

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

**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”)

FIRST REPORT OF THE MONITOR

June 29, 2022

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INTRODUCTION

1. On June 24, 2022, the Court heard an application by the Applicants (the “**CCAA Application**”) for an initial order pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”).
2. BDO Canada Limited (“**BDO**”), as proposed monitor, prepared a report dated June 22, 2022 (the “**Proposed Monitor’s Report**”) to provide information to this Court for its consideration in respect of the Applicants’ CCAA Application.
3. On June 24, 2022 (the “**Filing Date**”), the Court granted an initial order in these proceedings (the “**Initial Order**”) that, among other things, appointed BDO as monitor of the Applicants in these CCAA proceedings (in such capacity, the “**Monitor**”), approved a stay of proceedings for the initial 10-day period (the “**Stay of Proceedings**”), approved certain Court-ordered priority charges, and approved the interim financing facility (the “**DIP Loan**”) to be provided by 0982244 B.C. Ltd. (the “**DIP Lender**”) pursuant to a DIP facility agreement (the “**DIP Facility Agreement**”).
4. The Initial Order contemplated a comeback motion to be heard July 4, 2022 (the “**Comeback Motion**”).
5. Among other things, the Applicants sought a stay of proceedings to allow them an opportunity to market the business and/or property for sale (collectively the “**Property**”).

PURPOSE

6. The purpose of this report (the “**First Report**”) is to provide information to the Court on:
 - a. The Applicants’ operations and communications with the stakeholders since the granting of the Initial Order;
 - b. The Monitor’s activities since its appointment;
 - c. The Applicants’ motion returnable on July 4, 2022 (the “**Return Motion**”) for

an order substantially in the form of the attached notice of motion to:

- i. Extend the Stay of Proceedings period to October 3, 2022;
 - ii. Authorize the Applicants to file with the Court a plan of compromise or arrangement (the **“Plan”**);
 - iii. Permit the Applicants to pursue restructuring options;
 - iv. Increase the DIP Lenders’ charge to the full amount allowable and authorizing further borrowings under the DIP Loan facility; and
 - v. Approve a proposed sales and investment solicitation process (the **“SISP”**).
- d. The Monitor’s view on the Applicant’s Return Motion.

TERMS OF REFERENCE

7. In preparing this Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, discussions with management of the Applicants (**“Management”**), and information from other third-party sources (collectively, the **“Information”**). Except as described in this First Report in respect of the Cash Flow Forecast:
- a. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (**“GAAS”**) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - b. Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not

been performed.

8. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
9. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

11. Sproutly Canada Inc. ("**Sproutly Canada**") is a publicly traded corporation on the Canadian National Stock Exchange under the symbol 'SPR' and maintains its registered head office at 300-1008 Howe Street, Vancouver, British Columbia, V6B 2X1. Sproutly Canada is not an applicant in these proceedings.
12. Sproutly Canada, through its subsidiaries, cultivates, produces, and sells dried cannabis, cannabis oil and related products, which are sold to provincial distributors and other authorized Canadian retail supply channels. None of the Applicants engage in any cannabis-related activities outside of Canada.
13. Sproutly Inc., a wholly owned subsidiary of Sproutly Canada, does not directly hold any tangible assets, however, it wholly owns Toronto Herbal Remedies Inc. ("**THR**"), the other Applicant in these proceedings.
14. THR was the operating entity and holds the Applicants' primary assets which include the Health Canada license permitting Sproutly Canada to process, cultivate, and sell cannabis in accordance with the *Cannabis Act* and the *Cannabis Regulations*. THR received its flower sales license from Health Canada effective October 16, 2019, and its extracts sales license effective October 15, 2020. As a result, the Company began to generate revenue from the sale of flower through authorized distributors and

retailers near the end of the fiscal year ended February 29, 2020.

15. THR owns the Applicants' approximately 16,000 square foot production facility located at 64-70 Raleigh Avenue, Toronto, Ontario, M1K 1A3 (the "**Real Property**").
16. THR's the other assets consist of cannabis flower, cannabis extract, packaging material, furniture, and machines and equipment.
17. THR is a privately held company incorporated under the laws of Ontario which was incorporated on January 17, 2013. Sproutly Inc. is a privately held company incorporated under the laws of Canada and was incorporated on January 17, 2017.
18. Sproutly Inc. presently has 2 employees and 1 consultant and THR presently has 2 employees. The employees are not unionized and do not maintain a pension plan. Although there are no ongoing operations of the Applicants' business, three (3) employees are required to maintain the Health Canada license(s) and the other two (2) employees are management responsible for the Applicants' governance/oversight and the books and records.
19. Infusion Biosciences Canada Inc. ("**Infusion Canada**") is also a wholly owned subsidiary of Sproutly Canada and licences certain proprietary technology to the Applicants. Infusion Canada was granted the Canada, Australia, Israel, Jamaica, European Union and United Kingdom licensing rights for this technology from Infusion Biosciences Inc. ("**Infusion**").
20. The Applicant's organizational chart and further background on the aforementioned companies can be found in the affidavit of Craig Loverock, the Applicants' Chief Financial Officer and President, sworn June 22, 2022 (the "**Loverock Affidavit**").

MONITOR'S ACTIVITIES TO DATE

21. The Monitor has established a website for these proceedings at <https://www.bdo.ca/en-ca/extranets/SI-and-toronto-herbal-remedies/> (the "**Monitor's Website**"). All court documents and certain other relevant documents will be posted on the Monitor's Website.

22. Pursuant to the Initial Order, on June 24, 2022, the following notices were posted on the Monitor's website:
 - a. the Applicants' Application Records;
 - b. the Factum of the Applicants dated June 23, 2022;
 - c. the Proposed Monitor's Report;
 - d. the Endorsement of Justice Penny; and
 - e. the Initial Order.
23. On June 29, 2022, the Monitor published Notice of the Initial Order in the Globe and Mail (National Edition).
24. The Monitor prepared and sent a notice, which includes information about the CCAA proceedings (the "**Notice to Creditors**"), to all known creditors, based on the contact information of such known creditors who have a claim against the Applicants of more than \$1,000, provided by the Applicants (the "**Known Creditors**"), by prepaid ordinary mail and or email if known, on June 27, 2022. A copy of the Notice to Creditors has been posted on the Monitor's Website.
25. The Monitor has also posted on its website a list showing the names of the Known Creditors and amounts owing according to the books and records of the Applicants in accordance with the CCAA.
26. Furthermore, since the granting of the Initial Order, the Monitor, among other things, has:
 - a. Assisted the Applicants with stakeholder communications;
 - b. Responded to calls, e-mails and letters received from creditors and other parties with respect to the CCAA proceedings;
 - c. Participated in various discussions with the Applicants and certain stakeholders in connection with the engagement of the sale agents, marketing plan and timelines associated with the Court approved SISP; and
 - d. Reviewed the Applicant's actual receipts and disbursements.

APPLICANTS' RECEIPTS AND DISBURSEMENTS TO DATE

27. The Applicants, with the assistance of the Monitor, prepared an updated cash flow forecast for the 14-week period from week ending July 3, 2022 through October 2, 2022 (the “**Revised Cash Flow Forecast**”) for the purpose of projecting the Applicants’ estimated cash needs. As the Initial Order was issued on a Friday, the Applicants did not receive the approved \$160,000 DIP Facility (“**Initial DIP**”) until Monday June 27, 2022 and as such the first week of disbursements in the original Cash Flow Forecast and the following week’s disbursements will both occur in the week ending July 3, 2022. A copy of the updated Revised Cash Flow Forecast is attached hereto as Appendix “A” to this Report.
28. Given the timing of receipt of the Initial DIP, and preparation of this First Report, the Monitor will attend to a full weekly reconciliation of receipts and disbursements and a projection to actual variance analysis for each week going forward.

PROPOSED AMENDED AND RESTATED INITIAL ORDER

29. The Applicants seek an Amended and Restated Initial Order that, among other things, extends the Stay of Proceedings, increases the DIP Loan facility to the full amount of \$750,000 (the “**DIP Facility Cap**”) as outlined in the DIP Facility Agreement and approves the SISP.
30. The Applicants seek an extension of the Stay Period from July 4, 2022 to October 3, 2022. This extension should permit the Applicants to adequately market the Property for sale, finalize the template Share Purchase Agreement (“**SPA**”) and Asset Purchase Agreement (“**APA**”) and close the proposed transaction.
31. Based on the Revised Cash Flow Forecast, the Monitor continues to believe that the Applicants will have sufficient liquidity, given the DIP Facility Cap, to complete the SISP.

SALE AND INVESTMENT SOLICITATION PROCESS

32. The SISP is intended to solicit interest in and opportunities for an investment in or sale of all or substantially all of the Property and or the Real Property of the

Applicants. This may include the sale of the shares of the Applicants, including the Real Property (“**Hyde Sale**”) or the sale of the Real Property without the shares and business (“**Realtor Sale**”).

Hyde Sale

33. On August 25, 2020, THR entered into an Advisory and Success Fee Agreement (“**First Hyde Engagement**”) with Hyde Advisory & Investments Inc. (“**Hyde**”) to among other things, source qualified leads in order to sell or merge with THR. Hyde has over eight years of cannabis sector consulting experience and is a leader in this field. Hyde has assisted in over 21 mergers or acquisitions of cannabis companies and their licences. The First Hyde Engagement was for a term of six months ending in February 2021.
34. On October 28, 2021 THR entered into a new Advisory and Success Fee Agreement (“**Second Hyde Engagement**”).
35. The Second Hyde Engagement resulted in the sourcing of a potential purchaser for the shares of THR. The potential purchaser issued a signed Letter of Intent dated May 5, 2022 but subsequently did not pursue the transaction.
36. On June 29, 2022 the Applicants with the assistance of the Monitor entered into an agreement, pending Court approval, that allows for the additional engagement of Hyde (“**CCAA Hyde Engagement**”). The CCAA Hyde Engagement and marketing for the Property will run simultaneously Realtor Sale. A copy of the redacted CCAA Hyde Engagement is attached hereto as **Appendix “B”**.

Realtor Sale

37. The Applicants with the assistance of the Monitor reached out to three (3) realtors to obtain listing proposals in relation to the sale of the Real Property. Two (2) realtors provided proposals and it was determined that Avison Young would act as broker and market the Real Property for sale. Avison Young’s proposal was selected for the following reasons:
 - a. Avison Young has prior knowledge of the Real Property and had provided an appraisal in early 2022;

- b. Provided a competitive commission rate; and
 - c. Provided a very detailed marketing plan and AY confirmed that they will be able to adhere to the strict SISP timeline in these proceedings.
38. On June 29, 2022 the Applicants with the assistance of the Monitor entered into an agreement, pending Court approval, that allows for the engagement of Avison Young (“**AY Engagement**”). A copy of the AY Engagement is attached hereto as **Appendix “C”**.

SISP Summary & Proposed Timeline

39. The SISP is fully described in the document attached hereto as **Appendix “D”** to this First Report.
40. The proposed timeline of the SISP is set out in the following table. Any terms not expressly defined in the table are defined in **Appendix “D”**.

Event	Date (each by 5:00 p.m. EST)
Sales Agents to create list of Known Potential Bidders and distribute Teaser Letter and Confidentiality Agreements to Known Potential Bidders	As soon as practicable and no later than July 6, 2022
Sales Agents to prepare and have available for Potential Bidders the CIM	As soon as practicable and no later than July 6, 2022
Advertisement in the national edition of the Globe and Mail and/or another national news publication	July 6, 2022
Initial (non-binding) Offer Deadline	August 5, 2022
Binding Offer Deadline	By August 19, 2022
Selection of Winning Bid and Negotiating a Final Agreement	By August 22, 2022
Final Agreement	By August 26, 2022
Application to the Court for Approval Order(s)	As soon as reasonably practicable after the Final Agreement
Closing of the Transaction (the “Closing Date”)	September 23, 2022

41. The Monitor understands that the DIP Lender is included in the Known Potential Bidders’

list and that they reserve their rights to credit bid their secured indebtedness (including the DIP Facility) to the Applicants on the DIP Facility, in addition to their previous secured debt facilities extended to THR to purchase the Real Property.

42. The Monitor will be responsible for overseeing the SISP in consultation with the Applicants and others as identified in the SISP. In the event that clarification is required with respect to the SISP, the Monitor will seek the advice and direction of the Court.

CONCLUSIONS AND RECOMMENDATIONS

43. The Monitor respectfully submits that the Amended and Restated Initial Order should be granted.
44. The Monitor is of the view that:
- a. The extension of the Stay Period until October 3, 2022, is reasonable and appropriate in the circumstances;
 - b. The SISP is the most effective and efficient method to allow for the potential sale and continuation of the Applicant's business operations and/or maximize the realization on the Applicant's assets; and
 - c. The DIP Facility Cap is required to allow for sufficient time to complete the SISP.
45. The Monitor confirms that the Company has acted and is continuing to act in good faith with due diligence.

All of which is respectfully submitted this 29th day of June, 2022.

**BDO CANADA LIMITED, in its capacity
as CCAA Monitor of the Applicants, and not
in its corporate or personal capacity.**



**Clark Lonergan, CPA, CA, CIRP, LIT
Senior Vice President**

Appendix “A”

Sproutly Inc. and
Toronto Herbal Remedies Inc.
Amended Combined Cash Flow Forecast for the period
July 3, 2022 to October 2, 2022
(CAD \$)

WEEK ENDING	1 07/03/2022	2 07/10/2022	3 07/17/2022	4 07/24/2022	5 07/31/2022	6 08/07/2022	7 08/14/2022	8 08/21/2022	9 08/28/2022	10 09/04/2022	11 09/11/2022	12 09/18/2022	13 09/25/2022	14 10/02/2022	TOTAL
Beginning cash (deficit)	-	(142,022)	(206,836)	(262,028)	(284,501)	(416,981)	(431,794)	(431,987)	(502,517)	(563,869)	(578,683)	(613,875)	(628,688)	(632,688)	
Receipts															
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disbursements from operations															
Salaries and wages (incl taxes)	1	45,706	14,813	18,813	18,813	14,813	18,813	18,813	1,260	14,813	14,813	14,813	4,000	1,260	146,586
Employee benefits	-	-	-	1,260	-	-	-	-	6,750	-	-	-	-	-	3,780
Utilities	2	6,750	-	-	6,750	-	-	-	7,000	-	-	-	-	7,000	20,250
Communications and admin	3	-	-	-	7,000	-	-	-	900	-	-	-	-	900	21,000
Insurance	-	1,015	-	-	900	-	-	-	500	-	-	-	-	500	3,715
Waste removal & cleaning	4	-	-	2,400	-	-	-	-	1,000	-	-	-	-	500	3,400
Supplies	5	-	-	-	1,000	-	-	-	1,000	-	-	-	-	1,000	3,000
Repairs and maintenance	6	5,000	-	5,000	-	-	-	1,717	-	-	-	-	-	2,500	14,217
Destruction/shipping cost of flower inventory	-	-	-	-	5,000	-	-	-	-	-	-	-	-	-	5,000
Source deductions and related fees	7	33,551	193	-	193	-	193	-	193	-	193	-	-	193	34,707
Monitor & counsel fees	-	25,000	25,000	-	30,000	-	35,000	-	-	-	25,000	-	-	-	190,000
Mortgage interest	8	-	-	-	32,500	-	-	-	32,500	-	-	-	-	32,500	97,500
DIP fees and interest	-	-	-	-	8,750	-	-	-	8,750	-	-	-	-	23,750	41,250
Restructuring costs	9	25,000	25,000	-	30,000	-	15,000	-	-	-	10,000	-	-	5,000	135,000
Phase II (Try Environmental Services)	10	-	-	-	7,887	-	-	-	-	-	-	-	-	-	7,887
KEIP	11	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Contingency	-	-	-	-	2,500	-	-	-	2,500	-	-	-	-	2,500	7,500
Total disbursements		142,022	64,813	55,193	132,480	14,813	193	70,530	61,353	14,813	35,193	14,813	4,000	117,103	749,791
Net Cash Flow		(142,022)	(64,813)	(55,193)	(132,480)	(14,813)	(193)	(70,530)	(61,353)	(14,813)	(35,193)	(14,813)	(4,000)	(117,103)	(749,791)
Closing cash (deficit)		\$ (142,022)	\$ (206,836)	\$ (262,028)	\$ (284,501)	\$ (416,981)	\$ (431,794)	\$ (431,987)	\$ (502,517)	\$ (563,869)	\$ (578,683)	\$ (613,875)	\$ (628,688)	\$ (632,688)	\$ (749,791)

Notes:

1. Week 1 payment includes \$31,854.39 which represent a portion of back wages .
2. Utilities presented for payment do not include arrears only monthly charges estimated by current rates.
3. This amount reflect all security and communication costs associated with the cannabis licence and facility.
4. This includes amounts for delivery of bins which were removed for non payment.
5. Personal protective equipment and cleaning supplies required as a condition of licence.
6. Repairs and maintenance include amounts for minor repairs that are necessary to maintain the building.
7. These are amount required for payment pursuant to the DIP Agreement and ongoing payroll to close.
8. Associated interest costs for current Mann Mortgage.
9. This reflects estimated cost for Company's legal counsel.
10. A Phase II environmental assessment was completed and invoiced in August 2021 by Try Environmental Services Inc. ("Try"). As a potential purchaser will most probably request a reliance letter from Try, therefore, this payment is considered critical.
11. Amounts allocated for Key Employee Incentive are to assist with the sales process and keep the CFO/President as a security cleared Director for the transition of licence if required.

Appendix “B”

ADVISORY AND SUCCESS FEE AGREEMENT

THIS Advisory and Success Fee Agreement (this “**Agreement**”) is made as of the 29th day of June, 2022 (the “**Effective Date**”).

BETWEEN:

HYDE ADVISORY & INVESTMENTS INC.

(the “**Consultant**”)

- and-

TORONTO HERBAL REMEDIES

(together with its affiliates, associates, subsidiaries and any successors or assigns, collectively (the “**Company**”)

1. **WHEREAS** THE COMPANY (along with Sproutly Inc., together the “**Applicants**”) on June 24, 2022 filed an application for an initial order (“**Initial Order**”) with Ontario Superior Court of Justice Commercial List (the “**Court**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”). The Court granted an initial order in these proceedings that, among other things, appointed BDO Canada Limited as monitor of the Applicants in these CCAA proceedings (in such capacity, the “**Monitor**”), approved a stay of proceedings for the initial 10-day period, approved certain Court-ordered charges, and approved the interim financing facility. The Initial Order contemplated a comeback motion to be heard July 4, 2022 where it is anticipated that the Court will grant an amended and restated initial order extending the stay of proceeding, approving the sales and investment solicitation process (the “**SISP**”), approving the entire debtor

in possession financing facility and approving the engagement of the sale agents (Consultant and realtor) to run the SISP. The SISP is intended to solicit interest in and opportunities for an investment in or sale of all or substantially all of the property and or the real property of the Applicants. This may include the sale of the shares of the Applicants, including the real property (“**Consultant Sale**”) or the sale of the real property without the shares and business (“**Realtor Sale**”).

WHEREAS the Consultant is in the business of providing, directly or through a third party, a range of strategic support, regulatory compliance, licensing advisory, corporate due diligence and transaction facilitation services within the global cannabis industry (the “**Services**”).

AND WHEREAS THE COMPANY wishes to retain the Consultant to provide the Services in connection with a potential Transaction (as defined below) involving the Company and/or any subsidiary or affiliate thereof and/or any assets of the Company, excluding a real property sale only (each, an “**Asset**”) and a targeted list of potential interested parties (“**Candidates**”, each a “**Candidate**”).

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Definitions

For purposes of this Agreement,

- a) “**Agreement**” means this Agreement;
- b) “**Break Fee**” has the meaning set out in 2(d) below;
- c) “**Candidate**” means a targeted list of potential interested parties identified by the Consultant;

- d) **“Protected List”** means the list of entities identified by the Company in Schedule “A” to this Agreement;
- e) **“Qualified Lead”** means, without limitation, one or more Candidates introduced to the Company by Consultant which is not on the Company’s Protected List;
- f) **“Success Fee”** has the meaning set out in Section 2(c) below;
- g) **“Transaction”** means, without limitation, any transaction or series of transactions in which the Company, or any subsidiary or affiliate thereof: (i) sells, directly or indirectly, any of the shares, assets, revenues, income or businesses or any Asset, or otherwise sells control of any Asset, regardless of the structure or form of the Transaction, to a Candidate; (ii) a sale of, or an acquisition by a Candidate of, all or substantially all the shares of the Company and/or any subsidiary or affiliate thereof by way of a negotiated purchase, private agreement, take-over bid or tender offer or other similar transaction; (iii) an amalgamation, merger, consolidation, reorganization, arrangement or other business combination involving the Company and/or any subsidiary or affiliate thereof and a Candidate; (iv) a sale of all or substantially all the assets of the Company and/or any subsidiary or affiliate thereof, to a Candidate; (v) a sale of, or acquisition by a Candidate of, control of the Company and/or any subsidiary or affiliate thereof; (vi) an equity investment into the Company by a Candidate; (vii) a loan, debt or *quasi*-debt instrument to the Company by the Candidate, (viii) a reverse take-over or other similar transaction involving the Company and/or any subsidiary or affiliate thereof, and a Candidate; or (ix) any other type of transaction involving the exchange of consideration or value between the Company and a Candidate, other than commercial transactions entered into in the ordinary course of the Company’s business consistent with past practice. Despite the Transaction definition outlined above, a Transaction shall not include a Realtor Sale or any

credit bid offer to purchase the Company business and/or assets (“**Credit Bid Sale**”) from the Company’s secured lenders.

- h) “**Transaction Facilitation Services**” means, without limitation, activities undertaken by Consultant aimed at identifying and engaging in discussions with potential Candidates and other stakeholders in relation to a Transaction.
- i) “**Transaction Value**” means, without limitation, an amount equal to the sum of (without duplication): (i) the gross dollar amount received by or paid or payable to (whether in one or more tranches) the Company and/or its securityholders by any party involved in the Transaction, including amounts paid for securities and/or indebtedness issued or issuable and the aggregate fair market value of any securities or other non-cash consideration received by or paid or payable to the Company and/or to its securityholders (including, any joint venture interest delivered to, or retained by, the Company) in connection with the Transaction; (ii) the aggregate fair market value of any securities issued or issuable or other non-cash consideration paid or payable by the Company and/or any subsidiary or affiliate thereof in connection with the Transaction, and (iii) the aggregate amount of indebtedness and financial liabilities (for greater clarity, including accounts payable) of the Company and its subsidiaries and affiliates assumed by any party involved in the Transaction, and the aggregate amount of indebtedness and financial liabilities (for greater clarity, including accounts payable) of any party involved in the Transaction assumed by the Company and/or any subsidiary or affiliate thereof.

2. Remuneration

- (a) *The Company Discretion re. Deal Terms.* Any Transaction must be approved by in accordance with the SISP. The Company may only enter into a Transaction as set out in the SISP.
- (b) *Remuneration Trigger.* The Company’s obligation to remunerate

Consultant under this Agreement is triggered where Consultant introduces the Company to a Qualified Lead or to an entity on the Protected List who completes a Transaction with the Company.

- (c) *Success Fee.* If during the Initial Term, a Transaction is completed, or the Company enters into an agreement in respect of a Transaction which is then subsequently completed, the Company will pay the Consultant a fee (the “**Success Fee**”), equal to:
- (i) 1.00% of the Transaction Value for a Transaction between the Company and an entity on the Protected List; or
 - (ii) 2.00% of the Transaction Value for a Transaction between the Company and a Qualified Lead, where the Transaction Value is less than ██████████; or
 - (iii) 3.00% of the Transaction Value for a Transaction between the Company and a Qualified Lead, where the Transaction Value is ██████████ or greater.

The Success Fee is payable to the Consultant (or as it may otherwise direct), in cash.

- (d) *Break Fee.* If during the Initial Term, a Realtor Sale transaction is completed, or the Company enters into an agreement in respect of a Transaction which is then subsequently completed, the Company will pay the Consultant a fee (the “**Break Fee**”) of \$35,000. The Break Fee is not earned or payable on a Credit Bid Sale transaction.
- (e) *Timing of Payment.* The Success Fee or Break Fee shall be paid by the Company to the Consultant within fifteen (15) days after closing of the Transaction (closing of the Transaction being when funds are received by the Company, its subsidiaries or affiliates (as the case may be)). In the event the Transaction funds are received by the Company in one or more tranches, or upon post-closing conditional payments, the Success Fee shall be split and paid proportionately across each such tranche or conditional payment when such payment is received

by the Company.

- (f) *Sales Taxes.* The Company will be responsible for HST and any other sales taxes applicable in respect of the Success Fee or Break Fee payable under this Agreement, payable in cash.
- (g) *Verification of Amount of Remuneration.* The Company acknowledges and agrees that once a Transaction has been closed, Consultant shall be permitted to inspect any and all of the Transaction documents within ten (10) business days of a written request for said documents being delivered to the Company. The Company agrees to provide Consultant or Consultant's representative with access to such Transaction documents at the Company's offices during regular business hours.

3. Access to Information, and Disclosure and Use

- a) *Access to Information.* The Company will arrange for Consultant to have timely access to the Company's executive officers, legal counsel and such other personnel as Consultant may reasonably request, and to information regarding the Company as Consultant may reasonably request in carrying out this engagement. Upon receipt of such information, Consultant shall keep all information strictly confidential and shall not disclose any such information except to Consultant's representatives on a need-to-know basis, without the Company's prior written consent. In addition, the Company will use its best efforts to keep Consultant informed with respect to all information and circumstances regarding the Transaction as may be relevant to Consultant properly performing its duties under this Agreement, and the Company will promptly provide Consultant with copies of all material documents relating to the Transaction. The Company agrees to provide, or arrange to have provided to Consultant such information, and the Company will update such information as appropriate. The Company agrees that Consultant may rely upon such information and that all such information will be true, accurate and complete in all material respects. The

Company acknowledges that Consultant will be entitled to rely upon such information, and Consultant is entitled to assume, and is under no obligation to verify independently, the accuracy, completeness or reasonableness of such information. Further, Consultant is under no obligation to investigate any changes which may occur in such information after the date upon which it is provided to it. Notwithstanding the foregoing, the Company will advise Consultant promptly of any material change or change in a material fact, actual or contemplated, and of any material information of which the Company becomes aware which might reasonably be considered relevant to Consultant's engagement. The Company will advise Consultant promptly of any communication or notice received by the Company from, and of any proceeding initiated before or by, any applicable regulatory authority (including, without limitation, Health Canada and any stock exchange, if applicable) or court relating to the Transaction or which might otherwise be relevant to this engagement.

- b) *Disclosure and Use.* All opinions, advice and other materials provided by Consultant hereunder, are to be used solely by the Company's management team and board of directors in considering a Transaction and shall not be quoted from, summarized or otherwise disclosed, nor will any reference to Consultant or to this engagement be made, without Consultant's prior written consent, not to be unreasonably withheld, provided it is understood that, with the prior written consent of Consultant, the Company may use the aforesaid advice and opinions in its disclosure to shareholders of the Company in seeking any required consent(s) to the proposed Transaction in a form and manner to be reasonably agreed to by the parties hereto.
- c) *Confidential Information.* The parties acknowledge and agree that during the course of this engagement, they will be exposed to Confidential Information (as hereinafter defined) and such Confidential Information may only be used by the Consultant or the Company, as the

case may be, for purposes of evaluating a proposed Transaction. For purposes of this Agreement, “Confidential Information” shall include, but not be limited to: (i) all information or knowledge pertaining to the Company’s or Consultant’s business, affairs or operations including any financial information, technical information, personnel, intellectual property, data, designs, business plans, documents, materials, records, customers, counterparties and/or legal agreements; and (ii) the existence or identity of any Qualified Lead provided by Consultant to the Company, each of which is not otherwise generally known, or available, to the public.

4. Scope of Consultant’s Services

- a) *Not Trading In, or Advising On, Securities.* Consultant is not trading in, or advising on, securities or commodities and is therefore not required to register with the Ontario Securities Commission. More broadly, Consultant is not in the business of providing investment advice and the Company is encouraged to retain trained and certified financial and/or investment professionals to provide this type of support and advice on any Transaction.
- b) *Sourcing of Qualified Leads.* Consultant will make best efforts to source Qualified Leads who may wish to enter into a Transaction with the Company. Consultant has an extensive database of cannabis industry business contacts who collectively afford Consultant a unique and significant opportunity to identify Qualified Leads for the Company.
- c) *Strategic Advisory Services.* Consultant provides strategic support to a range of cannabis sector clients in the areas of business/licensing strategy, regulatory compliance, facility operations, corporate governance and acquisition due diligence. As part of the scope of Services under this Agreement, Consultant will provide the Company with high level strategic insights directed towards the selection of suitable Qualified Leads and alignment with licensing requirements,

related to one or more prospective Transactions including, specifically, those services set out in Schedule “B” to this Agreement.

- d) *Consulting Services Outside this Agreement.* In the event the Company requires supplemental advisory services outside of those services included in Schedule “B” to this Agreement, and Consultant is equipped to provide the required services, a separate Consulting Agreement will be drawn up between the parties.

5. Term, Termination and Survival.

- a) *Term.* The initial term of this Agreement shall be for a period of six (6) months (the “**Initial Term**”), commencing on the Effective Date.
- b) *Termination.* This Agreement may be terminated: (i) immediately by either party upon written notice to the other party if the other party commits a material breach of this Agreement (ii) immediately by either party upon written notice to the other party in the event the other party commits an act of fraud, dishonesty, gross misconduct or gross negligence in connection with this Agreement; or (iii) by written notice in accordance with paragraph 4(a) above.
- c) *Survival.* The provisions of section 2 (Remuneration), section 3 (Access to Information and Disclosure and Use), section 5 (Term, Termination and Survival), section 6 (Non-Circumvention and No Other Fees), section 7 (Nature of Relationship and Exclusivity), Section 8 and Schedule A (Indemnification), and section 9 (General Matters) shall survive such termination.

6. Non-Circumvention and No Other Fees

- a) *Non-Circumvention.* It is recognized that Consultant will expend time, specialized knowledge and resources in pursuit of a Transaction for the Company. The Company therefore agrees it shall not take any action, or fail to take any action, intended to circumvent or defeat, or having the

effect of circumventing or defeating Consultant's right to receive a Success Fee under this Agreement. The Company agrees to compensate Consultant in the event that the Company's action or inaction defeats the parties' *bona fide* intentions to identify Qualified Leads and consummate a Transaction and Consultant suffers harm or a loss in connection therewith including, for greater certainty, the loss of the Success Fee that would otherwise have been payable. As outlined in the Transaction definition this excludes Realtor Sale transaction or Credit Bid Sale transaction.

- b) *No Other Fees.* Consultant represents that it is the sole party entitled to the Success Fee for any Transaction facilitated by Consultant and further agrees that no other party will look to the Company in connection with any other like fee in relation to a Transaction. Moreover, Consultant will not look to any other party to the Transaction for any additional fee in connection with such Transaction without the prior written consent of the Company. As outlined in the Transaction definition this excludes Realtor Sale transaction or Credit Bid Sale transaction.
- c) *Assignment.* Consultant will not assign this Agreement without the prior written consent of the Company and the Court.

7. Nature of Relationship and Exclusivity

- a) *Independent Contractors.* The Company and Consultant agree that the relationship created by this Agreement shall be that of independent contractors. The parties further agree that they have not created a partnership and nothing contained in this Agreement shall in any manner whatsoever constitute any party the partner, agent or legal representative of any other party, nor create any fiduciary relationship between them for any purpose whatsoever.
- b) *Exclusivity.* The Company acknowledges and agrees that this is an exclusive engagement with regards to a Consultant Sale transaction with Consultant for the Initial Term and as such, the Company shall not

consult with or engage any other party for Transaction Facilitation Services during the Initial Term without the prior written consent of Consultant. The Consultant acknowledges that a realtor has been engaged by the Company and approved by the Court to attempt to sell the Company's real property (Realtor Sale transaction).

8. General Matters

- a) *Entire Agreement.* This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations and understandings, both written and oral, between the parties with respect to the subject matter hereof. This Agreement may not be modified unless done so in writing and signed by both parties.
- b) *Inurement.* This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.
- c) *Applicable Law and Jurisdiction.* This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties further agree that any dispute or question, either of fact or of law, which may arise under this Agreement shall be resolved by the courts of the Province of Ontario and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.
- d) *Currency.* All dollar amounts expressed herein and payable as Success Fee are in Canadian dollars.
- e) *Counterparts.* This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which, when taken together, will constitute one and the same Agreement. Each of the parties to this Agreement will be entitled to rely on delivery of an electronic copy of this Agreement and acceptance by each party of any such electronic copy will be legally

effective to create a valid and binding agreement between the parties to this Agreement in accordance with the terms of this Agreement.

- f) *Severability.* The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision thereof. Each Party agrees that no failure or delay by the other Party in exercising any right, power or privilege hereunder will operate as a waiver thereof.
- g) *Legal Advice.* The Company and Consultant confirm that they have been advised to obtain independent legal, tax and financial advice with respect to this Agreement (and the consequences related thereto) and have done so or have considered doing so and, in their sole judgment, have decided that it is not necessary.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date set out above.

HYDE ADVISORY & INVESTMENTS INC.

Per: David M Hyde
David M Hyde (Jun 29, 2022 16:05 EDT)

Name: David Hyde

Title: Director

I have authority to bind the corporation

TORONTO HERBAL REMEDIES INC.

Per: Craig Loverock
Craig Loverock (Jun 29, 2022 16:04 EDT)

Name: Craig Loverock

Title: CFO

I have authority to bind the corporation

SCHEDULE A - PROTECTED LIST

**CARMEL CANNABIS
ARTISANAL CANNABIS
CANNABIS MANUFACTURER'S GUILD**

SCHEDULE B – SCOPE OF TRANSACTION FACILITATION SERVICES

While the precise scope of Transaction Facilitation Services will vary slightly based on the circumstances of each Transaction, the below list identifies those services which form part of this Agreement and are typically conducted by Consultant as part of a Transaction:

- Initial discussions with Company stakeholders and review of a wide range of Company data in order to learn about the Company’s business, its’ key selling features and the type of buyer(s)/investor(s) best-suited to the opportunity.
- Gathering of key Company information and documentation/files to be shared with Qualified Leads and entities from the Protected List.
- Review of corporate deck and other key Company presentation materials, providing feedback aimed at optimizing these materials.
- Ongoing discussions with representatives from the Company, Candidates, Qualified Leads, entities from the Protected List and other relevant stakeholder groups in pursuit of facilitating a Transaction.
- Facilitating non-disclosure agreements between the Company and any parties who enter into discussions about a Transaction.
- Arranging and attending calls between the Company and Qualified Leads, as well as the Company and entities from the Protected List, and acting as the Company’s advisor during Transaction-related discussions.
- Providing updates to the Company on the status of discussions with Qualified Leads and entities from the Protected List.
- Discussing and accepting Letters of Intent (“LOI’s”) or Term Sheets from Qualified Leads and entities from the Protected List to be brought to the Company for discussion.
- Supporting the Company during Transaction-related negotiations with Qualified Leads and entities from the Protected List.
- Provision of strategic licensing advisory services pertaining to potential transactions between the Company and prospective buyers/investors.
- Review of comparable transactions (i.e., “comps”) in the legal cannabis sector which can be used to inform Transaction negotiations.
- Various sales and marketing activities (all of which are pre-approved by the Company) including some or all of:
 - reach-outs to pre-qualified buyers/investors on the Hyde Advisory & Investments Inc. Candidates list;
 - identification and solicitation of potential Candidates through the extensive HAI professional network (e.g., past and present clients, licence holders, licence applicants, industry consultants, investment groups, etc.);
 - use of anonymized social media posts - e.g., LinkedIn, Twitter (pre-approved by the Company);

- creation of an anonymized “website summary” to be posted on the M&A listing page on the HAI website (pre-approved by the Company);
- creation of a “sell sheet” to be shared with Qualified Leads (pre-approved by the Company);
- facilitation of a “Bid Process” whereby the opportunity is advertised within cannabis investment circles to attract multiple offers;
- creation of a marketing video (NOTE: if initial marketing and sales efforts do not lead to a Transaction and the Company wishes to pursue this step. NOTE also that an extra fee will be levied to cover the video production costs).

Appendix “C”

Listing Agreement - Commercial

Seller Representation Agreement

Authority to Offer for Sale

Form 520

for use in the Province of Ontario

This is a Multiple Listing Service® Agreement



OR

This Listing is Exclusive

EXCLUSIVE



BETWEEN:

BROKERAGE: Avison Young Commercial Real Estate Services, LP

301-77 City Centre Drive, Mississauga, ON L5B 1M5 (the "Listing Brokerage") Tel. No. 905-712-2100

SELLER: Toronto Herbal Remedies Inc. (the "Seller")

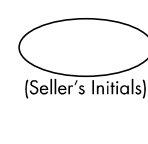
In consideration of the Listing Brokerage listing the real property **for sale** known as 64-70 Raleigh Avenue, Toronto

..... (the "Property")
the Seller hereby gives the Listing Brokerage the **exclusive and irrevocable** right to act as the Seller's agent,

commencing at 12:01 a.m. on the 28 day of June 20 22

until 11:59 p.m. on the 28 day of December 20 22 (the "Listing Period"),

Seller acknowledges that the length of the Listing Period is negotiable between the Seller and the Listing Brokerage and, if an MLS® listing, may be subject to minimum requirements of the real estate board, however, in accordance with the Real Estate and Business Brokers Act, 2002, (REBBA), if the Listing Period exceeds six months, the Listing Brokerage must obtain the Seller's initials.



to offer the Property **for sale** at a price of:

..... \$1.00 - Unpriced Dollars (\$CDN)

and upon the terms particularly set out herein, or at such other price and/or terms acceptable to the Seller. It is understood that the price and/or terms set out herein are at the Seller's personal request, after full discussion with the Listing Brokerage's representative regarding potential market value of the Property.

The Seller hereby represents and warrants that the Seller is not a party to any other listing agreement for the Property or agreement to pay commission to any other real estate brokerage for the sale of the property.



1. DEFINITIONS AND INTERPRETATIONS: For the purposes of this Agreement ("Authority" or "Agreement"):

"Seller" includes vendor and a "buyer" includes a purchaser or a prospective purchaser. A purchase shall be deemed to include the entering into of any agreement to exchange, or the obtaining of an option to purchase which is subsequently exercised, or the causing of a First Right of Refusal to be exercised, or an agreement to sell or transfer shares or assets. "Real property" includes real estate as defined in the Real Estate and Business Brokers Act (2002). The "Property" shall be deemed to include any part thereof or interest therein. A "real estate board" includes a real estate association. Commission shall be deemed to include other remuneration. This Agreement shall be read with all changes of gender or number required by the context. For purposes of this Agreement, anyone introduced to or shown the Property shall be deemed to include any spouse, heirs, executors, administrators, successors, assigns, related corporations and affiliated corporations. Related corporations or affiliated corporations shall include any corporation where one half or a majority of the shareholders, directors or officers of the related or affiliated corporation are the same person(s) as the shareholders, directors, or officers of the corporation introduced to or shown the Property.

2. COMMISSION: In consideration of the Listing Brokerage listing the Property for sale, the Seller agrees to pay the Listing Brokerage a commission

of 3 % of the sale price of the Property or see Schedule "A"

.....
for any valid offer to purchase the Property from any source whatsoever obtained during the Listing Period, as may be acceptable to the Seller.

INITIALS OF LISTING BROKERAGE:



INITIALS OF SELLER(S):



The Seller authorizes the Listing Brokerage to co-operate with any other registered real estate brokerage (co-operating brokerage), and to offer to pay the co-operating brokerage a commission of¹..... % of the sale price of the Property or out of the commission the Seller pays the Listing Brokerage. The Seller further agrees to pay such commission as calculated above if an agreement to purchase is agreed to or accepted by the Seller or anyone on

the Seller's behalf within¹⁸⁰..... days after the expiration of the Listing Period (**Holdover Period**), so long as such agreement is with anyone who was introduced to the Property from any source whatsoever during the Listing Period or shown the Property during the Listing Period. If, however, the offer for the purchase of the Property is pursuant to a new agreement in writing to pay commission to another registered real estate brokerage, the Seller's liability for commission shall be reduced by the amount paid by the Seller under the new agreement.

The Seller further agrees to pay such commission as calculated above even if the transaction contemplated by an agreement to purchase agreed to or accepted by the Seller or anyone on the Seller's behalf is not completed, if such non-completion is owing or attributable to the Seller's default or neglect, said commission to be payable on the date set for completion of the purchase of the Property.

Any deposit in respect of any agreement where the transaction has been completed shall first be applied to reduce the commission payable. Should such amounts paid to the Listing Brokerage from the deposit or by the Seller's solicitor not be sufficient, the Seller shall be liable to pay to the Listing Brokerage on demand, any deficiency in commission and taxes owing on such commission.

In the event the buyer fails to complete the purchase and the deposit or any part thereof becomes forfeited, awarded, directed or released to the Seller, the Seller then authorizes the Listing Brokerage to retain as commission for services rendered, fifty (50%) per cent of the amount of the said deposit forfeited, awarded, directed or released to the Seller (but not to exceed the commission payable had a sale been consummated) and to pay the balance of the deposit to the Seller.

All amounts set out as commission are to be paid plus applicable taxes on such commission.

3. REPRESENTATION: The Seller acknowledges that the Listing Brokerage has provided the Seller with written information explaining agency relationships, including information on Seller Representation, Sub-agency, Buyer Representation, Multiple Representation and Customer Service. The Seller understands that unless the Seller is otherwise informed, the co-operating brokerage is representing the interests of the buyer in the transaction. The Seller further acknowledges that the Listing Brokerage may be listing other properties that may be similar to the Seller's Property and the Seller hereby consents to the Listing Brokerage acting as an agent for more than one seller without any claim by the Seller of conflict of interest. Unless otherwise agreed in writing between Seller and Listing Brokerage, any commission payable to any other brokerage shall be paid out of the commission the Seller pays the Listing Brokerage.

The Seller hereby appoints the Listing Brokerage as the Seller's agent for the purpose of giving and receiving notices pursuant to any offer or agreement to purchase the Property.

MULTIPLE REPRESENTATION: The Seller hereby acknowledges that the Listing Brokerage may be entering into buyer representation agreements with buyers who may be interested in purchasing the Seller's Property. In the event that the Listing Brokerage has entered into or enters into a buyer representation agreement with a prospective buyer for the Seller's Property, the Listing Brokerage will obtain the Seller's written consent to represent both the Seller and the buyer for the transaction at the earliest practical opportunity and in all cases prior to any offer to purchase being submitted or presented.

The Seller understand and acknowledges that the Listing Brokerage must be impartial when representing both the Seller and the buyer and equally protect the interests of the Seller and buyer. The Seller understands and acknowledges that when representing both the Seller and the buyer, the Listing Brokerage shall have a duty of full disclosure to both the Seller and the buyer, including a requirement to disclose all factual information about the Property known to the Listing Brokerage.

However, the Seller further understands and acknowledges that the Listing Brokerage shall not disclose:

- that the Seller may or will accept less than the listed price, unless otherwise instructed in writing by the Seller;
- that the buyer may or will pay more than the offered price, unless otherwise instructed in writing by the buyer;
- the motivation of or personal information about the Seller or buyer, unless otherwise instructed in writing by the party to which the information applies or unless failure to disclose would constitute fraudulent, unlawful or unethical practice;
- the price the buyer should offer or the price the Seller should accept; and
- the Listing Brokerage shall not disclose to the buyer the terms of any other offer.

However, it is understood that factual market information about comparable properties and information known to the Listing Brokerage concerning potential uses for the Property will be disclosed to both Seller and buyer to assist them to come to their own conclusions.

Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be entitled or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices.

MULTIPLE REPRESENTATION AND CUSTOMER SERVICE: The Seller understands and agrees that the Listing Brokerage also provides representation and customer service to other sellers and buyers. If the Listing Brokerage represents or provides customer service to more than one seller or buyer for the same trade, the Listing Brokerage shall, in writing, at the earliest practicable opportunity and before any offer is made, inform all sellers and buyers of the nature of the Listing Brokerage's relationship to each seller and buyer.

INITIALS OF LISTING BROKERAGE:



INITIALS OF SELLER(S):



4. **REFERRAL OF ENQUIRIES:** The Seller agrees that during the Listing Period, the Seller shall advise the Listing Brokerage immediately of all enquiries from any source whatsoever, and all offers to purchase submitted to the Seller shall be immediately submitted to the Listing Brokerage by the Seller before the Seller accepts or rejects the same. If any enquiry during the Listing Period results in the Seller's accepting a valid offer to purchase during the Listing Period or within the Holdover Period after the expiration of the Listing Period described above, the Seller agrees to pay the Listing Brokerage the amount of commission set out above, payable within five (5) days following the Listing Brokerage's written demand therefor.
5. **MARKETING:** The Seller agrees to allow the Listing Brokerage to show and permit prospective buyers to fully inspect the Property during reasonable hours and the Seller gives the Listing Brokerage the sole and exclusive right to place "For Sale" and "Sold" sign(s) upon the Property. The Seller consents to the Listing Brokerage including information in advertising that may identify the Property. The Seller further agrees that the Listing Brokerage shall have sole and exclusive authority to make all advertising decisions relating to the marketing of the Property during the Listing Period. The Seller agrees that the Listing Brokerage will not be held liable in any manner whatsoever for any acts or omissions with respect to advertising by the Listing Brokerage or any other party, other than by the Listing Brokerage's gross negligence or wilful act.
6. **WARRANTY:** The Seller represents and warrants that the Seller has the exclusive authority and power to execute this Authority to offer the Property for sale and that the Seller has informed the Listing Brokerage of any third party interests or claims on the Property such as rights of first refusal, options, easements, mortgages, encumbrances or otherwise concerning the Property, which may affect the sale of the Property.
7. **INDEMNIFICATION AND INSURANCE:** The Seller will not hold the Listing Brokerage and representatives of the Brokerage responsible for any loss or damage to the Property or contents occurring during the term of this Agreement caused by the Listing Brokerage or anyone else by any means, including theft, fire or vandalism, other than by the Listing Brokerage's gross negligence or wilful act. The Seller agrees to indemnify and save harmless the Listing Brokerage and representatives of the Brokerage and any co-operating brokerage from any liability, claim, loss, cost, damage or injury, including but not limited to loss of the commission payable under this Agreement, caused or contributed to by the breach of any warranty or representation made by the Seller in this Agreement and, if attached, the accompanying data form. The Seller warrants the Property is insured, including personal liability insurance against any claims or lawsuits resulting from bodily injury or property damage to others caused in any way on or at the Property and the Seller indemnifies the Brokerage and all of its employees, representatives, salespersons and brokers (Listing Brokerage) and any co-operating brokerage and all of its employees, representatives, salespersons and brokers (co-operating brokerage) for and against any claims against the Listing Brokerage or co-operating brokerage made by anyone who attends or visits the Property.
8. **ENVIRONMENTAL INDEMNIFICATION:** The Seller agrees to indemnify and save harmless the Listing Brokerage and representatives of the Brokerage and any co-operating brokerage from any liability, claim, loss, cost, damage or injury as a result of the Property being affected by any contaminants or environmental problems.
9. **FAMILY LAW ACT:** The Seller hereby warrants that spousal consent is not necessary under the provisions of the Family Law Act, R.S.O. 1990, unless the spouse of the Seller has executed the consent hereinafter provided.
10. **FINDERS FEES:** The Seller acknowledges that the Brokerage may be receiving a finder's fee, reward and/or referral incentive, and the Seller consents to any such benefit being received and retained by the Brokerage in addition to the commission as described above.
11. **VERIFICATION OF INFORMATION:** The Seller authorizes the Listing Brokerage to obtain any information from any regulatory authorities, governments, mortgagees or others affecting the Property and the Seller agrees to execute and deliver such further authorizations in this regard as may be reasonably required. The Seller hereby appoints the Listing Brokerage or the Listing Brokerage's authorized representative as the Seller's attorney to execute such documentation as may be necessary to effect obtaining any information as aforesaid. The Seller hereby authorizes, instructs and directs the above noted regulatory authorities, governments, mortgagees or others to release any and all information to the Listing Brokerage.
12. **USE AND DISTRIBUTION OF INFORMATION:** The Seller consents to the collection, use and disclosure of personal information by the Brokerage for the purpose of listing and marketing the Property including, but not limited to: listing and advertising the Property using any medium including the Internet; disclosing Property information to prospective buyers, brokerages, salespersons and others who may assist in the sale of the Property; such other use of the Seller's personal information as is consistent with listing and marketing of the Property. The Seller consents, if this is an MLS® Listing, to placement of the listing information and sales information by the Brokerage into the database(s) of the MLS® System of the appropriate Board, and to the posting of any documents and other information (including, without limitation, photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions) provided by or on behalf of the Seller into the database(s) of the MLS® System of the appropriate Board. The Seller hereby indemnifies and saves harmless the Brokerage and/or any of its employees, servants, brokers or sales representatives from any and all claims, liabilities, suits, actions, losses, costs and legal fees caused by, or arising out of, or resulting from the posting of any documents or other information (including, without limitation, photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions) as aforesaid. The Seller acknowledges that the database, within the board's MLS® System is the property of the real estate board(s) and can be licensed, resold, or otherwise dealt with by the board(s). The Seller further acknowledges that the real estate board(s) may: during the term of the listing and thereafter, distribute the information in the database, within the board's MLS® System to any persons authorized to use such service which may include other brokerages, government departments, appraisers, municipal organizations and others; market the Property, at its option, in any medium, including electronic media; during the term of the listing and thereafter, compile, retain and publish any statistics including historical data within the board's MLS® System and retain, reproduce and display photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions which may be used by board members to conduct comparative analyses; and make such other use of the information as the Brokerage and/or real estate board(s) deem appropriate, in connection with the listing, marketing and

INITIALS OF LISTING BROKERAGE: 

INITIALS OF SELLER(S): 



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selling of real estate during the term of the listing and thereafter. The Seller acknowledges that the information, personal or otherwise ("information"), provided to the real estate board or association may be stored on databases located outside of Canada, in which case the information would be subject to the laws of the jurisdiction in which the information is located.

In the event that this Agreement expires or is cancelled or otherwise terminated and the Property is not sold, the Seller, by initialling:

consent to allow other real estate board members to contact the Seller after expiration or other termination of this Agreement to discuss listing or otherwise marketing the Property.

(Does)

(Does Not)

13. **SUCCESSORS AND ASSIGNS:** The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms of this Agreement.

14. **CONFLICT OR DISCREPANCY:** If there is any conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement, including any Schedule attached hereto, shall constitute the entire Authority from the Seller to the Brokerage. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein.

15. **ELECTRONIC COMMUNICATION:** This Agreement and any agreements, notices or other communications contemplated thereby may be transmitted by means of electronic systems, in which case signatures shall be deemed to be original. The transmission of this Agreement by the Seller by electronic means shall be deemed to confirm the Seller has retained a true copy of the Agreement.

16. **ELECTRONIC SIGNATURES:** If this Agreement has been signed with an electronic signature the parties hereto consent and agree to the use of such electronic signature with respect to this Agreement pursuant to the *Electronic Commerce Act, 2000, S.O. 2000, c17* as amended from time to time.

17. **SCHEDULE(S)**^A..... and data form attached hereto form(s) part of this Agreement.

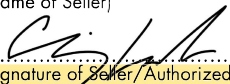
THE LISTING BROKERAGE AGREES TO MARKET THE PROPERTY ON BEHALF OF THE SELLER AND REPRESENT THE SELLER IN AN ENDEAVOUR TO OBTAIN A VALID OFFER TO PURCHASE THE PROPERTY ON THE TERMS SET OUT IN THIS AGREEMENT OR ON SUCH OTHER TERMS SATISFACTORY TO THE SELLER.

.....
(Authorized to bind the Listing Brokerage) (Date) Ted Davis (Name of Person Signing)

THIS AGREEMENT HAS BEEN READ AND FULLY UNDERSTOOD BY ME, I ACCEPT THE TERMS OF THIS AGREEMENT AND I ACKNOWLEDGE ON THIS DATE I HAVE SIGNED UNDER SEAL. Any representations contained herein or as shown on the accompanying data form respecting the Property are true to the best of my knowledge, information and belief.

SIGNED, SEALED AND DELIVERED I have hereunto set my hand and seal:

Toronto Herbal Remedies Inc.
(Name of Seller)


(Signature of Seller/Authorized Signing Officer) (Seal) (Date) (Tel. No.)

(Signature of Seller/Authorized Signing Officer) (Seal) (Date) (Tel. No.)

SPOUSAL CONSENT: The undersigned spouse of the Seller hereby consents to the listing of the Property herein pursuant to the provisions of the Family Law Act, R.S.O. 1990 and hereby agrees to execute all necessary or incidental documents to further any transaction provided for herein.

.....
(Spouse) (Seal) (Date) (Tel. No.)

DECLARATION OF INSURANCE

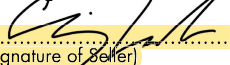
The Salesperson/Broker/Broker of Record Ben Sykes, Aidan Mallovy, Ryan Hood
(Name of Salesperson/Broker/Broker of Record)

hereby declares that he/she is insured as required by REBBA.

.....
(Signature(s) of Salesperson/Broker/Broker of Record)

ACKNOWLEDGEMENT

The Seller(s) hereby acknowledge that the Seller(s) fully understand the terms of this Agreement and have received a copy of this Agreement on the day of, 20


(Signature of Seller) June 29, 2022 (Date)

(Signature of Seller) (Date)

Schedule A
Listing Agreement - Commercial
Authority to Offer for Sale

Form 523
for use in the Province of Ontario

This Schedule is attached to and forms part of the Listing Agreement - Commercial Authority to Offer for Sale (Agreement) between:

BROKERAGE: Avison Young Commercial Real Estate Services, LP , and

SELLER: Toronto Herbal Remedies Inc.

for the property known as 64-70 Raleigh Avenue, Toronto

..... dated the 28 day of June , 20²²

Termination Fee

In the event the listing agreement is terminated due to the Property being sold through (a) a concurrent sale process being conducted by HYDE Advisory & Investments Inc. or (b) a transaction with 0982244 B.C. Ltd. o/a Isle of Mann Property Group (or any related entity), the Listing Team shall be provided a break fee of \$35,000.00 (the “Termination Fee”) which shall be inclusive of any out of pocket expenses and shall be due upon transaction completion.

This form must be initialed by all parties to the Agreement.

INITIALS OF BROKERAGE: 

INITIALS OF SELLERS(S): 

Schedule B
Listing Agreement - Commercial
Authority to Offer for Sale

Form 523
for use in the Province of Ontario

This Schedule is attached to and forms part of the Listing Agreement - Commercial Authority to Offer for Sale (Agreement) between:

BROKERAGE: Avison Young Commercial Real Estate Services, LP , and

SELLER: Toronto Herbal Remedies Inc.

for the property known as 64-70 Raleigh Avenue, Toronto

..... dated the 28 day of June , 20.22

LT 89 PL 2176 SCARBOROUGH; LT 90 PL 2176 SCARBOROUGH; LT 91 PL 2176 SCARBOROUGH;
LT 101 PL 2291 SCARBOROUGH; LT 102 PL 2291 SCARBOROUGH; LT 103 PL 2291
SCARBOROUGH; LT 104 PL 2291 SCARBOROUGH; LT 105 PL 2291 SCARBOROUGH; LT 106 PL
2291 SCARBOROUGH; LT 107 PL 2291 SCARBOROUGH; LT 108 PL 2291 SCARBOROUGH; PT
DAVIDSON AV PL 2176 SCARBOROUGH; PT DAVIDSON AV PL 2291 SCARBOROUGH CLOSED
BY SC103893 AS IN TB625847; S/T & T/W TB625847; TORONTO , CITY OF TORONTO

This form must be initialed by all parties to the Agreement.

INITIALS OF BROKERAGE: 

INITIALS OF SELLERS(S): 

Appendix “D”

SALE AND INVESTMENT SOLICITATION PROCESS

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.

INTRODUCTION

1. On June 24, 2022, the Court granted an order (the “**Initial Order**”) appointing BDO Canada Limited (“**BDO**”) as Monitor of Sproutly Inc. and Toronto Herbal Remedies Inc. (collectively, the “**Companies**”) (in such capacity, the “**Monitor**”).
2. Pursuant to the Initial Order, the Applicants were authorized to borrow funds under a credit facility from 0982244 B.C. Ltd. o/a Isle of Mann Property Group (the “**DIP Lender**” and together with the Monitor, the “**Consultation Parties**”).
3. The assets referred to in this document (collectively, the “**Assets**”) relate to the Companies’ business and assets, including its cannabis license and/or its owned real estate (the “**Real Property**”).
4. Pursuant to this Sale and Investment Solicitation Process (“**SISP**”), the Companies with the assistance of the Monitor are engaging sales agents, Hyde Advisory & Investments Inc. (“**Hyde**”) and Avison Young, real estate broker firm (together with Hyde, the “**Sales Agents**” or each a “**Sales Agent**”) to assist with the SISP.
5. The Sales Agents will develop a list of Known Potential Bidders (as defined below), communicate and meet with interested parties, prepare and distribute marketing materials, and manage the Data Room (as defined below).

SISP OVERVIEW

6. The purpose of the SISP is to solicit interest in a sale or liquidation of one or the other of:
 - (a) the Companies’ business and assets, including its cannabis license and Real Property core to its license and operations; or
 - (b) the Companies’ Real Property.
7. The SISP describes the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a “**Person**”) may gain access to or continue to have access to due diligence materials concerning the Assets, and how bids involving the Assets will be submitted to and dealt with by the Companies, Monitor, and Sales Agents, and how Court approval will be obtained in respect of any Transaction (as defined below).
8. As described below, the various deadlines herein may be extended by and at the discretion of the Companies, with the approval of the Consultation Parties, in the event that it is determined that such an extension will generally benefit the Companies’ creditors and other stakeholders. The Companies and Monitor shall generally oversee the SISP and in particular shall oversee the Sales Agents in connection therewith. In the event that there is a disagreement as to the interpretation or

application of the SISP, the Court will have jurisdiction to hear and resolve such dispute.

"AS IS, WHERE IS" BASIS

9. Any transaction involving all or any portion of the Assets (each a "**Transaction**") will be completed with Court Approval on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Companies, Sales Agents, the Monitor, or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent expressly set forth in the relevant Final Agreement (as defined herein).
10. The key dates pursuant to the SISP are as follows (capitalized terms in the chart below have the meaning ascribed in the SISP):

<u>Event</u>	<u>Date (each by 5:00 p.m. EST)</u>
Sales Agents to create list of Known Potential Bidders and distribute Teaser Letter and Confidentiality Agreements to Known Potential Bidders	As soon as practical and no later than July 6, 2022
Sales Agents to prepare and have available for Potential Bidders the CIM	As soon as practical and no later than July 6, 2022
Advertisement in the national edition of the Globe and Mail and/or another national news publication	July 6, 2022
Initial (non-binding) Offer Deadline	August 5, 2022
Binding Offer Deadline	By August 19, 2022
Selection of Winning Bid and Final Agreement	By August 22, 2022
Final Agreement	By August 26, 2022
Application to the Court for Approval Order(s)	As soon as reasonably practicable after the Final Agreement
Closing of the Transaction (the "Closing Date")	September 23, 2022

11. Subject to paragraph 47 hereof, the Companies, or the Monitor on their behalf, shall provide: (a) weekly updates on the status and progress of the SISP to the DIP Lender; and (b) documents and information requested as part of the SISP to the DIP Lender in a prompt fashion, including a report from the Sales Agents. In furtherance of the foregoing, for the purposes of information sharing and transparency, provided the DIP Lender executes an NDA (as defined below), the DIP Lender and its advisors shall be granted access to the Data Room (as defined below).

THE SISP PROCESS

A. Initial Solicitation of Interest

12. The Sales Agents may contact any Persons to solicit expressions of interest in a Transaction either before or after the granting of the SISP Order.
13. As soon as reasonably practicable after the granting of the SISP Order and in any event by no later

than July 6, 2022, in consultation with the Companies and Monitor, the Sales Agents will prepare a list of potential bidders (the "**Known Potential Bidders**") who may have interest in the Assets pursuant to either an asset or share transaction (an "**Asset Bid**"). Concurrently, the Sales Agents will prepare an initial offering summary (the "**Teaser Letter**") notifying Known Potential Bidders and any other interested persons of the SISP and inviting them to express interest in making an Asset Bid. The Teaser Letter shall be posted on the Monitor's Website and that of the Sales Agents.

14. On or about July 6, 2022, the Monitor will place an advertisement in the national edition of the Globe and Mail advising of the sale of the Assets.
15. By no later than July 6, 2022, the Sales Agents shall distribute to the Known Potential Bidders and any other interested Persons the Teaser Letter, as well as a form of non-disclosure agreement ("**NDA**") that shall inure to the benefit of the Person or Persons who make the Winning Bid(s) (as defined herein) pursuant to this SISP. Copies of the Teaser Letter and NDA shall be provided to any appropriate Persons who becomes known to the Sales Agents after the initial distribution of such documents.
16. Any Person (a) who executes a NDA in form and substance satisfactory to the Sales Agents, the Companies, and the Monitor, and (b) provides written confirmation of the identity of the potential bidder, including its direct and indirect principals and financial disclosure or credit quality support sufficient to allow the Sales Agents, in consultation with the Companies and Monitor, to make a reasonable determination as to its capabilities to conclude a transaction, shall be deemed to be a potential bidder (each, a "**Potential Bidder**").

B. Due Diligence

17. The Sales Agents shall provide each Potential Bidder with information, including access to an electronic data room established by the Sales Agents by no later than July 8, 2022 (the "**Data Room**"), that either Sales Agent may, in its reasonable business judgment, determine to be necessary for the Potential Bidder to evaluate a transaction involving an Asset Bid.
18. The Sales Agents will prepare a confidential information memorandum ("**CIM**") by no later than July 6, 2022, describing the opportunity to make a SISP Bid and shall deliver the CIM to each Potential Bidder as soon as practicable after such Person is deemed to be a Potential Bidder in accordance with this SISP.
19. The Companies, Monitor and the Sales Agents shall coordinate all reasonable requests for additional information and due diligence access from Potential Bidders. However, access to facilities will only be granted to Qualified Bidders (as defined below) after they are selected. Neither the Companies nor Monitor nor the Sales Agents will be obliged to furnish any information relating to the Assets other than to a Potential Bidder.
20. The Sales Agents, the Companies, and the Monitor and their respective advisors make no representation or warranty as to the information made available pursuant to the SISP, including any information contained in the Data Room.

C. Initial Offer Process

21. Any Potential Bidder who wishes to submit an Asset Bid must deliver a written, non-binding offer

(each, an "**Initial Offer**") to the Companies, Monitor, and Sales Agents at the address specified in and in accordance with Schedule "A" hereto so as to be received by the Companies, Monitor, and Sales Agent no later than **5:00 p.m. (Eastern Standard Time) on August 5, 2022**, or such other date or time as the Companies may, in consultation with and upon approval of the Consultation Parties, determine (the "**Bid Deadline**").

22. Following the Bid Deadline, all Initial Offers shall be reviewed by the Companies, the Monitor and Sales Agents.
23. An Initial Offer shall be a qualified Initial Offer (each, a "**Qualified Initial Offer**") provided that:
 - (a) it is submitted on or before the Bid Deadline by a Potential Bidder;
 - (b) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect owners of the Potential Bidder and their principals;
 - (c) it identifies:
 - (i) the purchase price in Canadian Dollars, and if such Potential Bidder is a secured creditor of the Companies, any amount of the purchase price that represents a credit bid for any amount of such secured debt;
 - (ii) whether the Asset Bid is *en bloc*, the Assets included, any of the Assets expected to be excluded, and/or any additional assets desired to be included in the Transaction;
 - (iii) confirmation that the Potential Bidder has sufficient funds to complete the Transaction;
 - (iv) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated timeframe and any anticipated impediments for obtaining such approvals;
 - (v) any anticipated due diligence to be completed by Potential Bidder prior to Closing Date;
 - (vi) must not be subject to any conditions other than approval by the Court and the Initial Offer must acknowledge that it is subject to Court approval;
 - (vii) contemplates a schedule for closing the Transaction set out therein which is on or before the Closing Date; and
 - (viii) contains such other information as reasonably requested by the Companies, Sale Agents, or Monitor from time to time.
24. Any Potential Bidder who submits a Qualified Initial Offer on or before the Bid Deadline shall be designated a qualified bidder (a "**Qualified Bidder**").
25. The Companies, in consultation with the Consultation Parties, may waive strict compliance of one or more of the requirements specified above and deem any Initial Offer to be a Qualified Initial Offer, notwithstanding any noncompliance with the terms and conditions of this SISP.
26. In the event that no Person submits an Initial Offer, or that no Initial Offer qualifies as or is deemed

to qualify as a Qualified Initial Offer, or that no Qualified Initial Offer is deemed commercially reasonable to the Companies, and/or is not supported by the Consultation Parties, the Companies may, in consultation with the Consultation Parties, terminate the SISP. If no Qualified Initial Offers are received by the Bid Deadline or the SISP is terminated in accordance with the terms hereof, the Companies may, in consultation with the Consultation Parties, consider other forms of bids for the Assets. At any time during the SISP, the Companies may, in consultation with the Consultation Parties, determine that any offer is a Winning Bid and seek Approval Orders in respect of such Winning Bid(s) from the Court.

27. The Companies and Sales Agents may invite Qualified Bidders to conduct additional due diligence or otherwise make available to Qualified Bidders additional information not posted in the Data Room, arrange for inspections and site visits at the Companies' premises, as determined by the Companies and Sales Agent.

D. Selection of Qualified Bidders

28. The Companies and the Consultation Parties shall review all Qualified Initial Offers in consultation with the Sales Agents.
29. Following such review of Qualified Initial Offers and upon it being determined that SISP should continue to the binding offer phase, the Companies, in consultation with the Consultation Parties, shall select Qualified Bidders to participate in a second round of bidding.
30. Qualified Bidders will be notified of their selection for the second round of bidding by 5:00 p.m. (Eastern Standard Time) August 8, 2022.
31. Parties not selected as Qualified Bidders will also be notified by 5:00 p.m. (Eastern Standard Time) August 8, 2022.

E. Binding Offer Deadline

32. Qualified Bidders will be expected to complete any remaining due diligence as required between August 8, 2022 and the Binding Offer Deadline of 5:00 p.m. (Eastern Standard Time), August 19, 2022.
33. A template asset purchase agreement ("APA") and a template share purchase agreement ("SPA") will be made available in the Data Room to Qualified Bidders for review and mark up.
34. Qualified Bidders will be expected to submit their final bids in the form of the APA or the SPA with a blackline to the template by the Binding Offer Deadline of 5:00 p.m. (Eastern Standard Time), August 19, 2022.
35. The APA or SPA submission must be accompanied by a 10% deposit payable to "BDO Canada Limited - in trust" (the "**Deposit**") by way of wire transfer (to the instructions included in Schedule "A"), bank draft or certified cheque.

F. Selection of Winning Bid

36. The Companies and the Consultation Parties, with the assistance of the Sales Agents, shall review all final bids, APAs or SPAs received by the Binding Offer Deadline, provided any such APA or SPA complies with the requirements set out in section 22 above, and shall determine what APAs or SPA shall be "**Qualified Binding Offers**".

37. The Companies, with the approval of the Consultation Parties, may, but shall have no obligation, to enter into a definitive agreement or agreements (each a "**Final Agreement**") with the Person or Persons who submitted the highest, best or otherwise most favourable Binding Offer.
38. The highest Binding Offer may not necessarily be accepted by the Companies. The Companies reserve the right not to accept any Binding Offer or to otherwise terminate the SISP. The Companies further reserve the right to deal with one or more Qualified Bidder to the exclusion of other Persons, to accept a Binding Offer Bid for some or all of the Assets or to accept multiple Binding Offer Bids and enter into multiple Final Agreements.
39. In the event that the Companies enter into one or more Final Agreements, any Binding Offer Bids so selected shall be a "**Winning Bid**". Any Qualified Bidder that makes a Winning Bid shall be a "**Successful Bidder**".
40. This SISP shall be suspended in the event that: (a) no Qualified Bidder submits or is deemed to have submitted a Qualified Binding Offer; (b) the Companies, with the approval of the Monitor and the DIP Lender, determine that none of the Qualified Binding Offer Bids should be accepted; or (c) a Final Agreement has not been entered into before the Final Agreement Deadline. In any such case, the Companies may, in consultation with the Consultation Parties, terminate the SISP and consider other forms of bids for the Assets.

G. APPROVAL ORDERS

41. In the event that the Companies enter into a Final Agreement, the Companies shall apply as soon as reasonably practicable thereafter, for order(s) (the "**Approval Order**") from the Court, in form and substance satisfactory to the Companies and the Consultation Parties, approving the transaction contemplated by the Winning Bid(s) and any necessary related relief required to consummate the Transaction contemplated by the Winning Bid(s), subject to the terms of the Final Agreement(s).
42. An Approval Order shall become a "**Final Order**" upon satisfaction of the following conditions: (a) it is in full force and effect; (b) it has not been reversed, modified or vacated and is not subject to any stay; and (c) all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving the Approval Order wholly operable.

H. CLOSING

43. Closing of the transactions contemplated in any Final Agreement shall occur by no later than **September 23, 2022** or as may be extended with the approval of the Companies, in consultation with the Consultation Parties.

I. DEPOSITS

44. All Deposits paid pursuant to this SISP shall be held in trust by the Monitor in a non-interest bearing account. The Monitor shall hold Deposits paid by each of the Successful Bidder in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Companies elect not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Monitor shall return the Deposit to that Person.
45. In the event that a Successful Bidder defaults in the payment or performance of any obligations owed to the Companies pursuant to any Final Agreement, the Deposit paid by the Successful Bidder

as applicable, shall be forfeited to such party as liquidated damages and not as a penalty.

J. CONFLICTS OF INTEREST

46. Until such time as any secured creditor of the Companies have: (i) irrevocably declared its intention not to submit a bid; (ii) its Initial Offer has been irrevocably disqualified under the SISP; or (iii) its Qualifying Binding Offer has been irrevocably determined not to be the Winning Bid), such secured creditor:
 - shall only receive information regarding the SISP in keeping with his or her capacity as a Potential Bidder in these proceedings; and
 - shall receive no information whatsoever regarding other bids in the SISP.
47. If any secured creditor determines that it will submit a bid in the SISP, such secured creditor shall advise the Companies of such intent as soon as reasonably practicable, and no later than seven (7) days before the Bid Deadline.

SCHEDULE "A"

**Addresses for Deliveries
and Wire Transfer
Information**

Any notice or other delivery made to the Companies or Monitor pursuant to this SISP shall be made to:

BDO Canada Limited
20 Wellington St E, Suite 500
Toronto, ON M5E 1C5
Attention: Anna Koroneos
Tel: 647-798-1459
Email: akoroneos@bdo.ca

Any notice or delivery made to the Sales Agents pursuant to this SISP shall be made to:

Hyde Advisory & Investments
c/o David Hyde
david@hydeadvisory.com

or

Avison Young
77 City Centre Dr. Suite 301
Mississauga, ON, L5B 1M5
Attention: Ben Sykes
Ben.sykes@avisonyoung.com

Deliveries pursuant to this SISP by email shall be deemed to be received when sent. In all other instances, deliveries made pursuant to this SISP shall be deemed to be received when delivered to the relevant address, as identified above.

Wire Transfer Details for the Monitor

PLEASE CONTACT MONITOR FOR WIRE INSTRUCTIONS FOR THIS ACCOUNT.