

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

THE HONOURABLE MADAM) TUESDAY, THE 13th
)
JUSTICE CONWAY) DAY OF SEPTEMBER, 2022
)
)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **SPROUTLY, INC.** and **TORONTO
HERBAL REMEDIES INC.**

(each an “Applicant” and collectively the “Applicants”)

Order re Sale

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an order (the “**Order**”), (i) approving the sale transaction (the “**Transaction**”) contemplated by the Bill of Sale and General Conveyance dated September 6, 2022 (the “**Bill of Sale**”) between Toronto Herbal Remedies Inc. (the “**Seller**”) and Kingston Cannabis Inc. (the “**Purchaser**”) appended to the Second Report of the Monitor dated September 8, 2022 (the “**Second Report**”); (ii) vesting in the Purchaser the Seller’s right, title and interest in the Purchased Assets (as defined below); (iii) seeking other certain related relief was heard this day via video conference due to the COVID-19 pandemic.

ON READING the Second Report, the Affidavit of Craig Loverock sworn September 8, 2022, and such further materials as counsel may advise, and on hearing the submissions of counsel to the Monitor and to the Applicants and counsel to those parties listed on the counsel list for today’s hearing, and no one else appearing for any other interested person, although duly served as evidenced by the Affidavit of Service of Khadija Waqqas sworn September 8, 2022, filed.

SERVICE

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

DEFINED TERMS

2. **THIS COURT ORDERS** that, unless otherwise defined herein, capitalized terms used in this Order shall have the meaning given to them in the Amended and Restated Initial Order of the Honourable Justice Penny dated July 4, 2022 made in these proceedings (the “**Initial Order**”).

APPROVAL OF THE BILL OF SALE

3. **THIS COURT ORDERS AND DECLARES** that the Bill of Sale and the Transaction be and are hereby approved and that the execution of the Bill of Sale by the Seller is hereby authorized, with such minor amendments as the Seller and the Purchaser, with the approval of the Monitor, may agree upon. The Seller, with the consent of the Monitor, is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets (as defined in the Bill of Sale) to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Seller to proceed with the Bill of Sale and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS** that the Seller is authorized and directed to perform its obligations under the Bill of Sale and any ancillary documents related thereto.


6. **THIS COURT ORDERS** that upon payment of the Purchase Price (as defined in the Bill of Sale) to the Seller by the Vendor, all of the Seller’s right, title and interest in and to the Purchased Assets described in the Asset Purchase Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have

attached or been perfected, registered or filed and whether secured, unsecured or otherwise including, without limiting the generality of the foregoing (i) any encumbrances or charges created by the Initial Order or any other orders made in these CCAA proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system including those registrations listed on **Schedule “A”** (all of which are collectively referred to as the “**Encumbrances**”) and for greater certainty, this Court orders that all Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

GENERAL

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

8. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for filing or entry.



Schedule “A” – PPSA Registrations to be Released

Date of Registration	Secured Party	File Number	Registration Number	Expiry Date
February 5, 2020	Infusion Biosciences Inc.	759882717	20200205 1105 1862 8027	February 5, 2025
December 30, 2020	Her Majesty in Right of Ontario as Represented by the Minister of Finance	768919932	20201230 1818 1031 0702	December 30, 2025
November 19, 2021	Jane Bailey	778362111	20211119 1036 1590 5184	November 19, 2024
June 16, 2022	0982244 B.C. Ltd	784044585	20220616 1423 1590 7490	June 16, 2027

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Court File No.: CV-22-00683056-00CL

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Proceedings commenced at Toronto, Ontario

ORDER RE SALE

Thornton Grout Finnigan LLP
100 Wellington Street West – Suite 3200
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7

Leanne M. Williams (LSO# 41877E)
Email: lwilliams@tgf.ca

Rebecca L. Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca

Adrienne Ho (LSO# 68439N)
Email: aho@tgf.ca
Tel: 416-304-1616
Fax: 416-304-1313

Lawyers for the Applicants