- (a) the continuation of the Plan Entities' cannabis operations in the ordinary course and without disruption following the Plan implementation; and
- (b) the restructuring, pursuant to which, on the Implementation Date, the Plan Sponsor will acquire 100% ownership of the Plan Entities in exchange for the following consideration:
 - (i) a convenience payment to be made to each "**Convenience Creditor**"² in full consideration for the irrevocable, full and final compromise and satisfaction of such Convenience Creditor's Affected Claim; and
 - (ii) a "**Creditor Equity Pool**"³ and a "**Creditor Cash Pool**"⁴ will be established to be distributed *pro rata* among Eligible Voting Creditors.

² Convenience Creditor means an Affected Creditor having a Convenience Claim, as defined in the Plan.

³ The Creditor Equity Pool consists of 270,270 Class "A" voting common shares in the capital of the Plan Sponsor.

⁴ Creditor Cash Pool means the amount of \$750,000.

23. The proposed Creditors' Meeting Order discussed herein deals with the procedures relating to the Plan and the Creditors' Meeting.

(ii) Creditor Class and Affected Claims

24. The Plan proposes to create a single class of Affected Creditors for purposes of considering and voting on the Plan.

25. The Plan defines an Affected Creditor as "any Creditor of the [Plan Entities] with an Affected Claim, but only with respect to and to the extent of such Affected Claim". An "**Affected Claim**" is a Claim⁵ that is not an Unaffected Claim (*i.e.* a claim that is not excluded from the scope of the Plan).

26. The following claims are "**Unaffected Claims**": Claims against Bio-Tech; Claims against Delta Logistics; Post-Filing Claims; Crown Claims; Secured Claims including the SNDL Claims; Claims secured by a Charge; Employee Priority Claims; Intercompany Claims, claims subject to section 5.5(f) of the Plan; D&O Claims that cannot be compromised pursuant to the provisions of section 5.1(2) of the CCAA; and Claims that cannot be compromised pursuant to section 19(2) of the CCAA.

27. The Plan does not affect Persons who hold Unaffected Claims. Such claims will be dealt with in accordance with the relationship in effect on the Filing Date between the Plan Entities and the holders of such claims, or such other relationships as may be agreed between the Plan Entities and the holders of such claims.

(iii) Convenience Claims

28. The Plan defines a "**Convenience Creditor**" as any Affected Creditor having a "**Convenience Claim**", which is a Claim that is equal to or less than \$4,000, subject to some qualifications set out in the Plan. The Plan provides that Creditors may not divide a claim for the purpose of qualifying their Claim as a Convenience Claim.

29. Affected Creditors with Claims greater than \$4,000 are permitted under the Plan to make an election (the "**Convenience Election**")⁶ to reduce the amount of their Allowed Affected Claim

⁵ Defined as any or all Pre-Filing Claims, Restructuring Period Claims and D&O Claims, including any Claim arising through subrogation against any Applicant or any Director or Officer.

⁶ A Convenience Election is made by delivery of a notice in a prescribed form to the Plan Entities, the Plan Sponsor, and the Monitor.

to \$4,000 to qualify as a Convenience Claim and shall be deemed to have released and waived the balance of any such Claim.

30. The Plan provides that any Affected Creditor that submits a Convenience Election will be deemed to vote in favour of the Plan. All such Affected Creditors will receive a cash payment on the Implementation Date equal to the Convenience Amount.⁷

(iv) Bio-Tech Creditors

31. As described in detail in the First Arbuthnot Affidavit, Bio-Tech is a wholly owned subsidiary of Delta Parent and is a licensed producer of cannabis. Bio-Tech is an Applicant in these CCAA Proceedings and its assets were subject to the Bio-Tech SISP, which was carried out in accordance with the SISP Order.

32. On November 15, 2024 this Honourable Court granted a sale approval and vesting order ("**SAVO**") in respect of certain of Bio-Tech's assets. As set out in the Monitor's Fourth Report, dated November 13, 2024 and filed in support of the SAVO, Bio-Tech, myself, and certain Qualified and Prospective Bidders (as defined in the SISP Order) continue to negotiate on the sale of Bio-Tech's remaining assets.

(v) Treatment of SNDL

33. The SNDL Claims⁸ are classified as Unaffected Claims for the purposes of the Plan. However, after consulting with SNDL, the Plan Sponsor has inserted certain covenants in favour of SNDL into the Plan such that the Plan is acceptable to SNDL, as follows:

- (a) prior to Plan implementation, the SNDL 1L Claim⁹ shall be indefeasibly repaid in cash, in full, and all obligations thereunder shall be fully performed by the Plan Entities; and
- (b) if the SNDL 2L Claim¹⁰ is not (or not deemed to have been) indefeasibly repaid in cash, in full, and all obligations thereunder fully performed by the Plan Entities prior

⁷ The "Convenience Amount" is the lesser of (i) a cash amount equal to \$4,000; and (ii) the amount of such Allowed Affected Claim.

⁸ The "SNDL Claims" means, collectively, the SNDL 1L Claim and the SNDL 2L Claim.

⁹ The "SNDL 1L Claim" means all obligations owed by the Plan Entities, individually or collectively, to SNDL as the successor to Connect First and Servus Credit Union Ltd., including all related security held by SNDL.

¹⁰ The "SNDL 2L Claim" means all obligations owed by the Plan Entities, individually or collectively, to SNDL under the loan and security documents specified in the demand letters and notices of intention to enforce security dated May 21, 2024.

to Plan Implementation, then the Plan Entities will execute and deliver an acknowledgment in favour of SNDL acknowledging that the loan and security held by SNDL in respect of the SNDL Claim will continue in full force, amended only to provide that the Ordered Amount will be due and payable within 5 days of a Final Order determining same. SNDL and the Plan Entities have booked time before this Honourable Court on January 10, 2024 (the same day as the proposed Plan Sanction Hearing) for a determination of the quantum, if any, of the outstanding indebtedness owing to SNDL pursuant to the SNDL 2L Claim;

(the “**SNDL Covenants**”).

34. The SNDL Covenants are consistent with the terms of the Plan Sponsor Term Sheet. Satisfaction of the SNDL Covenants are conditions precedent in favour of SNDL that may be waived only by SNDL in writing. The aspects of the Plan that relate to SNDL may only be amended with the consent of SNDL.

(vi) Treatment of Affected Creditors and Distributions under the Plan

35. If the Plan is approved by the Required Majority and is sanctioned by the Court, the Plan provides that each Affected Creditor with an Affected Claim will be entitled to a distribution as follows:

- (a) the Monitor, on behalf of the Plan Sponsor, shall make a payment to each Convenience Creditor on the Implementation Date equal to such creditor's Convenience Amount, in exchange for the irrevocable, full and final compromise and satisfaction of such Convenience Creditor's Affected Claim; and
- (b) each “**Eligible Voting Creditor**” shall be entitled to receive a Cash Payment¹¹ and Creditor Equity Payment¹² on the Implementation Date, in full consideration for the irrevocable, full and final compromise and satisfaction of such Affected Creditor's Affected Claim.

(vii) Releases

36. The Plan contemplates that upon being sanctioned and approved by the Court, it shall be effective and binding, and shall constitute (a) full, final and absolute settlement of all rights by

¹¹ The “**Cash Payment**” is the applicable creditor's pro rata share of the \$750,000 Creditor Cash Pool.

¹² “**Creditor Equity Payment**” is the applicable creditor's pro rata share of the equity comprising of the Creditor Equity Pool.

any Affected Creditor; and (b) an absolute release, extinguishment and discharge of all indebtedness, liabilities and obligations of the Plan Entities in respect of any Affected Creditor.

37. The Plan provides for a release of the Plan Entities; the past and current employees, legal and financial advisors, and other representatives of the Plan Entities; the Directors and Officers; the Monitor and its legal advisors; and the Plan Sponsor.

38. I am advised by counsel to the Plan Sponsor and verily believe that these releases are typical of those found in other plans of arrangement and compromise under the CCAA.

(viii) Conditions Precedent to Plan Implementation

39. The implementation of the Plan is subject to certain conditions precedent, including:

- (a) the Plan shall have been approved by the Required Majority in accordance with the CCAA;
- (b) the Restructuring Steps Supplement¹³ and the treatment of the Intercompany Claims pursuant to the Plan shall have been finally determined by the Plan Sponsor in its sole discretion;
- (c) the Sanction Order shall have been issued by the Court and it shall have become a Final Order;
- (d) the SNDL Covenants shall have been fulfilled;
- (e) the transaction resulting from the Successful Bid in the Bio-Tech SISP¹⁴ shall have closed;
- (f) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit) the Plan or any part thereof or requires or purports to require a variation of the Plan;
- (g) all agreements, resolutions, documents, and other instruments, which are reasonably necessary to be executed and delivered by the Plan Entities in order

¹³ The "**Restructuring Steps Supplement**" shall set out the steps, compromises and releases to be effected on the implementation of the Plan and will be finalized on or before the date that is 15 days before the Meeting Date, in accordance with section 6.2 of the Plan.

¹⁴ "**Successful Bid**" as defined in the Bio-Tech SISP.

to implement the Plan or perform their respective obligations under the Plan or the Sanction Order, shall have been executed and delivered;

- (h) all Material filings shall have been made and any regulatory consents or approvals that are required or desirable in connection with the Plan shall have been obtained, and the Plan Sponsor shall be satisfied that the Plan Entities have the requisite approvals, permissions and authorizations to operate subsequent to the Implementation Date and in accordance with the Plan;
- (i) new boards of directors of the Plan Entities, as determined by the Plan Sponsor, shall have been appointed;
- (j) the Plan Implementation Fund and the Administrative Expense Reserve shall have been paid to the Monitor; and
- (k) the Voting Trust and Creditor Equity Pool shall have been established to the satisfaction of the Applicants and such shares shall be authorized for issuance on the Implementation Date.

40. If the Conditions Precedent are not satisfied or waived on or before the Outside Date¹⁵, or if the Plan Sponsor determines that the satisfaction of any Condition Precedent is not achievable, then the applicable party may provide written notice to the other parties and the Monitor that such party is revoking or withdrawing the Plan and, upon delivery of such notice:

- (a) the Plan shall be null and void in all respects;
- (b) any settlement or compromise embodied in the Plan and any document or agreement executed pursuant to the Plan shall be deemed null and void; and
- (c) in the case that the Plan Sponsor is the revoking party, the Plan Sponsor and the Plan Entities shall execute the Stalking Horse Purchase Agreement attached as Schedule "B" to the Plan and shall pursue a Court-supervised sale and investment solicitation process in respect of the Plan Entities.

¹⁵ The "Outside Date" is January 31, 2025, or such later date as agreed to by the Plan Entities and the Plan Sponsor, with the consent of the Monitor.

D. CREDITORS' MEETING ORDER

41. The proposed Creditors' Meeting Order authorizes the Plan Entities to call a meeting of a single class of Affected Creditors to consider and vote on the Plan.

(i) Notification of Creditors' Meeting

42. It is proposed that the meeting be held on December 20, 2024. It is proposed that the Creditors' Meeting be held virtually by Microsoft Teams video-conference. The video conference details will be included with the Notice to Affected Creditors in the form substantially attached to the draft Creditors' Meeting Order.

43. The Creditors' Meeting Order provides for comprehensive notice of the Creditors' Meeting to Affected Creditors.

44. It is proposed that the "**Meeting Materials**" will be uploaded on the Monitor's website within two (2) business days after the granting of the Creditors' Meeting Order, and will be sent by mail or personal delivery to each Affected Creditor within five (5) business days of the date of the Creditors' Meeting Order.

45. The Meeting Materials include:

- (a) the Notice to Affected Creditors;
- (b) the Creditors' Meeting Order;
- (c) a blank form of Affected Creditor Proxy; and
- (d) the Convenience Election Notice.

46. It is also contemplated that no later than seven (7) business days before the date of the Creditors' Meeting, the Monitor shall serve a report regarding the Plan, which I understand is required by section 23(1)(d.1) of the CCAA. Such report will also be posted on the Monitor's website.

47. Prior to and since the Initial Meeting Order Hearing I and the Plan Entities' management have been in regular communication with the major Affected Creditors. No Affected Creditor has raised any opposition to the Initial Plan or provided any comments on the Initial Plan. The largest Affected Creditor had counsel attend the Initial Meeting Order Hearing in support of the Initial

Plan. We have no reason to believe the Plan will not be successful if put to a vote to the Affected Creditors.

(ii) Conduct of Creditors' Meeting

48. The Creditors' Meeting Order provides that a representative of the Monitor shall act as a chairperson (in such capacity, the "**Chairperson**") of the Creditors' Meeting. The Monitor may appoint one or more scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Creditors' Meeting.

49. It is contemplated that:

- (a) the quorum required at the Creditors' Meeting shall be at least one Affected Creditor with an Allowed Affected Claim, present at the meeting in person (by electronic means) or by proxy;
- (b) if the requisite quorum is not present at the Creditors' Meeting, the Chairperson may adjourn the meeting for a period of not more than seven days in total, unless otherwise agreed to by the Plan Entities, the Plan Sponsor, and the Monitor; and
- (c) in the event of any such adjournment, the Plan Entities and the Monitor will not be required to deliver any notice of adjournment of the Creditors' Meeting or adjourned Creditors' Meeting provided that the Monitor shall forthwith post notice of the adjournment on the Monitor's Website.

50. The only persons entitled to attend the Creditors' Meeting are (i) the Affected Creditors entitled to vote at the Meeting (or, if applicable, any person holding a valid Affected Creditor Proxy) and any such Affected Creditor's legal counsel; (ii) Convenience Class Creditors; (iii) the Chairperson, the scrutineers and the secretary; (iv) the Monitor and the Monitor's legal counsel; (v) one or more representatives of the Board and/or senior management of the Plan Entities and the Plan Entities' legal counsel; and (vi) one or more representatives of the Plan Sponsor and the Plan Sponsor's legal counsel.

51. Any other person may be admitted to the Meeting only on invitation of the Plan Entities, in consultation with the Monitor.

(iii) Assignment of Affected Claims prior to Creditors' Meeting

52. The Creditors' Meeting Order contemplates that an Affected Creditor may transfer their claim prior to the Creditors' Meeting provided that such creditor submit a notice of the transfer or assignment with satisfactory evidence (a "**Proof of Assignment**") to the Plan Entities, the Plan Sponsor and the Monitor, prior to the commencement of the Creditors' Meeting. The Creditors' Meeting Order provides for the procedures to submit a Proof of Assignment which must be complied with in order for a claim to be transferred or assigned.

(iv) Voting

53. At the Creditors' Meeting, Affected Creditors shall each be entitled to one (1) vote as part of the Affected Creditor Class, in an amount equal to their Allowed Affected Claim.

54. Any Affected Creditor that is entitled to vote at the Creditors' Meeting must:

- (a) duly complete and sign an Affected Creditor Proxy substantially in the form attached as a Schedule to the Creditors' Meeting Order;
- (b) specify in the Affected Creditor Proxy the name of the person with the power to attend and vote at the Creditors' Meeting on behalf of such Affected Creditor; and
- (c) deliver such proxy to the Monitor so that it is received at or prior to 5:00 p.m. on the day that is two (2) Business Days before the Creditors' Meeting and such delivery must be made in accordance with the instructions accompanying such Affected Creditor Proxy.

55. Any Affected Creditor with a "Disputed Claim" against the Plan Entities shall be entitled to attend the Creditors' Meeting and shall be entitled to one vote in respect of their Disputed Claim. The Monitor shall keep a separate record of votes cast by Affected Creditors with Disputed Claims and shall report to the Court with respect thereto at the Sanction Hearing. If approval or non-approval of the Plan by Affected Creditors would be affected by the votes cast in respect of Disputed Claims, such result shall be reported to the Court as soon as reasonably practicable after the Creditors' Meeting.

(v) Amendments to Plan

56. The Creditors' Meeting Order provides that the Plan Sponsor may at any time prior to the Creditors' Meeting amend, restate, modify and/or supplement the Plan with the agreement of the Plan Entities and the Monitor, and with the agreement of SNDL but only insofar as any such

