Court File No. CV-24-00730120-00CL

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

MOTION RECORD

(MOTION RETURNABLE MARCH 5, 2025)

February 26, 2025

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TAB 1

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Applicants

NOTICE OF MOTION
(Sale Approval)
(Returnable March 5, 2025)

The Applicants, Noya Holdings Inc. (formerly, Radicle Cannabis Holdings Inc.) ("**NHI**") and Noya Cannabis Inc. (formerly, Radicle Medical Marijuana Inc. and Radicle Remedy Inc.) ("**NCI**"; together with NHI, the "**Applicants**" or, collectively, the "**Company**"), will make a motion to the Court on Wednesday, March 5, 2025 at 11:00 a.m. or as soon after that time as the motion can be heard virtually, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The Motion is to be heard

[ ] In writing under subrule 37.12.1(1) because it is on consent;

[ ] In writing as an opposed motion under subrule 37.12.1(4);

[ ] In person;

[ ] By telephone conference;

[X] By video conference.

at the following location:

Zoom link to be uploaded by the Court on Case Center.

THE MOTION IS FOR:

1. An order ("**Approval and Reverse Vesting Order**") substantially in the form of the draft order attached at Tab 3 of the Applicants' Motion Record, among other things:

   (a) extending the stay of proceedings up to and including April 11, 2025;

   (b) declaring the stalking horse purchase agreement dated November 11, 2024, as amended (the "**SPA**") entered into between NHI ("**Vendor**"), NCI, and Lending Stream Inc. in its capacity as purchaser ("**Purchaser**") as the successful bid, and approving the transaction contemplated thereby (the "**Transaction**");

   (c) authorizing and directing the Applicants to perform their obligations under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction;

   (d) transferring and vesting all of NCI's right, title, and interest in and to the Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the SPA) to and in a newly incorporated entity, 1001155163 Ontario Inc. ("**ResidualCo**");

   (e) vesting in the Purchaser or its nominee all of the right, title and interest in and to the Purchased Shares (as defined in the SPA) free and clear of all Encumbrances, other than Permitted Encumbrances (each capitalized term as defined in the SPA), upon the filing of a certificate by the Monitor (as defined below) substantially in

the form attached Schedule "A" to the draft Approval and Reverse Vesting Order (the "**Monitor's Certificate**");

(f) releasing and discharging NCI and the Purchased Shares from the Excluded Liabilities and all related claims and encumbrances, including without limitation the alleged constructive or resulting trust (the "**Constructive Trust Claim**") asserted by Ignite International Brands (Canada) Ltd. ("**Ignite**"), in accordance with the SPA;

(g) approving the releases ("**Releases**") provided for in the SPA in favour of the officers and directors of the Applicants, their advisors and representatives, the Monitor and the Monitor's counsel, and Lending Stream Inc., in its capacities as (i) the Purchaser or Stalking Horse Purchaser, (ii) the DIP Lender (as defined below), and (iii) a secured creditor of the Applicants, and its representatives, (collectively, the "**Released Parties**"); and

(h) expanding the powers and duties of the Monitor set out in the Amended and Restated Initial Order (as defined below).

2. An order ("**Ancillary Order**"), substantially in the form of the draft order at Tab 4 of the Applicants' Motion Record, among other things:

(a) abridging the time for and validating service of this notice of motion and the motion record and dispensing with service on any person other than those served;

(b) approving the Monitor's First Report dated November 13, 2024 (the "**First Report**") and Second Report dated February 26, 2025 (the "**Second Report**") filed in these CCAA proceedings, and the activities of the Monitor as set out therein; and

(c) approving the fees and disbursements of the Monitor and its legal counsel as set out in the Second Report.

3. Such further and other relief as this Court may deem just and equitable.

THE GROUNDS FOR THE MOTION ARE:

Background

4. NCI, the Applicants' operating entity, is a Canadian licensed producer of cannabis products. Its customers include large and industry leading participants. Besides supplying the Canadian market, NCI, through one of its main customers, also supplies dried cannabis to international markets, including Portugal, Germany and Israel.

5. NCI is primarily a business-to-business company.

6. The business operates out of a large state of the art cannabis production facility located in Hamilton, Ontario ("**Hamilton Facility**"). NCI uses advanced technologies at the Hamilton Facility to produce and supply cannabis products.

Financial Difficulties

7. In early November 2024, the Applicants urgently sought protection in these proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c, C-36, as amended ("**CCAA**") on account of the financial pressures arising as a

result of: (i) the loss of revenues in excess of $500,000 due to certain customers filing under the CCAA; (ii) intense competition and an over-supply of cannabis products leading to significant price reductions; (iii) litigation costs related to certain, contingent claims; (iv) the payment demand from a secured creditor; and (v) the low market demand for cannabis products, partially as a result of the illicit market for cannabis, causing a decline in orders.

8. On November 6, 2024, the Honourable Justice Cavanagh granted an order ("**Initial Order**"), among other things:

   (a) granting a stay of proceedings until November 15, 2024;

   (b) appointing BDO Canada Limited as the CCAA monitor of the Applicants (in such capacity, the "**Monitor**");

   (c) granting the Monitor, counsel to the Monitor, and the Applicants' counsel the benefit of a $200,000 charge ("**Administration Charge**") as security for their professional fees and disbursements; and

   (d) granting a Director's Charge in the amount of $100,000 ("**Director's Charge**").

9. At the Comeback Hearing on November 15, 2024 (the "**Comeback Hearing**"), the Honourable Justice Cavanagh granted two orders:

   (a) An amended and restated initial order ("**Amended and Restated Initial Order**" or "**ARIO**"), among other things:

      (i) extending the stay of proceedings to and including March 7, 2025;

(ii) approving a debtor-in-possession ("**DIP**") term sheet dated November 11, 2024 ("**DIP Term Sheet**") between the Applicants and Lending Stream Inc. or its nominee in its capacity as the DIP lender ("**DIP Lender**"), authorizing a $400,000 DIP loan (plus interest, fees and expenses) and granting a corresponding charge ("**DIP Lender's Charge**") in favour of the DIP Lender;

(iii) approving an increase to the Administration Charge to the maximum amount of $400,000;

(iv) approving an increase to the Director's Charge to the maximum amount of $200,000; and

(b) An order ("**Sale Process Approval Order**"), among other things:

(i) authorizing and empowering the Company to enter into a stalking horse purchase agreement dated November 11, 2024 (the "**Stalking Horse Agreement**") between the Company and the DIP Lender or its nominee in its capacity as stalking horse purchaser (the "**Stalking Horse Purchaser**");

(ii) approving the sales process ("**Stalking Horse Sales Process**" or "**Sales Process**") including the sales agent agreement dated November 11, 2024 (the "**Sales Agent Agreement**"), and the Stalking Horse Agreement;

(iii) approving the payment and priority of payment of the Break Fee, the Professional Fees, and the Deposit Repayment, as provided for in the Stalking Horse Agreement;

(iv) approving the appointment or engagement of Kronos Capital Partners Inc. under the Sales Agent Agreement as the sales agent (the "**Sales Agent**") to assist with the implementation of the Stalking Horse Sales Process; and

(v) confirming that the Stalking Horse Agreement represents the "Stalking Horse Bid" as defined in and for purposes of the Sale Process Approval Order.

10. As set out in detail in the initial application in these CCAA Proceedings, the Company faced several lawsuits or contingent claims. One of those lawsuits was commenced by Ignite. Pursuant to a Statement of Claim dated December 2, 2021, as amended, Ignite commenced a claim in Ontario against the Applicants (the "**Ignite Lawsuit**") pursuant to a Sales and Distribution Agreement dated November 5, 2020 (the "**Ignite Agreement**"). NCI defended and counterclaimed in the Ignite Lawsuit. A primary issue of contention in the lawsuit concerns an advance payment of $1 million and its treatment under the Ignite Agreement. Generally, in the pleadings, Ignite claims damages including the return of most of the advance payment on the grounds of breach of contract, unjust enrichment and a constructive trust, while NCI denies unjust enrichment and a constructive trust and claims a right to set-off and seeks a declaration that it is entitled to retain the balance of the advance payment for the costs and expenses it incurred for the work performed under the Ignite Agreement and for the promised sales commissions.

11. In these CCAA Proceedings, Ignite's lawyer attended the Comeback Hearing. As noted above, at the Comeback Hearing, the Court granted the ARIO and the Sale Process Approval Order. Pursuant to the ARIO, the Court granted, among other things, the super-

priority DIP Lender's Charge, Directors' Charge and Administration Charge that shall "rank in priority to **all** other security interests, **trusts,** liens, charges, encumbrances and claims of secured creditors, statutory or otherwise" (emphasis added). Under the Sale Process Approval Order, the Court approved, among other things, the Stalking Horse Agreement. Pursuant to the Stalking Horse Agreement, the Ignite Lawsuit (including Ignite's alleged Constructive Trust Claim) is an Excluded Liability listed in Schedule "C" of the Stalking Horse Agreement. As an Excluded Liability, the Ignite Lawsuit is not an obligation of NCI and is not a claim against the Purchased Shares. Put simply, under the Stalking Horse Agreement, the parties agreed that the Ignite Lawsuit (including the alleged Constructive Trust Claim) is "vested out" of NCI and the Purchased Shares, and as an Excluded Liability is an alleged obligation of ResidualCo. Ignite did not oppose the relief sought and obtained by the Applicants at the Comeback Hearing, including the super-priority DIP Lender's Charge, Director's Charge and Administration Charge under the ARIO, and the agreed "vesting-out" of the Ignite Lawsuit, including the alleged Constructive Trust Claim, as an Excluded Liability under the Stalking Horse Agreement as approved by the Sale Process Approval Order. Nor did Ignite's lawyer raise Ignite's alleged Constructive Trust Claim in submissions at the Comeback Hearing. Finally, the ARIO and Sale Process Approval Order, which among other things, granted respectively the above super-priority charges and approved the agreed "vesting-out" of the Ignite Lawsuit under the Stalking Horse Agreement, were not appealed by Ignite.

12. Four days after the Comeback Hearing, Ignite's lawyer wrote to the Monitor on November 19, 2024 raising, among other things, the Ignite Lawsuit against the Applicants including the alleged Constructive Trust Claim. In reply, Monitor's counsel wrote to Ignite's lawyer

on December 6, 2024. Part of that reply by Monitor's counsel provided as follows: "It is unclear why this position [i.e., the Constructive Trust Claim] was not put to the Court at the Comeback Hearing, at which hearing counsel to Ignite appeared…As you are aware, the Monitor is not the arbiter of any claim advanced by Ignite. The Monitor has, however, undertaken a preliminary review of Ignite's pleadings and the applicable law, and we can advise that it is not clear to us based on the claim that a court would conclude that Ignite is entitled to a constructive trust, nor that any claim would impede the sale process approved by the CCAA Court…We also made inquires with counsel to the Applicants. Not surprisingly, the Applicants' position is dismissive of Ignite's claim and rejects the claim for constructive trust claim." (emphasis added)

13. On or about January 31, 2025 – *subsequent* to the bid deadline in the Court-ordered Stalking Horse Sale Process – Ignite served a Notice of Motion, returnable on a date to be set by the Commercial List, in which part of the relief includes Ignite's alleged Constructive Trust Claim. As of February 25, 2025, a returnable date for Ignite's motion has not been scheduled by Ignite.

14. On February 24, 2025, the Stalking Horse Agreement was amended by the parties.

Sales Process

15. Due to the nature of the Applicants' business, and the emergent liquidity crisis that precipitated the CCAA filing, key stakeholders and the Applicants recognized that value preservation could only be achieved from a going concern sale of the business in the context of an orderly court supervised process.

16. The Sales Process and its stalking horse component was designed to provide stability to the business and signal to the world that operations would continue, and that customer orders would be fulfilled, both during and after the restructuring.

17. The Monitor and the Sales Agent, in conjunction with the Applicants, conducted the Sales Process in accordance with the Sale Process Approval Order.

18. The Sales Agent, in conjunction with the Monitor, prepared a marketing process and opportunity summary, and undertook a marketing process that broadly canvassed a comprehensive network of cannabis industry participants.

19. The Second Report of the Monitor provides a detailed overview of the steps the Sales Agent, in conjunction with the Monitor, took to identify, market to, and provide an opportunity for interested parties to invest in, or acquire NCI.

Results of Sales Process

20. A total of approximately 53 parties were invited or contacted to participate in the Stalking Horse Sales Process, 4 of which signed a nondisclosure agreement and received the documents prepared by the Sales Agent or Monitor including the non-disclosure agreement and teaser letter.

21. The Stalking Horse Agreement served as a baseline for interested parties to consider during their participation in the Sales Process. The Stalking Horse Agreement provided certainty that a going-concern solution for the Applicants had already been identified, while providing a minimum purchase price and deal structure in order to encourage superior bids from interested parties.

22. Under the Sale Process Approval Order, the initial bid deadline was Monday, January 27, 2025 (the "**Bid Deadline**").

23. Except for the Stalking Horse Bid, there were no other bids or Qualified Bids received by the Bid Deadline. As a result, the Stalking Horse Bidder or Stalking Horse Purchaser was declared as the Successful Bidder or the Successful Bid. The Monitor will report in detail on the results of the Sales Process in its Second Report.

24. The Sales Process was conducted in a manner so as to create and maintain a "competitive tension" as between any interested parties, with a view to promoting interest in the opportunity and yielding the highest and best sale price for the Applicants.

25. All reasonable steps to obtain the best price have been taken and the Sales Process was commercially reasonable, professionally run and robust in the circumstances. There are no other offers and there is no additional funding to conduct further sales efforts.

SPA and Proposed Transaction

26. The principal of the Stalking Horse Purchaser has experience in the Canadian cannabis industry. NCI's cannabis licence and operations have value to the Stalking Horse Purchaser. The Stalking Horse Purchaser's intention is to operate the business as a going concern and Health Canada-compliant operation. Furthermore, as disclosed in the initial application and Comeback Hearing, the principal of the Stalking Horse Purchaser and the principal of the Vendor/Company are brothers.

27. The Transaction contemplates the use of a "reverse vesting order" to preserve the cannabis licence which is essential for the company to continue operations as a going concern.

28. NCI operates in a highly regulated environment in accordance with the *Cannabis Act* (Canada) and applicable provincial and municipal legislation. Among other things, the statutory and regulatory framework has strict rules regarding the sale of cannabis. For example, cannabis licences are generally non-transferable. If the Transaction was structured as a traditional asset sale, the cannabis licence would have to be re-issued, which would considerably extend the time required to close the Transaction and increase the closing risk. The Applicants do not have the requisite cash to continue operations while waiting a significant period of time for the Transaction to close.

29. Accordingly, the SPA was structured as a reverse vesting transaction because, in part, it will permit NCI to maintain its cannabis licence and any other strategic assets. The Transaction under a reverse vesting structure will not result in any material prejudice or impairment of any of the Applicants' creditors rights that they would otherwise have under an asset sale transaction or under any other available alternative. The SPA maintains the rights that creditors would otherwise have in an asset sale transaction.

30. A summary of the key terms and conditions of the SPA are as follows (all capitalized terms not otherwise defined herein shall have the meaning given to them in the SPA):

(a) **Closing Date**: Subject to the terms and conditions of the SPA, the Closing shall occur 10 business days after an Approval and Reverse Vesting Order satisfactory to the Parties has been issued and entered, and no later than April 1, 2025 or such later date as the Parties may agree in writing.

(b) **Share Purchase**: The Purchaser or Stalking Horse Purchaser shall purchase the Purchased Shares from the Vendor, free and clear of all Encumbrances (other than

Permitted Encumbrances), with the result that the Purchaser or Stalking Horse Purchaser shall become the sole shareholder of NCI at the Closing Time.

(c) **Excluded Assets, Contracts and Liabilities**: All of the Excluded Assets, and Excluded Liabilities will be transferred to and assumed by ResidualCo. As noted above, the Excluded Liabilities include the Ignite Lawsuit including the alleged Constructive Trust Claim. All Claims related to Excluded Liabilities will continue to exist as against ResidualCo and the Claims shall attach to the Purchase Price and the Excluded Assets, if any, which shall be available to satisfy such Claims.

(d) **Approval and Reverse Vesting Order**: The obligations of the Parties to close the Transaction is subject to the granting of the Approval and Reverse Vesting Order.

31. In addition to seeking approval of the Transaction through the Approval and Reverse Vesting Order, the Applicants are also seeking the approval of other relief critical to the completion of the Transaction, including, among other things:

(a) adding ResidualCo as an Applicant;

(b) vesting all of the Excluded Assets, Excluded Contracts, and Excluded Liabilities in ResidualCo, and discharging all Encumbrances (other than the Permitted Encumbrances) against the Retained Assets;

(c) granting the Releases; and

(d) granting certain enhanced powers to the Monitor in respect of ResidualCo.

32. In order to consummate the proposed Transaction, the Applicants are seeking to add ResidualCo as an Applicant in these CCAA Proceedings. Doing so will allow the Purchaser or Stalking Horse Purchaser to acquire all issued and outstanding shares of the Purchased Shares, free and clear of all Encumbrances (except for Permitted Encumbrances), while allowing the claims of the Applicants' or NCI's stakeholders to continue against ResidualCo.

33. ResidualCo is a corporation that has been incorporated under the laws of Ontario. Immediately after the Excluded Assets and Excluded Liabilities are transferred to ResidualCo, ResidualCo will be balance sheet insolvent and the claims against ResidualCo will be in excess of the statutory threshold of $5 million.

Reverse Vesting to ResidualCo

34. The Transaction is contingent upon a pre-closing reorganization (the "**Pre-Closing Reorganization**"), which will:

(a) the Transferred Assets, if any, shall be transferred to NCI; and

(b) the Excluded Assets and Excluded Liabilities shall be transferred to and vested in ResidualCo pursuant to the Approval and Reverse Vesting Order.

35. The Pre-Closing Reorganization, and in particular its reverse vesting component, is critical to the Transaction. The reverse vesting structure contemplated by the Transaction has been effectively implemented in other similar transactions for licenced cannabis companies and as noted above, has the effect of minimizing regulatory hurdles and decreasing closing uncertainty.

36. The Stalking Horse Purchaser was not prepared to proceed with a Transaction in respect of NCI by way of an ordinary asset sale structure due to, among other things, the regulatory restrictions on transferring cannabis licences.

Benefits of Transaction

37. The primary benefit of the proposed Transaction is the continuity of business operations. Completion of the Transaction will preserve NCI's structure of operations, maintain the current licence, and preserve the economic activity and customer and supply arrangements without interruption.

38. A number of key individuals associated with the business will remain with NCI following the closing of the proposed Transaction. This, together with the “reverse vesting” structure of the Transaction, will ensure that the change in control of the business does not impact the preservation of the valuable cannabis licence.

39. The Transaction will achieve the purpose of the CCAA Proceedings which is to ensure the business emerges from CCAA protection in a stronger form that preserves enterprise value and employment for as many of its employees as reasonably possible. Post-closing, NCI's business will continue as a going-concern.

40. Given the breadth and duration of the Sales Process, it is unlikely that a further sale process would yield any other meaningful opportunities. Moreover, the Applicants cannot afford additional sale efforts.

41. The Monitor will provide its view on the Sales Process, the necessity of the reverse vesting structure, and the Transaction in its Second Report.

Releases

42. The proposed released claims encompass all claims related to the CCAA Proceedings, the SPA, and the Transaction against the Released Parties, excluding claims not permitted to be released under section 5.1(2) of the CCAA. These releases aim to provide certainty and finality for the Released Parties. The Applicants consider these releases suitable due to the significant contributions of the Released Parties in the CCAA Proceedings and the Transaction, enabling the Applicants to continue as a going concern.

Requested Extension of Stay of Proceedings

43. The current stay period expires on March 7, 2025.

44. The Applicants are requesting an extension of the stay up to and including April 11, 2025 ("**Extended Stay Period**") to allow time to complete the necessary steps to close the Transaction.

45. The Applicants have acted, and continue to act, in good faith and with due diligence in furtherance of these CCAA Proceedings.

46. It is just and convenient and in the interests of the Applicants and their stakeholders that the stay of proceedings be extended to April 11, 2025.

47. The Monitor supports, and no creditor will be prejudiced by, the extension of the stay for the Extended Stay Period.

TerrAscend

48. TerrAscend Corp. ("**TerrAscend**"), the owner of Gage Growth Corp., an alleged secured creditor of the Company, has raised some concerns with the Monitor. TerrAscend is concerned that, among other things, the ultimate owners of the Stalking Horse Purchaser and Applicants are brothers, the Transaction is not at arm's length and the Transaction should therefore be subject to additional scrutiny under the CCAA. The Company does not share these concerns regarding the Transaction, and the family ties (i.e., brothers) between Lending Stream/Stalking Horse Purchaser and the Applicants were disclosed in the initial application. The Monitor will address TerrAscend's concerns in its Second Report.

Ignite's Constructive Trust Claim

49. As noted above, Ignite is making a Constructive Trust Claim in the Ignite Lawsuit. A key provision of the Ignite Agreement that is being relied upon in the Ignite Lawsuit is section 4 (c). The provision provides as follows: "Advance Payment to Distributor [NCI]. In exchange for the Distributor's [NCI's] performance of its services hereunder, Brand [Ignite] shall pay Distributor [NCI] an Advance Rayment [sic] of one million Canadian Dollars ($1,000,000 CAD) upon execution of this agreement [the "**Advance Payment**"]. The commission fees as defined in 4 (a) shall be applied to this advance payment as shall obligations of the brand [Ignite] for payments on any other services provided by Distributor [NCI], until the advance is paid in full. Should this agreement be terminated by Distributor [NCI] before the advance is fully offset by brand [Ignite] obligations, Distributor [NCI] shall refund balance outstanding to Brand [Ignite]." (emphasis added)

50. As a claim against NCI and the Purchased Shares, the Constructive Trust Claim made in Ignite's Lawsuit fails for several reasons. Under the Sale Process Approval Order and Stalking Horse Agreement, the Ignite Lawsuit is an Excluded Liability and not an obligation of NCI or a claim against the Purchased Shares. Ignite did not oppose or appeal the Sale Process Approval Order. To allow the Collateral Trust Claim against NCI and the Purchased Shares in the circumstances would constitute a collateral attack on the Sale Process Approval Order that approved the Stalking Horse Agreement. This alone is sufficient grounds for not permitting the Constructive Trust Claim against NCI and the Purchased Shares.

51. As a claim in priority to the Administration Charge, Directors' Charge and DIP Lender's Charge, the Construction Trust Claim similarly fails for several reasons. Under the ARIO, these charges were granted super-priority including ranking ahead of trusts. Ignite did not oppose or appeal the ARIO. To allow the Collateral Trust Claim in priority to these charges would constitute a collateral attack on the ARIO that approved the super-priority charges including over trusts. This alone is sufficient grounds for not permitting the Constructive Trust Claim in priority to the court-ordered charges under the ARIO.

52. In the alternative, the Constructive Trust Claim generally fails for several reasons:

(a) Ignite is an alleged unsecured creditor only, with a contingent claim. As noted above, the Ignite Lawsuit was commenced in Ontario before these CCAA Proceedings. NCI defended and counterclaimed in the Ignite Lawsuit. Part of NCI's defence denies that Ignite is entitled to damages on account of the Advance Payment and denies that Ignite has a constructive trust. NCI also counterclaimed

against Ignite seeking, among other things, a declaration that NCI is entitled to retain or set-off the balance of the Advance Payment and damages for breach of contract.

(b) The Ignite Agreement does not give rise to a contractual or express trust. The relationship of Ignite and NCI is clearly expressed under the Ignite Agreement as that of "independent contractors" and not as agents, partners, joint ventures, co-owners or otherwise as participants in a joint or common undertaking or fiduciary relationship. There is no intention to create a trust relationship and there is no reason in this case for the Court to rewrite the Ignite Agreement between the parties by creating such a trust relationship.

(c) The Ignite Agreement permits Ignite to avail itself of a *limited* refund right of the Advance Payment under section 4 (c) above, subject to offset to pay NCI's commission fees and Ignite's obligations for payments on any other services provided by NCI, **should this agreement be terminated by NCI.** Ignite terminated the Ignite Agreement. Since Ignite terminated the Ignite Agreement itself, Ignite cannot avail itself of this limited contractual refund right under section 4 (c). Furthermore, the section expressly preserves NCI's set-off rights against the Advance Payment and NCI also pleaded in the Ignite Lawsuit that it is entitled to set-off the full amount of the Advance Payment in relation to the costs and expenses incurred for the work performed under the Ignite Agreement and for the promised sales commissions NCI would receive under the Agreement.

(d) In the absence of an express or contractual trust, in order to establish a constructive or resulting trust on the basis of unjust enrichment, a court must be satisfied that there has been an enrichment, a corresponding deprivation, and no juristic reason to allow the enrichment and deprivation. The juristic reason for the use of the funds or Advance Payment existed by virtue of the Ignite Agreement itself and in particular, under section 4 (c), which expressly provides that the "commission fees as defined in 4 (a) shall be applied to this advance payment as shall obligations of the brand [Ignite] for payments on **any other services** provided by Distributor [NCI], until the advance is paid in full." (emphasis added).

(e) In respect of a remedial constructive trust, a primary focus for any constructive trust analysis is whether there is anything that would render the imposition of a constructive trust unjust and the interests of intervening creditors – which is attributed significant weight in the insolvency context. Courts have almost always refused to grant a constructive trust if doing so would upset the established priority scheme amongst secured creditors, particularly where a constructive trust would unfairly compromise the legitimate interests of a secured creditor. In the insolvency context, this has been clarified to include both secured creditors and general creditors, as well as any other relevant third parties. Applied here: (i) it would be unjust to impose Ignite's alleged Constructive Trust Claim against NCI and the Purchased Shares and in priority to the DIP Lender's Charge, Director's Charge and Administration Charge, especially given that Ignite did not oppose the Sale Process Approval Order (including the Stalking Horse Agreement) and ARIO (including the court-ordered super-priority charges) at the Comeback Hearing; did not appeal

the ARIO and Sale Process Approval Order; and to allow the Constructive Trust Claim at this late stage would be a collateral attack of the ARIO and Sale Process Approval Order; (ii) it would be unjust to impose Ignite's alleged Constructive Trust Claim in priority to the claims of the secured creditors of NHI and/or NCI, including Lending Stream Inc., TerrAscend and 1000593616 Ontario Inc., given their legitimate expectation that the security they registered in respect of their loans or assigned loans and security or assigned security would be respected, and there is no statutory or contractual basis that Ignite would have greater rights. The fact that no statutory regime and contractual arrangement provides for any trust in favour of Ignite supports the legitimate expectations of secured creditors that their loans and security would not be outranked by the Constructive Trust Claim that could not have been foreseen or accounted for at the time their loans were advanced or assigned; and (iii) Ignite is an alleged unsecured creditor with a contingent claim; the creation or imposition of the Constructive Trust Claim would violate the *pari passu* principle, by giving an unsecured creditor, or an alleged unsecured creditor, an advantage over other alleged unsecured creditors, including the contingent claims of Pure Sunfarms Corp. and 10805696 Canada Inc., o/a Mauve & Herbes.

Approval of Monitor's Activities and Fees

53. The Applicants are seeking approval of the Monitor's activities as set out in its First Report and Second Report. The Monitor has played a significant role in advancing the Applicants' restructuring efforts.

54. The Applicants are also seeking approval of the fees and disbursements of the Monitor and its legal counsel incurred to date in connection with the CCAA Proceedings. The Monitor and its legal counsel have played a pivotal role in these proceedings. They will include fee affidavits providing a detailed summary of their fees and disbursements incurred to date during the CCAA Proceedings in the Second Report of the Monitor.

General

55. The provisions of the CCAA, including sections 11, 11.02, 11.2, 11.03, 18.6 and 36, and the statutory, inherent and equitable jurisdiction of this Court.

56. Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16, 37, and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended,

57. Section 97, 100, and 106 of the Courts of Justice Act, R.S.O. 1990, c. C.43, as amended; and

58. Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(a) the Affidavit of Ziad Reda, sworn February 25, 2025 and the exhibits attached thereto;

(b) the Second Report of the Monitor, including as an appendix the First Report (without appendices), to be filed; and

(c) such further and other evidence as counsel may advise and this Court may permit.

February 26, 2025

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Lawyers for the Applicants

TO: **SERVICE 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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

(Re: Sale Approval Order)
(Returnable March 5, 2025)

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TAB 2

Court File No. CV-24-00730120-00CL

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

AFFIDAVIT OF ZIAD REDA
(Sworn February 25, 2025)

I, Ziad Reda, of the Town of Ancaster, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS**:

A. INTRODUCTION

1. I am a director and Chief Executive Officer of the applicant, Noya Holdings Inc. (formerly, Radicle Cannabis Holdings Inc.) ("**NHI**").

2. I am also the Chief Executive Officer and a director of NHI's wholly-owned subsidiary and applicant, Noya Cannabis Inc. (formerly, Radicle Medical Marijuana Inc. and Radicle Remedy Inc.) ("**NCI**").

3. As discussed below, NCI is the operating entity and a licensed producer of cannabis products under the *Cannabis Act*, S.C. 2018, c. 16.

4. NHI and NCI are the current "Applicants" in this CCAA proceeding ("**CCAA Proceedings**"), and 2675383 Ontario Limited ("**267**"), owned primarily by NHI, is the "Non-Applicant Stay Party".

5. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

6. I have sworn two previous affidavits in these CCAA Proceedings: my first Affidavit was sworn on October 28, 2024 ("**First Reda Affidavit**"); and my second affidavit was sworn on November 12, 2024 ("**Second Reda Affidavit**"). Copies of the First Reda Affidavit and Second Reda Affidavit, without exhibits, are attached hereto as **Exhibit "A"** and **Exhibit "B"**, respectively. Any capitalized terms in this Affidavit that are not defined have the meaning ascribed to them in the First Reda Affidavit and Second Reda Affidavit.

B. HISTORY OF THE CCAA PROCEEDINGS

7. The Applicants applied for urgent relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") on November 6, 2024 (the "**CCAA Proceedings**"), because a payment demand had been made by one of the secured creditors, there were pressing deadlines regarding certain litigation or arbitration proceedings, and there was a looming cash or liquidity shortage to sustain operations.

8. On November 6, 2024, the Honourable Justice Cavanagh made an order (the "**Initial Order**") in these CCAA Proceedings, among other things:

(a) granting a stay of proceedings in favour of the Applicants and 267 up to and including November 15, 2024;

(b) appointing BDO Canada Limited as monitor of the Applicants (in such capacity, the "**Monitor**");

(c) granting a $200,000 first-priority administration charge in favour of counsel to the Applicants, the Monitor and counsel to the Monitor, to secure payment of their professional fees and disbursements to the maximum amount of $200,000 ("**Administration Charge**");

(d) granting a second-priority directors' charge in the amount of $100,000 ("**Directors' Charge**"); and

(e) scheduling a return hearing date for November 15, 2024 ("**Comeback Hearing**").

9. At the Comeback Hearing, Honourable Justice Cavanagh granted two orders:

(a) An amended and restated initial order ("**Amended and Restated Initial Order**"), among other things:

(i) extending the stay of proceedings to and including March 7, 2025;

(ii) approving a debtor-in-possession ("**DIP**") term sheet dated November 11, 2024 ("**DIP Term Sheet**"), and approving a $400,000 DIP loan ("**DIP Loan**") and a corresponding third-priority charge ("**DIP Lender's**

Charge") in favour of Lending Stream Inc. ("**Lending Stream**") in its capacity as the DIP lender ("**DIP Lender**");

(iii) approving an increase to the Directors' Charge to the maximum amount of $200,000;

(iv) approving an increase to the Administration Charge to the maximum amount of $400,000; and

(v) authorizing the Applicants to make payments to certain third-party suppliers for pre-filing expenses, with the consent of the Monitor.

(b) An order ("**Sale Process Approval Order**"), among other things:

(i) authorizing and empowering NHI and NCI to enter into a stalking horse purchase agreement dated November 11, 2024 (the "**Stalking Horse SPA**") between NHI, NCI and Lending Stream, or its nominee (in such capacity, the "**Stalking Horse Purchaser**");

(ii) approving the Stalking Horse SPA as well as the payment and priority of payment of the associated Break Fee, Professional Fees and Deposit Repayment;

(iii) approving the sale process ("**Stalking Horse Sales Process**" or "**Sale Process**") including the sales agent agreement dated November 11, 2024 ("**Sales Agent Agreement**");

(iv) authorizing and directing the Monitor to take such steps as it deems necessary or advisable to carry out and perform its obligations under the Stalking Horse Sales Process, subject to prior approval of the court being obtained before completion of any transaction under the Stalking Horse Sales Process; and

(v) approving the appointment or engagement of Kronos Capital Partners Inc. as the sales agent ("**Sales Agent**") to assist with the implementation of the Stalking Horse Sales Process.

10. The Initial Order of Justice Cavanagh dated November 6, 2024 and the accompanying Endorsement dated November 6, 2024 is attached hereto as **Exhibit "C"**.

11. The Amended and Restated Initial Order of Justice Cavanagh dated November 15, 2024 is attached hereto as **Exhibit "D"**.

12. The Sale Process Approval Order dated November 15, 2024 and the accompanying Endorsement of Justice Cavanagh dated November 15, 2024 ("**Sale Process Approval Endorsement**") are attached hereto as **Exhibit "E"** and **Exhibit "F"**, respectively. As noted above, under the Sale Process Approval Order, the Stalking Horse SPA was approved by the Court. A copy of the Stalking Horse SPA is attached hereto as **Exhibit "G"**.

13. As set out in detail in the First Reda Affidavit, certain contingent claims led to this CCAA filing. One of those claims is by Ignite International Brands (Canada) Ltd. ("**Ignite**"). Pursuant to a Statement of Claim dated December 2, 2021, as amended, Ignite commenced a claim in the Ontario Superior Court of Justice (the "**Ignite Lawsuit**") against NCI and

NHI pursuant to a Sales and Distribution Agreement dated November 5, 2020 (the "**Ignite Agreement**"). In the Ignite Lawsuit, Ignite sought various relief based on several grounds, including monetary damages in excess of or approximately $2 million against NCI and NHI for allegedly breaching the Ignite Agreement, unjust enrichment, constructive trust and the return of or part of the Advance Payment (as defined below). NCI opposed the Ignite Lawsuit and responded with a Statement of Defence and Counterclaim dated February 28, 2022, as amended ("**NCI's Defence and Counterclaim to the Ignite Lawsuit**"). Part of that defence denies that Ignite is entitled to damages on account of the Advance Payment and denies that Ignite has a constructive trust. NCI also counterclaimed against Ignite seeking, among other things, a declaration that NCI is entitled to retain the balance of the Advance Payment and damages for breach of contract. Regarding the Advance Payment, NCI also pleaded that it is entitled to set-off the full amount in relation to the costs and expenses incurred for the work performed under the Ignite Agreement and for the promised sales commissions NCI would receive under the Ignite Agreement. Ignite provided a Reply and Defence to Counterclaim dated May 2, 2022 ("**Ignite's Reply**"). Before the commencement of these CCAA Proceedings, the Ignite Lawsuit was scheduled, or was to be scheduled, for mediation in Ontario in early 2025. Attached hereto and marked as **Exhibit** "**H**" is a true copy of the Ignite Agreement; and attached hereto and marked as **Exhibit** "**I**" are true copies of the Ignite Lawsuit, NCI's Defence and Counterclaim to the Ignite Lawsuit and Ignite's Reply.

14. I am advised by Applicants' counsel and do verily believe the following: (i) Ignite's lawyer attended the Comeback Hearing in these CCAA Proceedings; (ii) Ignite did not oppose the

relief sought and granted at the Comeback Hearing pursuant to the ARIO and the Sale Process Approval Order; (iii) Ignite's lawyer did not raise Ignite's alleged Constructive Trust Claim (defined below) in submissions at the Comeback Hearing; and (iv) Ignite did not appeal the ARIO and Sale Process Approval Order. Pursuant to the ARIO, the Court granted, among other things, the super-priority DIP Lender's Charge, Directors' Charge and Administration Charge that shall "rank in priority to **all** other security interests, **trusts,** liens, charges, encumbrances and claims of secured creditors, statutory or otherwise" (emphasis added). Under the Sale Process Approval Order, the Court approved, among other things, the Stalking Horse SPA. Pursuant to the Stalking Horse SPA, the Ignite Lawsuit is included as one of the Excluded Liabilities listed in Schedule "C" (listed at number 7), that is not an obligation of NCI and is not a claim against the Purchased Shares.

15. Four days after the Comeback Hearing, Ignite's lawyer wrote to the Monitor on November 19, 2024. In the letter, Ignite's counsel informed the Monitor that under the Ignite Lawsuit, Ignite has claimed damages against the Applicants for, among other things, unjust enrichment in the amount of $957,537.39 representing an advance payment made by Ignite to NCI pursuant to section 4(c) of the Ignite Agreement, and Ignite is entitled to a constructive trust over the funds by which NCI was allegedly unjustly enriched, being $957,537.39, and a constructive trust in any assets to which the funds trace (the "**Constructive Trust Claim**"). Attached hereto and marked as **Exhibit** "**J**" is a true copy of the November 19, 2024 letter (with enclosures) from Ignite's lawyer.

16. In reply, Monitor's counsel wrote to Ignite's lawyer on December 6, 2024. Part of that reply by Monitor's counsel provided as follows: "It is unclear why this position [i.e.,

Constructive Trust Claim] was not put to the Court at the Comeback Hearing, at which hearing counsel to Ignite appeared…As you are aware, the Monitor is not the arbiter of any claim advanced by Ignite. The Monitor has, however, undertaken a preliminary review of Ignite's pleadings and the applicable law, and we can advise that it is not clear to us based on the claim that a court would conclude that Ignite is entitled to a constructive trust, nor that any claim would impede the sale process approved by the CCAA Court…We also made inquires with counsel to the Applicants. Not surprisingly, the Applicants' position is dismissive of Ignite's claim and rejects the claim for constructive trust claim." (emphasis added). Attached hereto and marked as **Exhibit** "**K**" is a true copy of the December 6, 2024 letter from Monitor's counsel.

17. On or about January 31, 2025 (after the bid deadline in the court-ordered Sale Process), the Monitor and other parties were served with a Notice of Motion by Ignite, returnable on a date to be set by the Commercial List, in which part of the relief includes Ignite's alleged Constructive Trust Claim. As of today (being February 25, 2025), a returnable date for Ignite's motion has not been scheduled by Ignite. Attached hereto and marked as **Exhibit** "**L**" is a true copy of Ignite's Notice of Motion.

18. TerrAscend Corp. ("**TerrAscend**"), the owner of Gage Growth Corp., an alleged secured creditor of the Company, has raised some concerns, in a letter dated January 16, 2025 from its lawyer to Monitor's counsel, including that the ultimate owners of the Stalking Horse Purchaser and the Applicants are brothers; the Stalking Horse Bid is not an arm's length transaction; and the transaction may require additional scrutiny under the CCAA. The Applicants do not share or have these concerns, and I acknowledged this family

relationship in the First Reda Affidavit. The Monitor will consider TerrAscend's concerns in its Second Report. Attached hereto and marked as **Exhibit** "**M**" is a true copy of the letter dated January 16, 2025 from TerrAscend's lawyer.

19. On February 24, 2025, NHI, NCI and the Stalking Horse Purchaser made some amendments to the Stalking Horse SPA pursuant to an Amending Agreement of the same date, including extending the Outside Date to complete the transaction from March 3, 2025 to April 1, 2025 or such later date as the parties may agree to in writing. A copy of the said Amending Agreement is attached hereto as **Exhibit "N"**.

C. RELIEF SOUGHT ON THIS MOTION

20. As elaborated below, the Stalking Horse Sales Process is now complete. The Stalking Horse Purchaser was the successful bidder. Accordingly, I swear this affidavit in support of a motion by the Applicants for two orders:

(a) an order ("**Approval and Reverse Vesting Order**") substantially in the form of the draft order attached at Tab 3 of the Applicants' Motion Record, among other things:

(i) extending the stay of proceedings up to and including April 11, 2025;

(ii) declaring the Stalking Horse SPA, as amended (the "**SPA**"), entered into between NHI ("**Vendor**"), NCI, and the Stalking Horse Purchaser ("**Purchaser**"), as the successful bid, and approving the transaction contemplated thereby (the "**Transaction**");

(iii) authorizing and directing the Applicants to perform their obligations under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction;

(iv) transferring and vesting all of the Applicants' right, title, and interest in and to the Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the SPA) to and in a newly incorporated entity, 1001155163 Ontario Inc. ("**ResidualCo**");

(v) vesting in the Purchaser or its nominee all of the right, title and interest in and to the Purchased Shares (as defined in the SPA) free and clear of all Encumbrances, other than Permitted Encumbrances (each capitalized term as defined in the SPA), upon the filing of a certificate by the Monitor (as defined below) substantially in the form attached Schedule "A" to the draft Approval and Reverse Vesting Order (the "**Monitor's Certificate**");

(vi) releasing and discharging NCI and the Purchased Shares from the Excluded Liabilities and all related claims and encumbrances, including without limitation the Ignite Lawsuit including Ignite's asserted Constructive Trust Claim, in accordance with the SPA;

(vii) approving the releases ("**Releases**") provided for in the SPA in favour of the officers and directors of the Applicants, their advisors and representatives, the Monitor and the Monitor's counsel, and Lending Stream

Inc., in its capacities as (i) the Purchaser or Stalking Horse Purchaser, (ii) the DIP Lender, and (iii) a secured creditor of the Applicants, and its representatives (collectively, the "**Released Parties**"); and

(viii) expanding the powers and duties of the Monitor set out in the Amended and Restated Initial Order.

(b) An order ("**Ancillary Order**"), substantially in the form of the draft order at Tab 4 of the Applicants' Motion Record, among other things:

(i) abridging the time for and validating service of this notice of motion and the motion record and dispensing with service on any person other than those served; and

(ii) approving the First Report of the Monitor dated November 13, 2024 ("**First Report**") and the Second Report of the Monitor to be filed in this motion ("**Second Report**"), and the activities of the Monitor as set out therein; and

(c) Such further and other relief as this Court may deem just and equitable.

D. OVERVIEW OF APPLICANTS AND THEIR BUSINESS

21. NCI, the Applicants' operating entity, is a Canadian licensed producer of cannabis products. Its customers include large and industry leading participants. Besides supplying the Canadian market, NCI, through one of its main customers, also supplies dried cannabis to international markets including Portugal, Germany and Israel.

22. NCI is primarily a business-to-business company.

23. The business operates out of a large state of the art cannabis production facility located in Hamilton, Ontario ("**Hamilton Facility**"). NCI uses advanced technologies at the Hamilton Facility to produce and supply cannabis products.

24. In early November 2024, the Applicants urgently sought protection under the CCAA on account of the financial pressures arising as a result of: (i) the loss of revenues in excess of $500,000 due to certain customers filing under the CCAA; (ii) intense competition and an over-supply of cannabis products leading to significant price reductions; (iii) litigation costs related to certain contingent claims; (iv) the payment demand from a secured creditor; and (v) the low market demand for cannabis products, partially as a result of the illicit market for cannabis, causing a decline in orders.

25. From the start of this proceeding, the parties recognized and accepted the importance of the Sale Process, and, in particular, its "stalking horse component", supported by the DIP Loan. This is because the value of the Applicants' business is dependant on the ability to continuously fulfil customer orders on a timely basis. As I described in the First Reda Affidavit and/or the Second Reda Affidavit, even a temporary cessation of operations would have been detrimental to enterprise value. Given the liquidity challenges, and dire cash flow situation of the Applicants, and as further detailed below, it was imperative that the Applicants pursue a going concern sale of the business to obtain value for stakeholders.

26. At the Comeback Hearing before Justice Cavanagh on November 15, 2024, with the Applicants seeking, among other things, approval of the Stalking Horse Sales Process,

Stalking Horse SPA, DIP Lender's Charge and increase in the amount of the Director's Charge and Administration Charge, there was no opposition to the relief, and, in particular, the Applicants' senior secured creditor, Lending Stream, and one of the contingent claimants, Ignite, or more specifically their counsel, attended and either expressed their support for or did not oppose the Stalking Horse Sales Process, Stalking Horse SPA and related relief. As noted above, at the Comeback Hearing on November 15, 2024, Justice Cavanagh granted the Amended and Restated Initial Order and the Sale Process Approval Order and provided reasons in his Endorsement, the Sale Process Approval Endorsement.

27. A few days later, on or about November 19, 2024, as I noted above, the Monitor received a letter from Ignite's lawyer alleging, among other things, Ignite's entitlement to a Constructive Trust Claim over the property of the Applicants based on their alleged unjust enrichment. The Constructive Trust Claim is part of the Ignite Lawsuit, which I described at paragraph 86 of the First Reda Affidavit and identified at Exhibit "U" of the First Reda Affidavit. As I noted in the First Reda Affidavit, NCI has defended the Ignite Claim and counterclaimed, and, in particular, denied any unjust enrichment, denied a constructive trust and claimed an entitlement or set-off regarding the Advance Payment. Ignite also served a Notice of Motion on or about January 31, 2025 regarding the Constructive Trust Claim, as I described above.

28. Since the date of the Initial Order, the Applicants have worked with the Monitor to stabilize and maintain operations, and with the Sales Agent and Monitor to conduct the Sale Process in accordance with the Sale Process Approval Order.

E. SALE PROCESS

Marketing Efforts

29. The Sale Process, including the stalking horse component, was designed to provide stability to the business and signal to the world that operations would continue, and that customer orders would be fulfilled, both during and after the restructuring.

30. The Monitor and the Sales Agent, in conjunction with the Applicants, conducted the Sale Process in accordance with the Sale Process Approval Order. Among other things, the Sales Agent, in conjunction with the Monitor, undertook a marketing process that broadly canvassed a comprehensive network of cannabis industry participants.

31. The Sales Agent placed an advertisement in the Globe and Mail – National Edition sometime in November, 2024, and prepared materials including, among other things (i) a non-disclosure agreement ("**NDA**"), and (ii) a teaser letter (together, the "**SISP Documents**"), all of which were made publicly available on the Monitor's or Sales Agent's case website. As part of the Sale Process, the Monitor and/or the Sales Agent established a secure online data room containing relevant business information for potential bidders.

32. The Second Report of the Monitor provides a detailed overview of all of the steps the Monitor and/or Sales Agent took to identify, market to, and provide an opportunity for interested parties to acquire NCI.

Results of Sale Process

33. A total of approximately 53 parties were invited or contacted to participate in the Stalking Horse Sales Process, 4 of which signed an NDA and received the SISP Documents directly.

34. In accordance with the Sale Process Approval Order, the initial bid deadline was Monday, January 27, 2025 (the "**Bid Deadline**").

35. Except for the Stalking Horse Bid, there were no other bids or Qualified Bids received by the Bid Deadline. As a result, the Stalking Horse Bidder or Stalking Horse Purchaser was declared the Successful Bidder or the Successful Bid. The Monitor will report in detail on the results of the Sale Process in its Second Report.

36. To the greatest extent possible, I believe the Sale Process was conducted in a manner so as to create and maintain a "competitive tension" as between any interested parties, all with a view to promoting interest in the opportunity and yielding the highest and best sale price for the Applicants.

37. Given the breadth, duration and management of the Sale Process, I believe that all reasonable steps to obtain the best price have been taken and the Sale Process was commercially reasonable, professionally run and robust.

38. As a practical matter, there are no other offers and there is no additional funding to conduct further sales efforts.

F. SPA AND PROPOSED TRANSACTION

Purchaser

39. The principal of the Purchaser has experience in the Canadian cannabis industry. The cannabis licences and operations of NCI have value to the Purchaser and I understand that the Purchaser's intention is to operate the business as a going concern, Health Canada-compliant operation. As I acknowledged in the First Reda Affidavit, the main principal or ultimate owner of the Purchaser or Lending Stream is my brother, Rami Reda.

"Reverse Vesting" Transaction

40. The Transaction contemplates the use of a "reverse vesting order" to preserve cannabis licences which are essential for NCI to continue operations as a going concern.

41. The Applicants seek the Approval and Reverse Vesting Order in furtherance of a Transaction whereby, subject to the satisfaction of other closing conditions, the Purchaser will acquire 100% of NCI's issued and outstanding shares. Following the Pre-Closing Reorganization defined and described below, NCI will hold only the Retained Assets and Assumed Liabilities, if applicable. The SPA requires an Approval and Reverse Vesting Order approving the Transaction, and seeking other relief including, among other things, the grant of certain Releases.

42. The Transaction uses a reverse vesting structure to affect the transfer into NCI of any Transferred Assets and the transfer out of NCI and into ResidualCo of the Excluded Assets and Excluded Liabilities. I understand from the Monitor and the Applicants' counsel that

this structure is commonly used in cannabis restructurings due to the highly regulated nature of the industry.

43. The SPA is the product of a Court-approved Sale Process and in my view is commercially reasonable in the circumstances. The parties to the SPA are sophisticated and were advised by professional and legal advisors. The Applicants are of the view that the SPA and the Transaction contemplated thereunder is in the best interest of stakeholders in the circumstances.

44. In my view, the Transaction is capable of being completed in a timely manner as closing is not conditional on obtaining the approval of Health Canada.

45. A summary of the key terms and conditions of the SPA are as follows (all capitalized terms not otherwise defined herein shall have the meaning given to them in the SPA):

(a) **Closing Date**: Subject to the terms and conditions of the SPA, the Closing shall occur 10 business days after an Approval and Reverse Vesting Order satisfactory to the Parties has been issued and entered, and no later than April 1, 2025 or such later date as agreed to by the Parties in writing.

(b) **Share Purchase**: The Purchaser shall purchase the Purchased Shares from the Vendor, free and clear of all Encumbrances (other than Permitted Encumbrances), with the result that the Purchaser shall become the sole shareholder of NCI at the Closing Time.

(c) **Excluded Assets, Contracts and Liabilities**: All of the Excluded Assets, and Excluded Liabilities will be transferred to and assumed by ResidualCo. As noted above, the Excluded Liabilities include the Ignite Lawsuit including the asserted Constructive Trust Claim. All Claims related to the Excluded Liabilities will continue to exist as against ResidualCo and the Claims shall attach to the net Purchase Price and the Excluded Assets, if any, which will be available to satisfy such Claims.

(d) **Approval and Reverse Vesting Order**: the obligations of the Parties to close the Transaction is subject to the granting of the Approval and Reverse Vesting Order.

46. In addition to seeking approval of the Transaction through the Approval and Reverse Vesting Order, the Applicants are also seeking the approval of other relief critical to the completion of the Transaction, including, among other things:

(a) adding ResidualCo as an Applicant;

(b) vesting all of the Excluded Assets, Excluded Contracts, and Excluded Liabilities in ResidualCo, and discharging all Encumbrances (other than the Permitted Encumbrances) against the Purchased Shares and the Retained Assets;

(c) granting the Releases; and

(d) granting certain enhanced powers to the Monitor in respect of ResidualCo.

Adding ResidualCo as an Applicant

47. In order to complete the proposed Transaction, the Applicants are seeking to add ResidualCo as an Applicant in these CCAA Proceedings. Doing so will allow the Purchaser to acquire the Purchased Shares free and clear of all Encumbrances, while allowing the claims of the Applicants' stakeholders to continue as against ResidualCo.

48. ResidualCo is a corporation that has recently been incorporated under the laws of Ontario. A copy of the Certificate and Articles of Incorporation of ResidualCo is attached hereto as **Exhibit "O"**. Immediately after the Excluded Assets and Excluded Liabilities are transferred to ResidualCo, ResidualCo will be balance sheet insolvent and the claims against ResidualCo will be in excess of the statutory threshold of $5 million.

49. I understand that the Monitor supports adding ResidualCo as an Applicant.

Reverse Vesting to ResidualCo

50. The Transaction is contingent upon a pre-closing reorganization (the "**Pre-Closing Reorganization**"), whereby:

    (a) the Transferred Assets, if any, shall be transferred to NCI; and

    (b) the Excluded Assets and Excluded Liabilities shall be transferred to and vested in ResidualCo pursuant to the Approval and Reverse Vesting Order.

51. The Pre-Closing Reorganization, including its reverse vesting component, is critical to the Transaction. I am advised by Applicants' counsel that the reverse vesting structure will

preserve critical licences necessary for the operation of the purchased business which NCI would not otherwise be able to transfer in the ordinary course. I also understand that the reverse vesting structure contemplated by the Transaction has been effectively used in other similar transactions for licenced cannabis companies and has the effect of minimizing regulatory hurdles and decreasing closing uncertainty. I am advised by Applicants' counsel that the Purchaser was not prepared to proceed with a Transaction in respect of NCI by way of an ordinary asset sale structure due to, among other things, the regulatory restrictions on transferring cannabis licences.

52. NCI holds the following licences ("**Licences**"):

(a) standard grow and sales licence issued under the *Cannabis Act* and the related Cannabis Regulations, and

(b) a licence issued by the CRA under the excise duty framework under the *Excise Act*, 2001 (Canada).

53. The Licences are essential to the Applicants' business. Without these Licences, the Applicants or NCI could not possess or produce cannabis, nor conduct its current business.

54. I understand from Applicants' counsel that the Licences would likely be lost if they were transferred to the Purchaser by way of a traditional vesting order given the regulatory regime within which the Applicants operate. A loss of the Licences would require the Purchaser to re-enter the licensing process with the attendant expense, uncertainty and delay.

55. A traditional vesting order would expose the Licences, on which the Applicants' or NCI's business is founded and, in turn, on which its going concern value is wholly reliant, to significant risk, regulatory uncertainty, and significant delays.

56. I therefore believe that the risk and uncertainties created by a traditional vesting order would render a going concern transaction impossible, resulting in the liquidation of the Applicants.

Benefits of the Transaction

57. The primary benefit of the proposed Transaction is the continuity of NCI's business operations. Completion of the Transaction will preserve NCI's structure of operations, maintain the current licences, and preserve the economic activity and customer and supply arrangements without interruption.

58. Importantly, a number of key individuals associated with the business will remain with NCI after the closing of the proposed Transaction. This, along with the “reverse vesting” structure of the Transaction, will ensure that the change in control of the business does not impact the preservation of the valuable cannabis licences.

59. At present, NCI employs approximately 18 people, ranging from Managers, Technicians, Machine Operators, and Quality Assurance Specialists to Facilities and Maintenance personnel. It is anticipated that almost all of these jobs will be preserved following the closing of the Transaction.

60. The implementation of the Transaction will minimize professional fees. It is anticipated that ResidualCo will not undertake any business and will likely file an assignment in bankruptcy at the appropriate time. The Transaction therefore minimizes costs to the benefit of the Applicants' creditors.

61. The Transaction will achieve the purpose of the CCAA Proceedings which is to ensure the business emerges from CCAA protection in a stronger form that preserves enterprise value and employment for as many of its employees as reasonably possible. Post-closing, NCI's business will continue as a going-concern. The Purchaser has advised me that it intends to keep the vast majority of employees in operational roles at the Hamilton Facility.

62. I have been advised by the Monitor that it supports the approval of the Transaction.

63. I believe the SPA and the proposed Transaction represent the best possible outcome for the Applicants, and will permit the Applicants or NCI to emerge from CCAA protection as a successful, going-concern business.

64. I understand that the Monitor will provide its view on (i) the Sale Process, (ii) the necessity of the reverse vesting structure, and (iii) the Transaction, in its Second Report.

G. REQUESTED EXTENSION OF STAY OF PROCEEDINGS

65. The current stay period expires on March 7, 2025.

66. The Applicants are requesting an extension of the stay up to and including April 11, 2025 ("**Extended Stay Period**") to allow time to complete the necessary steps to close the Transaction.

67. The Applicants have acted, and continue to act, in good faith and with due diligence in furtherance of these CCAA Proceedings.

68. I understand that the Monitor supports, and no creditor will be prejudiced by, the extension of the stay for the Extended Stay Period.

H. RELEASES

69. The released claims encompass all claims related to the CCAA Proceedings, the SPA, and the Transaction against the Released Parties, excluding claims not permitted to be released under section 5.1(2) of the CCAA. I understand that these releases aim to provide certainty and finality for the Released Parties. The Applicants consider these releases suitable due to the significant contributions of the Released Parties in the CCAA Proceedings and the Transaction, enabling the Applicants to continue as a going concern.

I. CONSTRUCTIVE TRUST CLAIM

70. The Ignite Lawsuit includes the alleged Constructive Trust Claim. However, as noted above, pursuant to the ARIO, the Court granted, among other things, the super-priority DIP Lender's Charge, Directors' Charge and Administration Charge that shall "rank in priority to **all** other security interests, **trusts,** liens, charges, encumbrances and claims of secured creditors, statutory or otherwise" (emphasis added); and pursuant to the Sale Process Approval Order, the Court approved, among other things, the Stalking Horse SPA, in which the Ignite Lawsuit is included as one of the Excluded Liabilities listed in Schedule "C", that is not an obligation of NCI and is not a claim against the Purchased Shares. Again, these Orders by the Court were not opposed or appealed by Ignite.

J. FORM OF ORDER AND CONCLUSION

71. In all of the above circumstances, the Applicants respectfully submit that it is appropriate that the Transaction be approved, and that the additional relief requested on this motion be granted. In particular, the Monitor's First Report and Second Report and the conduct and activities of the Monitor referred to therein should also be approved. I understand that the Monitor and Lending Stream support the relief sought in this motion.

72. This affidavit is sworn in support of orders substantially in the form of the draft orders at Tabs "3" and "4" to the Applicants' Motion Record, and for no other or improper purpose.

SWORN by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 25th day of February, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits
(or as may be)

KATELIN Z. PARKER
Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

ZIAD REDA

This is Exhibit "A" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

Court File No. CV-24-00730120-00CL

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

AFFIDAVIT OF ZIAD REDA

I, **Ziad Reda**, of the Town of Ancaster, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS**:

I. OVERVIEW

1. I am Chief Executive Officer and a director of the Applicants, Noya Holdings Inc. (formerly, Radicle Cannabis Holdings Inc.) (“**NHI**”) and Noya Cannabis Inc. (formerly, Radicle Medical Marijuana Inc. and Radicle Remedy Inc.) (“**NCI**”, together the “**Applicants**” or the “**Company**”).

2. As the Chief Executive Officer of the Applicants, my primary responsibilities include managing the Company's overall operations and resources and making strategic business decisions.

3. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

4. I swear this affidavit in support of, among other things, an application by the Company for protection from its creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

5. More specifically, the Applicants are seeking an order (the "**Initial Order**") approving, among other things:

(a) an administration charge of $200,000 (the "**Administration Charge**");

(b) a director's charge of $100,000 (the "**Director's Charge**" and together with the Administration Charge, the "**Priority Charges**");

(c) the appointment of BDO Canada Limited as monitor of the Applicants in these CCAA proceedings; and

(d) an initial stay of proceedings to November 15, 2024 (the "**Stay Period**") and extending the benefit of the stay of proceedings to the Non-Applicant Stay Party (as defined below).

6. If the Initial Order is granted, the Applicants intend to return to Court on November 15, 2024 (the "**Comeback Hearing**") to request an order (the "**Amended and Restated Initial Order**") that would:

(a) extend the Stay Period (the "**Extended Stay Period**");

(b) increase the amount of the Priority Charges as follows: Administration Charge to $350,000 and the Director's Charge to $200,000;

(c) authorize and approve certain payments to critical suppliers for pre-filing expenses or to honour cheques issued to providers of goods and services prior to the Initial Order, with the consent of the Monitor, which are necessary to facilitate the Company's ongoing operations and preserve value during the CCAA proceedings;

(d) approve a DIP term sheet, a DIP loan in the principal amount of $400,000 and a DIP lender's charge in that amount; and

(e) approve a sale and investment solicitation process, which will include a stalking horse bid.

7. For the reasons set out herein, I do verily believe that the Applicants are insolvent, are companies to which the CCAA applies and are facing the risk of looming liquidity challenges.

II. URGENT NEED FOR RELIEF

8. NHI is the ultimate parent company of NCI and 2675383 Ontario Limited ("**267**" or the "**Non-Applicant Stay Party**"). NHI is owned primarily by me and my brother, Youssef Reda, through a numbered holding company.

9. NHI is also the sole owner or holding company of Noya Store Inc. and 2672204 Ontario Limited. The latter two companies are not included or parties to these CCAA proceedings.

10. As elaborated below, the cannabis licences are held by NCI and 267. NCI operates the cannabis manufacturing and production business from leased premises. The Company is insolvent, will have liquidity challenges in the near future and faces several lawsuits, arbitrations and/or demands for payment, and is in urgent need of relief under the CCAA.

11. The cannabis industry is suffering the growing pains of a fairly novice industry. This has been reflected in the many CCAA filings or bankruptcies of various industry participants. It is also a highly regulated industry and has experienced rapid change as a result of these growing pains. The uncertainty caused by these changes has created an array of challenges for companies in the industry, including lower then expected sales and revenues, higher then expected compliance costs in this regulated business, litigation among producers, suppliers and customers, and difficulties in obtaining adequate investment and financing for operations and capital expenditures.

12. In the past year, the Applicants have suffered losses due to, among other things:

(a) the loss of revenues in excess of $500,000 due to customers filing under the CCAA;

(b) litigation costs related to certain contingent claims and/or arbitrations;

(c) a steep decline in the value of most publicly-traded cannabis companies in Canada, which also form the basis of some of NCI's client base;

(d) intense competition and an over-supply of cannabis products leading to significant price reduction; and

(e) the low market demand for cannabis products, partially as a result of the illicit market for cannabis, causing a decline in orders.

13. In addition, the Company's main secured creditor, Lending Stream Inc. ("**Lending Stream**"), has recently demanded payment from NHI under a convertible debenture in the amount of approximately $1.9 million, and demanded payment from NCI under a royalty

agreement in the amount of approximately $3.4 million. The main principal or owner of Lending Stream, Rami Reda, is my brother.

14. Other secured creditors of NHI and/or NCI include 1955185 Ontario Inc., as amalgamated, amended or changed to 1000593616 Ontario Inc. ("**195**"), and Gage Growth Corp. (formerly, Wolverine Partners Corp.) or TerrAscend Corp. (which acquired shares of Gage Growth Corp.) ("**TerrAscend**"). 195 is ultimately owned or controlled primarily by my parents or parent.

15. The Company is also facing various contingent claims, including from Pure Sunfarms Corp., Ignite International Brands (Canada) Ltd., and 10805696 Canada Inc., o/a Mauve & Herbes (the "**Contingent Claims**").

16. The Contingent Claims are at different stages of litigation, arbitration or mediation and have looming deadlines in the respective proceedings, which will require the Company to expend time, money and resources to meet those deadlines.

17. The secured claims of Lending Stream, 195 and TerrAscend, or the Lending Stream Debt, 195 Debt and TerrAscend Debt, as these terms are defined below, and the Contingent Claims, exceeds $5 million for each of the Applicants.

18. The Company's management team has made determined efforts to address its financial challenges, including, among other things, reducing staff from approximately 50 employees to 18 employees in December, 2022; maximizing automation to more efficiently address manufacturing demands; increasing the efficiency of full-time production staff; making efforts to reduce services to save costs (i.e., phasing out excise dutiable sales in 2023); transitioning away from retail sales to wholesale business-to-business sales; and trying to reduce the

professional costs related to the litigation or arbitration of the Contingent Claims. Such efforts, although effective to a point, have been insufficient to completely address the challenges facing the Applicants.

19. Given these challenges, the Company requires the breathing space afforded by the CCAA in order to stabilize its operations for the benefit of all of its stakeholders. I therefore believe that the CCAA provides the most appropriate forum for the Company to restructure its affairs – whether it be through debt financing, an equity infusion, a sale, or some other form of creditor compromise.

III. OVERVIEW OF THE APPLICANTS

A. Background and Corporate Structure

a. Noya Holdings Inc.

20. NHI is the top-level holding company. NHI was incorporated in Ontario on July 5, 2017. Its previous name was Radicle Cannabis Holdings Inc. NHI's registered head office is located at 77 King Street West, Suite 3000, TD Centre North Tower, Toronto, Ontario. NHI is the direct and sole owner of NCI and the indirect (i.e., through another numbered company) and ultimate owner of 267. As noted above, NHI is also the holding company of Noya Store Inc. and 2672204 Ontario Limited, which are not part of these CCAA proceedings

21. Attached as **Exhibit** "**A**" are copies of the Corporate Profile Report and corporate organization chart for NHI.

b. Noya Cannabis Inc.

22. NCI was incorporated in Ontario on March 24, 2014. Its previous names were Radicle Remedy Inc. and Radicle Medical Marijuana Inc. NCI's registered head office is located at 19 Thoroughbred Boulevard, Ancaster, Ontario.

23. NCI is the Company's operating entity. As elaborated below, it holds the necessary grow and sales cannabis licences and operates the cannabis manufacturing and production business out of a licensed facility located at 90 Beach Road, Hamilton, Ontario. The related company, 267, holds the micro-cultivation cannabis licences described below and is integrated, as an indirect subsidiary of NHI, with the business and operations of the Company.

24. Attached as **Exhibit** "**B**" are copies of the Corporate Profile Reports for NCI and 267.

B. The Business

25. NCI is a licensed producer of premium cannabis products under the *Cannabis Act,* S.C. 2018, c. 16. As a licensed producer, NCI has entered into a series of contractual relationships with different cannabis brands, suppliers or distributors, including sales and distribution agreements and production, supply and revenue sharing agreements. As discussed below, the Contingent Claims are largely based on disputes arising from these contractual relationships. A central tenet of NCI's business is its commitment to producing high-quality products. In this regard, NCI's production process involves growing its plants under optimal conditions in a tightly controlled indoor environment, and then hand-drying and hand-curing the trimmings before they are used to produce various cannabis products.

26. The Company has transitioned away from a retail brand business to a wholesale business-to-business service or product provider. NCI services a limited number of key, large, customers.

27. The business operates out of a leased, state-of-the-art cannabis production facility located in Hamilton, Ontario.

C. Place of Business and Facilities

a. Office Space

28. NCI has office space at the manufacturing facility below for corporate functions (the "**Corporate Office**"). The Corporate Office functions primarily as a workspace for the Company's accounting professionals and executives, including the Company's Chief Executive Officer.

b. Manufacturing Facility – 90 Beach Road, Hamilton

29. NCI operates its cannabis production business out of an approximate 40,000 square-foot agricultural facility at the property municipally known as 90 Beach Road, Hamilton, Ontario (the "**Hamilton Facility**").

30. 2138825 Ontario Inc. (the "**Owner**"), a non-related third party, is the registered owner of the Hamilton Facility. The Owner granted Chokey Real Estate Limited (the "**Landlord**") authority as the Owner's agent to, among other things, enter into leasing arrangements on behalf of the Owner with respect to the Hamilton Facility. On or about June 1, 2018, NCI or its predecessor entered into a lease with the Landlord, in respect of the Hamilton Facility. Attached as **Exhibit** "**C**" is a copy of the said lease agreement with the Landlord.

31. The Hamilton Facility was a shell building at the time that it was leased. Since then, NCI and/or NHI have invested approximately $8.8 million in order to effect leasehold improvements and $4.3 million for machinery and equipment; obtain and install the required manufacturing and

production equipment and machinery; and to otherwise retrofit the facility to satisfy federal cannabis laws and regulations including the Good Production Practices (GPP) of the *Cannabis Regulations* and in accordance with certain certifications or requirements for international sales.

32. The Hamilton Facility is equipped with the highest level of security and production operations. NCI has made every effort to ensure that its manufacturing standards, production practices, and products are of a consistently high quality.

33. Cannabis production operations at the Hamilton Facility commenced in 2018 and have continued uninterrupted since that time.

D. Cannabis Licences

a. Canadian Cannabis Licences

34. NCI and 267 obtained their respective licensing from Health Canada on or about 2017 (micro-cultivation) (the "**267 Cannabis Licence**") and 2018 (grow and sales) (the "**NCI Cannabis Licence**") (collectively, the "**Cannabis Licences**"). As noted above, 267 is indirectly owned by NHI. That is, NHI has 100% ownership of 2672204 Ontario Limited, which in turn has 76% ownership of 267. 267 is not an applicant in these CCAA proceedings, but the Applicants are seeking to extend the stay of proceedings to this Non-Applicant Stay Party, owing to the interrelated operation of the business and the Cannabis Licences.

35. The NCI Cannabis Licence expires on December 21, 2028, and the 267 Cannabis Licence is valid until August 21, 2025.

36. The Cannabis Licences permit the following activities:

(a) possess cannabis;

(b) grow or produce cannabis;

(c) sell cannabis in accordance with the Cannabis Regulations; and

(d) sell cannabis products in accordance with the Cannabis Regulations.

37. As noted, the Cannabis Licences are currently valid and will be renewed prior to their expiry, if necessary. Attached hereto as **Exhibit** "**D**" are copies of the Cannabis Licences.

b. Excise Cannabis Licences

38. NCI and 267 obtained their respective excise cannabis licences under the *Excise Act, 2001* (Canada) (respectively, the "**NCI Excise Cannabis Licence**" and the "**267 Excise Cannabis Licence**") (collectively, the "**Excise Cannabis Licences**").

39. The Excise Cannabis Licences have been renewed since they were first issued. Currently, the NCI Excise Cannabis Licence will expire April 19, 2025, and the 267 Excise Cannabis Licence will expire August 21, 2025. Attached hereto as **Exhibit** "**E**" are copies of the Excise Cannabis Licences.

E. Employees

40. The Company currently employs 18 employees, 18 with NCI (none of which are temporary workers) and zero with NHI.

41. The majority of NCI employees work on cannabis production lines at the Hamilton Facility, with others providing the necessary support for production. Their job titles broadly describe their responsibilities and include:

- Technicians (Post-processing, Pre-processing, Processing, Processing Systems, Quality Assurance, and Quality);
- Machine Operators;
- Specialists (Finished Goods, Vault, Material, Payroll and Benefits, Quality Assurance, and Compliance);
- Leads (Production, Post-processing, Packaging, Pre-processing, Quality, and Sanitation);
- Coordinators (Facilities, and Health & Safety);
- Managers (Procurement and Planning, Production, Projects, Quality Operations, Security, Client Service, Supply Chain, Facilities and Maintenance, Automation, and Human Resources).

42. The employees are paid bi-weekly in arrears. All payments to employees are current based on the payroll schedule. I am employed by the Company as a contract employee.

43. The Company does not have any employees that are unionized or otherwise party to a collective agreement in connection with their employment with the Company.

44. The Company does not sponsor, administer or otherwise have any registered or unregistered pension plans for its employees. The Company provides a standard group benefit plan to its employees that covers extended heath care, dental care, life insurance, and accidental death and dismemberment insurance.

F. Key Customers

45. As noted above, the Company has transitioned to wholesale business-to-business sales. It has a limited number of key, large customers. At present, NCI's client relationships include one of the top 10 licensed processors in the Canadian cannabis market based on retail sales volume.

46. The largest relationships are contractually governed with different cannabis brands, suppliers or distributors, including sales and distribution agreements and production, supply and revenue sharing agreements. As discussed below, some of these agreements or contracts have given rise to dispute or litigation in relation to the Contingent Claims.

47. NCI has experienced fluctuations, including drops, in orders over the past year due to well-known market and industry issues with which cannabis companies have struggled throughout Canada. NCI's revenues have also been impacted negatively by CCAA filings by one or more of its customers.

IV. FINANCIAL CIRCUMSTANCES AND CASH FLOW

48. The Company has a fiscal year-end of December 31. Attached as **Exhibit** "**F**" are the Company's audited and/or unaudited consolidated financial statements and/or interim statements as at 2022, 2023 and 2024 (the "**Financial Statements**").

A. Assets

49. According to some of the Financial Statements, as at September 30, 2024, the assets of the Company were approximately valued as follows:

	30-Sep-24 (unaudited)
Current Assets	
Cash	$0.6M
Other Receivables and Prepaid Expenses	$0.7M
Accounts Receivable	$1.1M
Biological Assets	$0.2M
Inventory	$1.1M
Total Current Assets	**$3.7M**
Non Current Assets	
Property and Equipment (Net)	$5.2M
Other Non Current Assets	$1.3M
Total Non Current Assets	$6.5M
Total Assets	**$10.2M**

B. Liabilities

50. According to some of the Financial Statements, as at September 30, 2024, the liabilities of the Company were approximately valued as follows:

	30-Sep-24 (unaudited)
Current Liabilities	
Accounts Payable and Accrued Liabilities	$3.0M
Other Current Liabilities	$7.6M

Total Current Liabilities	**$10.6M**
Non Current Liabilities	
Loans and Borrowings	$5.0M
Other Non Current Liabilities	$6.2M
Total Non Current Liabilities	**$11.2M**
Total Liabilities	**$21.8M**

C. Profit and Loss

51. According to the Financial Statements, as at September 30, 2024, NCI and NHI have lost approximately $2.9 million year-to-date.

D. Cash Flow Forecast

52. The Company, with the assistance of the proposed Monitor has prepared a projected cash flow forecast (the "**Cash Flow Forecast**"). Attached as **Exhibit** "**G**" is a copy of the Cash Flow Forecast.

53. Pursuant to the Cash Flow Forecast, the Applicants will generally have sufficient liquidity to sustain operations for the week ending the Stay Period, including payroll, but not for the Extended Stay Period without DIP financing.

V. CREDITORS OF THE COMPANY

A. Secured Creditors

a. Lending Stream

54. Lending Stream is the Company's senior secured creditor.

55. On or about December 20, 2023, Lending Stream purchased from RIV Capital Corporation (formerly, Canopy Rivers Corporation) (the "**Vendor**") various common shares, debt and security in relation to the Company (the "**Purchase Agreement**"). Attached as **Exhibit** "**H**" is a copy of the Purchase Agreement and the related Assignment and Assumption Agreement dated December 20, 2023 (the "**Assignment**").

56. Under the Purchase Agreement and Assignment, Lending Stream acquired certain purchased assets (the "**Purchased Assets**") from the Vendor, including, the Convertible Debenture, Debenture Debt, Debenture Security, Royalty Agreement, Royalty Interest and Royalty Security (these terms are defined in the Purchase Agreement and below). In defining these terms below, the reference to NHI and NCI may mean their predecessor company.

57. The Purchased Assets acquired by or assigned to Lending Stream under the Purchase Agreement and Assignment included a convertible debenture dated January 2, 2020 issued by NHI to the Vendor in the principal amount of $1 million due January 2, 2023, as amended (the "**Convertible Debenture**") and NHI's debt and liability under the Convertible Debenture (the "**Debenture Debt**"). Attached as **Exhibit** "**I**" is a copy of the Convertible Debenture.

58. The Purchased Assets acquired by Lending Stream also included a royalty agreement dated August 4, 2017 between NCI and the Vendor (the "**Royalty Agreement**") and NCI's obligations and liabilities under the Royalty Agreement (the "**Royalty Interest**"). Attached as **Exhibit** "**J**" is a copy of the Royalty Agreement.

59. As security for the payment of the Debenture Debt and/or Royalty Interest, the Company provided certain guarantees and security in favour of the Vendor, including the following: (i) an Amended and Restated Guarantee Agreement by NHI dated January 2, 2020; (ii) an Amended

and Restated General Security and Pledge Agreement by NHI dated January 2, 2020; (iii) an Amended and Restated Guarantee Agreement by NCI dated January 2, 2020; and (iv) an Amended and Restated General Security and Pledge Agreement by NCI dated January 2, 2020. Under the Purchase Agreement, Lending Stream purchased or was assigned, among other things, these security and guarantee instruments (collectively, the "**Lending Stream Security**"). Attached as **Exhibit** "**K**" are copies of the Lending Stream Security.

60. Pursuant to the Purchase Agreement, Lending Stream also agreed that its purchase of the Debenture Debt, Convertible Debenture and the applicable Lending Stream Security regarding the Debenture Debt (the "**Debenture Security**") would be subject to a pari passu agreement dated January 2, 2020 with TerrAscend (generally, then Wolverine Partners Corp., amended to Gage Growth Corp., and Gage Growth Corp. subsequently being acquired by TerrAscend Corp.) (the "**Pari Passu Agreement**"). Attached as **Exhibit** "**L**" is a copy of the Pari Passu Agreement.

61. Pursuant to the Purchase Agreement, Lending Stream also agreed that its purchase of the Royalty Interest, Royalty Agreement and the applicable Lending Stream Security regarding the Royalty Interest would be subject to a subordination and postponement agreement dated January 2, 2020 from TerrAscend (generally, then Wolverine Partners Corp., amended to Gage Growth Corp., and Gage Growth Corp. subsequently being acquired by TerrAscend Corp.) as a subordinate creditor (the "**Subordination and Postponement Agreement**"). Attached as **Exhibit** "**M**" is a copy of the Subordination and Postponement Agreement.

62. On or about September 23, 2024, Lending Stream made formal written demand for payment to NHI and NCI and issued to each of them a Notice of Intention to Enforce Security ("**NITES**") under the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3. Attached hereto as **Exhibit** "**N**" is a copy of Lending Stream's formal demand letter and each NITES.

63. As of August 31, 2024, NHI was indebted to Lending Stream pursuant to the Convertible Debenture as amended or acknowledged in the approximate amount of $1,850,000.00; and NCI was indebted to Lending Stream pursuant to the Royalty Agreement in the approximate amount of $3,360,000.00 (the "**Lending Stream Debt**").

b. TerrAscend

64. As noted above, TerrAscend or a predecessor or related company appears to be a secured creditor of the Company. The references to NHI and NCI in this section include the predecessor companies. On November 22, 2019, NHI issued a Secured Grid Convertible Debenture to Wolverine Partners Corp. ("**Wolverine**") in the principal amount of $500,000 due November 22, 2022 (the "**Secured Grid Convertible Debenture**"). An additional $500,000 was made available on or about June 9, 2021. As additional security for the debt under the Secured Grid Convertible Debenture, Wolverine was also provided, among other things, a limited guarantee dated December 19, 2019 (the "**Limited Guarantee**") and a general security agreement dated December 19, 2019 (the "**GSA**") each from NCI. Attached hereto as **Exhibit** "**O**" are copies of the Secured Grid Convertible Debenture, Limited Guarantee and GSA.

65. I am advised by Company's counsel that pursuant to articles of amendment Wolverine became or its name changed to Gage Growth Corp. ("**Gage**") in 2020. Also, as per the attached exhibit, **Exhibit** "**P**", namely the news release of Gage dated March 10, 2022, TerrAscend Corp. acquired all of the issued and outstanding subordinate voting shares of Gage.

66. As noted above, there are intercreditor agreements, namely the Pari Passu Agreement and the Subordination and Postponement Agreement, that govern the relationship of Lending Stream and TerrAscend or Gage regarding the Company.

67. As of September 30, 2024, NHI was indebted to TerrAscend or Gage under the Secured Grid Convertible Debenture in the approximate amount of $1.3 million (the "**TerrAscend Debt**").

c. 1955185 Ontario Inc., amended or amalgamated to 1000593616 Ontario Inc.

68. 195 provided two loans to NHI under two sets of loan and security documents. The reference in this section to NHI includes its predecessor company, and to 195 includes its successor, amalgamated or amended company. Under the first loan in the principal amount of $1 million, NHI entered into a loan agreement for that amount with 195 dated February 27, 2019 supported by a promissory note in favour of 195 from NHI in that amount dated February 27, 2019 (due February 27, 2020) and a general security agreement dated February 27, 2019 in favour of 195 from NHI (the "**First Loan and Security**"). Under the second loan in the principal amount of $1 million, NHI provided a promissory note in favour of 195 in that amount dated March 26, 2019 (due March 26, 2020) and a general security agreement dated March 26, 2019 in favour of 195 from NHI (the "**Second Loan and Security**"). Attached hereto as **Exhibit** "**Q**" are copies of the First Loan and Security and the Second Loan and Security.

69. Under an extension agreement between NHI and 195 dated January 24 or 29, 2020 (the "**Extension Agreement**"), the parties agreed, among other things, to extend the due dates of the First Loan and Security to February 27, 2025 and the Second Loan and Security to March 26, 2025. Attached hereto as **Exhibit** "**R**" is a copy of the Extension Agreement.

70. As of September 30, 2024, 195 had loaned the approximate amount of $3.8 million to NHI pursuant to the First Loan and Security and the Second Loan and Security (the "**195 Debt**").

71. The sequence, timing or order of the above loans or debt in relation to the Company is as follows: (1) the Lending Stream Debt generally arose in 2017; (2) the 195 Debt generally arose in February, 2019; and (3) the TerrAscend Debt generally arose in November, 2019.

B. PPSA Registrations

72. The secured creditors described above, namely Lending Stream, TerrAscend or Gage and 195, including their predecessor, successor or assignor, if applicable, have registered security interests against NHI and/or NCI, including their predecessor, under the Ontario *Personal Property Security Act* ("**PPSA**"). The only other PPSA registrant appears to be against the predecessor company of NCI, Radicle Medical Marijuana Inc., by Alterna Savings and Credit Union Limited on May 11, 2023 in the amount of $34,500 regarding a secured corporate Visa.

73. Attached hereto and marked as **Exhibit** "**S**" are true copies of the Personal Property Registry search results for each of the Applicants (and their predecessors) in Ontario (the "**PPSA Searches**").

C. Equity Interests and Share Capital Contributions

74. NHI currently has 69,398,076 issued and outstanding common shares and NCI has 44,200,000 issued and outstanding common shares. The only shareholder of NCI is NHI.

75. NHI is owned primarily by me and my brother, Youssef Reda, through a numbered holding company.

D. Other Creditors

a. Source Deductions, Excise Duty, HST

76. As of the date of this affidavit, the Company is up to date with payments to Canada Revenue Agency ("**CRA**") in respect of Employment Insurance and Canada Pension Plan deductions.

77. Further, as of October 2, 2024, the Company owes CRA approximately $346,000 for excise tax remittances and/or HST remittances.

b. Trade Creditors

78. The Company incurs obligations in the ordinary course of business to various trade creditors. As at September 30, 2024, the largest trade creditor is Pure Sunfarms Corp. (described below).

c. Judgment Creditors and Litigation Claims

79. There are certain Contingent Claims against the Applicants. As a licensed producer, NCI entered into a series of contractual relationships with different cannabis brands, suppliers or distributors, including sales and distribution agreements and production, supply and revenue sharing agreements. Some of these contracting parties owned certain unique intellectual property related to cannabis products and brands, and NCI entered into these agreements as an opportunity to produce the branded products in Canada. As discussed below, the Contingent Claims are largely based on disputes arising from these contractual relationships.

VI. CHALLENGES AND LIQUIDITY ISSUES FACED BY APPLICANTS

A. Cannabis Market in Canada

80. The Canadian cannabis industry is an extremely challenging one from an operational and revenue perspective. The industry is significantly regulated, highly taxed, and subject to an ever-changing landscape of legislation and delays at all levels of government.

81. The Company has faced pressures similar to many cannabis industry participants due to the over-supply in the market for cannabis products, the impact of the illegal market on the demand for legal cannabis products, inflation, and high interest rates.

B. Withdrawal of Orders and Steep Decline in Demand

82. As a result of the challenges to the cannabis industry, and in particular the over-supply of cannabis products, the Company has seen a number of customers withdraw, reduce or discontinue their orders. Also, as noted above, some of these customers have filed under the CCAA, and this too has had a negative impact on the Company's revenues.

C. Litigation and Creditor Enforcement Activities

83. As I described above and further describe below, the Company is facing certain creditor enforcement activities and Contingent Claims.

a. Lending Stream

84. As noted above, on or about September 23, 2024, Lending Stream made formal written demand for payment to NHI in the approximate amount of $1,850,000.00 and NCI in the approximate amount of $3,360,000.00, and issued to each of them a NITES.

b. Pure Sunfarms Corp.

85. Pursuant to a Statement of Claim dated September 9, 2024, Pure Sunfarms Corp. ("**Pure**") commenced an arbitration claim in British Columbia (the "**Pure Claim**") against NCI pursuant to a Production, Supply and Revenue Sharing Agreement dated January 29, 2021 (the "**Pure Agreement**"). In the Pure Claim, Pure is seeking, among other things, a monetary award of damages in the approximate amount of $2.8 million against NCI for unsold inventory under the Pure Agreement. NCI disputes the Pure Claim and has responded with a Statement of Defence and Counterclaim dated September 23, 2024 ("**NCI's Defence and Counterclaim to the Pure Claim**"). There are looming deadlines in these arbitration proceedings. For example, pursuant to Procedural Order No. 1 – Procedural Timetable dated October 8, 2024 (the "**Procedural Timetable**"), the arbitrator set out in Schedule "A" some of the following upcoming deadlines in relation to NCI in these arbitration proceedings: (i) November 5, 2024: both parties complete outstanding document production; (ii) November 22, 2024: NCI provide its Respondent's Memorial containing a statement of fact, law and argument in support of its response, together with exhibits, legal authorities, witness statements and expert reports (if any); (iii) November 29, 2024: both parties provide notice of witnesses required to attend hearing for cross-examination; and (iv) Week of December 16-20, 2024: Hearing (5 days reserved) [in Vancouver, B.C.]. Attached hereto and marked as **Exhibit "T"** are true copies of the Pure Claim, NCI's Defence and Counterclaim to the Pure Claim and the Procedural Timetable.

c. Ignite International Brands (Canada) Ltd.

86. Pursuant to a Statement of Claim dated December 2, 2021, as amended, Ignite International Brands (Canada) Ltd. ("**Ignite**") commenced a claim in the Ontario Superior Court of Justice (the "**Ignite Claim**") against NCI and NHI pursuant to a sales and distribution agreement (the "**Ignite Agreement**"). Under the Ignite Claim, Ignite is seeking various relief

based on several grounds, including monetary damages in excess of or approximately $2 million against NCI and NHI for allegedly breaching the Ignite Agreement. NCI disputes the Ignite Claim and has responded with a Statement of Defence and Counterclaim dated February 28, 2022, as amended ("**NCI's Defence and Counterclaim to the Ignite Claim**"). Ignite provided a Reply and Defence to Counterclaim dated May 2, 2022 ("**Ignite's Reply**"). The Ignite Claim is scheduled, or to be scheduled, for mediation in Ontario in early 2025. Attached hereto and marked as **Exhibit** "**U**" are true copies of the Ignite Claim, NCI's Defence and Counterclaim to the Ignite Claim and Ignite's Reply.

d. 10805696 Canada Inc., o/a Mauve & Herbes

87. Pursuant to a Notice of Arbitration dated September 23, 2024 (the "**Notice of Arbitration**"), from 10805696 Canada Inc. o/a Mauve & Herbes ("**Herbes**"), provided to NCI under a Production, Supply and Revenue Sharing Agreement dated January 11, 2022 (the "**Herbes Agreement**"), Herbes gave notice of its intention to refer, among other things, its claim for arbitration (the "**Herbes Claim**"). In the Herbes Claim, Herbes is seeking various relief based on several grounds, including a payment of approximately $360,000 plus additional funds from NCI for allegedly breaching the Herbes Agreement. NCI has not yet formally responded to the Notice of Arbitration. Attached hereto and marked as **Exhibit** "**V**" is a true copy of the Notice of Arbitration.

88. The Pure Claim, Ignite Claim and Herbes Claim, or Contingent Claims, are unsecured claims. They are at different stages of litigation, arbitration or mediation. The Company has had to, or will have to, expend considerable time, money and resources defending the Contingent Claims. Each proceeding also has, or will have, looming deadlines, in which the Company will have to expend more time, money and resources to meet those deadlines. Having to defend or

further defend the Contingent Claims, including having to meet looming deadlines in the respective proceeding, at this time would not only be a drain on limited resources but also distract from, our full-time commitment to the successful advancement of the Applicants' current restructuring efforts. One of the benefits of the Stay Period is to provide this “breathing space” from the Contingent Claims.

VII. STRATEGIC INITIATIVES

A. Recent Efforts to Improve Operations and Financial Position

89. The Company has made several strategic business decisions for the purpose of improving its financial situation. Among other things, the Company effected a reduction in the number of employees employed at the Hamilton Facility and increased the efficiency of full-time production staff.

B. Engagement of Consultants

90. The Company has also retained consultants. The purpose of this retention was for the consultant to assist the Company in identifying potential opportunities to add value to the organization and turn it around, including assisting the Company in securing potential equity investment or selling the business.

C. Efforts to Sell or Merge

91. Efforts to sell or merge the Company led to the retention of Kronos Partners in December 2022 and David Hyde in the summer of 2023, to assist the Company with developing a strategy towards a merger or sale of the Company. This did not result in the merger or sale of the Company at that time.

D. Cash Conservation Efforts

92. The Company has made determined cost-rationalization efforts to try to improve its financial situation. These efforts have included, among other things, a reduction in staff at the Hamilton Facility, renegotiating supply agreements, and attempting to reduce professional costs in relation to the Contingent Claims.

VIII. CCAA PROCEEDINGS AND RELIEF SOUGHT

A. Need for CCAA Proceeding

93. Without CCAA protection, the Applicants will be unable to operate in the ordinary course, to the detriment of their stakeholders. At this time, the Applicants are in need of urgent relief under the CCAA because a payment demand has been made by one of the Company's secured creditors, Lending Stream; there are pressing, approaching or anticipated deadlines regarding some of the above litigation or arbitration proceedings regarding the Contingent Claims; and there is the risk of a looming cash shortage to sustain business operations in the near future (hence the need for DIP financing at the Comeback Hearing).

94. In consultation with their advisors, the Applicants have determined that the CCAA process is the most beneficial plan of action to maximize value for the Company's stakeholders.

B. Appointment of Monitor

95. The Applicants seek the appointment of BDO Canada Limited ("**BDO**") as Monitor of the Applicants in these CCAA proceedings. BDO has reviewed, and assisted in the preparation of, the Cash Flow Forecast and has provided guidance and assistance in the commencement of these CCAA proceedings.

96. As a result, BDO has developed critical knowledge about the Applicants, their business operations, financial challenges, strategic initiatives and restructuring efforts to date.

97. BDO has consented to act as the Monitor, subject to Court approval. Attached hereto and marked as **Exhibit** "**W**" is a true copy of the Monitor's consent.

C. Administration Charge

98. The Applicants seek a super-priority charge over the Applicants' Property (as defined in the Initial Order) in favour of the Monitor, counsel to the Monitor and counsel to the Applicants (the "**Professionals Group**"), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order.

99. The proposed Administration Charge being sought is for a maximum amount of $200,000.

100. It is contemplated that the Professionals Group will have extensive involvement during the CCAA proceedings. The Professionals Group have contributed and will continue to contribute to the Applicants' restructuring efforts, and will ensure that there is no unnecessary duplication of roles among them.

101. In preparation of the Cash Flow Forecast, the Applicants, in consultation with the proposed Monitor, considered the professional fees forecasted to be incurred on a weekly basis during the cash flow period. Until the week of the Comeback Hearing, the Applicants forecast to incur significant professional fees in connection with the CCAA proceedings, such as preparing for the Comeback Hearing, communicating with employees and stakeholders following the initial filing, and complying with statutory notices, mailings and communications.

102. Accordingly, I believe the quantum of the Administration Charge sought is reasonably necessary at this time to secure the professional fees of the Professionals Group. The proposed Monitor is also supportive of the granting and quantum of the Administration Charge.

D. Director's Charge

103. The Applicants seek a charge on the Applicants' Property in favour of the Applicants' current officers and directors in priority to all other charges other than the Administration Charge, up to a maximum amount of $100,000.

104. To ensure the ongoing stability of the Company's business during the CCAA proceeding, it requires the continued participation of its officers and directors. The officers and directors have skills, knowledge and expertise, as well as established relationships with various stakeholders that will contribute to a successful restructuring. As a practical but critical matter, Health Canada requires at least one director of a licensed cannabis company to be in place in order to maintain its licence.

105. Currently, there is a D & O insurance policy in place regarding the Company's directors and officers (the "**D & O Insurance Policy**"). The policy period is from August 23, 2024 to August 23, 2025. The limit of the D&O Insurance Policy is $1 million per claim per policy period. Attached hereto and marked as **Exhibit** "**X**" is a copy of the confirmation letter dated August 22, 2024 regarding the D & O Insurance Policy.

106. The Company's ordinary course operations during the Stay Period and CCAA proceedings will give rise to potential director or officer liability, including for employee source deductions and sales tax. Given the limited coverage under the D & O Insurance Policy, any possible exclusions or exemptions to coverage under the policy and to address the legitimate

concerns expressed with respect to their potential exposure if they continue to act (rather than resign), the directors and officers have requested reasonable protection against personal liability that might arise during the post-filing period. The Director's Charge is intended to address potential claims that may be brought against directors and officers.

107. The quantum of the Director's Charge was developed with the assistance and support of the Proposed Monitor based on analysis of risk to the directors in the initial Stay Period.

E. Stay of Proceedings

108. Given the challenges faced by the Applicants described herein, the Company requires a stay of proceedings to maintain the status quo and to give the Applicants the breathing space they require to develop a restructuring plan in consultation with their advisors and the Monitor.

109. The Applicants are also seeking to extend the stay of proceedings to the Non-Applicant Stay Party or 267 because it holds the 267 Cannabis Licence (micro-cultivation) and 267 Excise Cannabis Licence, it is integrated with the business and/or operations of the Company and the 267 Cannabis Licence and 267 Excise Cannabis Licence will likely be a part of or impacted by the anticipated sale process. The extension of the stay of proceedings to this Non-Applicant Stay Party is intended to prevent any regulatory actions related to the 267 Cannabis Licence and 267 Excise Cannabis Licence, including the suspension or cancellation of the licences, due to the commencement of this CCAA proceeding by its ultimate parent (NHI) and NCI. To the best of my knowledge, 267 has no or few creditors and I am advised by counsel for the Company that a recent PPSA search on or about October 23, 2024 against 267 reveals no PPSA registrants.

110. The proposed Initial Order contemplates a Stay Period of 10 days, which I understand is the maximum that can be authorized by a court at the initial application under the CCAA.

F. Relief to be Sought at Comeback Hearing

111. If the Initial Order is granted, then the Applicants propose to return to this Court for a Comeback Hearing on November 15, 2024.

112. At the Comeback Hearing, the Applicants intend to seek the Court's approval of an Amended and Restated Initial Order. For the benefit of this Court and the Applicants' stakeholders, this section highlights critical relief that the Applicants intend to seek at the Comeback Hearing. The Applicants may seek additional relief if determined to be necessary or advisable.

(i) Extension of Stay of Proceedings

113. The Applicants intend to seek an extension of the Stay Period for a sufficient length of time to allow the Applicants to conduct a sales and investment solicitation process.

(ii) Critical Suppliers

114. The Applicants rely on certain service providers in their day-to-day operations. To preserve their business and maintain critical relationships, the Applicants intend to seek the Court's approval to pay certain pre-filing expenses or to honour certain cheques issued to providers of goods and services prior to the date of filing that the Applicants, with the consent of the Monitor, believe are necessary to facilitate the Applicants' ongoing operations and preserve value during these proceedings.

(iii) Sales and Investment Solicitation Process (with Stalking Horse)

115. The Applicants and Lending Stream are in the process of negotiating a purchase agreement (the "**Purchase Agreement**") pursuant to which Lending Stream (or its nominee)

intends to (i) acquire 100% ownership of NCI within the CCAA proceedings by way of a reverse approval and vesting order; and (ii) act as a stalking horse bidder in a court-supervised sale and investment solicitation process within the CCAA proceedings.

116. The Purchase Agreement will serve as a stalking horse bid in the anticipated sale process, setting a baseline for any bids received to be measured against. In the meantime, it will also signal to the Applicants' customers, employees and other stakeholders that business will continue as a going concern after these CCAA proceedings. Due to the nature of this business (being the timely fulfilment of significant orders from industry leading customers, suppliers or distributors) it is critical to the preservation of stakeholder value that going concern operations be preserved.

117. Approval of the Purchase Agreement, as well as a stalking horse sales process and related bidding procedures, will be sought at the Comeback Hearing.

(iv) Increase Amount of Priority Charges

118. The Applicants intend to seek to increase the quantum of the Administration Charge to $350,000 and the Director's Charge to $200,000, reflecting the additional work to be undertaken during the CCAA proceedings and the exposure of the directors and officers on a monthly basis.

(v) DIP Loan and DIP Lender's Charge

119. The Applicants intend to ask the Court's approval of a DIP loan in the approximate amount of $400,000 from Lending Stream (or its nominee) as DIP lender, and a DIP charge in that amount in favour of the DIP lender. The Applicants are concerned that the Company may run out of money or run the risk of being short cash during the Extended Stay Period without the availability of the DIP loan. In particular, given the Company's reliance on a few, key customers

or accounts receivables, any delay or problem in collections could easily tip the Company into a liquidity crisis or "cash crunch".

IX. FORM OF ORDER AND CONCLUSION

120. The Applicants, with the assistance of their legal and financial advisors, have determined that the proposed CCAA proceedings represent the best available strategy to maximize value for the Company's stakeholders.

121. This affidavit is sworn in support of the Applicants' application for protection pursuant to the CCAA and for no other purpose.

SWORN by Ziad Reda of the Town of Ancaster, in the Province of Ontario before me at the City of Mississauga, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits
(or as may be)

ZIAD REDA

Katelin Zoe Parker, a Commissioner, etc., Province of Ontario, for Fogler, Rubinoff LLP, Barristers and Solicitors. Expires April 23, 2026.

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.
Applicants

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF ZIAD REDA

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Lawyers for the Applicants

This is Exhibit "B" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

Court File No. CV-24-00730120-00CL

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

AFFIDAVIT OF ZIAD REDA

(Sworn November 12, 2024)

I, Ziad Reda, of the Town of Ancaster, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS**:

I. OVERVIEW

1. I am a director and Chief Executive Officer of the Applicants, Noya Holdings Inc. (formerly, Radicle Cannabis Holdings Inc.) ("**NHI**") and Noya Cannabis Inc. (formerly, Radicle Medical Marijuana Inc. and Radicle Remedy Inc.) ("**NCI**", together the "**Applicants**" or the "**Company**").

2. As the Chief Executive Officer of the Applicants, my primary responsibilities include managing the Company's overall operations and resources and making strategic business decisions.

3. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

4. I swear this affidavit in support of, among other things, a motion by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), requesting:

(a) an amended and restated initial order ("**Amended and Restated Initial Order**") substantially in the form attached at Tab 3 of the Applicants' motion record, among other things:

(i) abridging the time for and validating service of this notice of motion and the motion record and dispensing with service on any person other than those served;

(ii) extending the stay of proceedings granted pursuant to the order, dated November 6, 2024 ("**Initial Order**"), to and including March 7, 2025;

(iii) approving the DIP Term Sheet dated November 11, 2024 between the Applicants and Lending Stream Inc. or its nominee (the "**DIP Lender**" or "**Lending Stream**") for committed terms for DIP financing (the "**DIP Loan**"), authorizing borrowings under the DIP Loan in an amount up to $400,000 (plus interest, fees and expenses), and granting a charge in favour of the DIP Lender (the "**DIP Lender's Charge**");

(iv) approving an increase to the Directors' Charge to the maximum amount of $200,000;

(v) authorizing the Company to make payments to certain third-party suppliers for pre-filing expenses or to honour cheques issued to providers of goods and services prior to the Initial Order, with the consent of the Monitor, which are necessary to facilitate the Applicants' ongoing operations and preserve value during the CCAA proceedings; and

(vi) approving an increase to the Administration Charge to the maximum amount of $400,000.

(b) an order ("**Sale Process Approval Order**"), substantially in the form attached at Tab 6 of the Applicants' motion record, among other things:

(i) authorizing and empowering the Company (the "**Vendor**") to enter into a stalking horse purchase agreement dated November 11, 2024 (the "**Stalking Horse SPA**") between the Vendor and Lending Stream, or its nominee (in such capacity, the "**Stalking Horse Purchaser**");

(ii) approving the sale process ("**Stalking Horse Sales Process**") including the sales agent agreement dated November 11, 2024 ("**SISP Agent Agreement**"), and the Stalking Horse SPA;

(iii) approving the Break Fee, the Professional Fees and the Deposit Repayment provided for and defined in the Stalking Horse SPA;

(iv) approving the appointment or engagement of Kronos Capital Partners Inc. as the sales agent (the "**SISP Agent**") pursuant to the SISP Agent Agreement, to assist with the implementation of the Stalking Horse Sales Process; and

(v) confirming that the Stalking Horse SPA represents the "Stalking Horse Bid" as defined in and for purposes of the Sale Process Approval Order.

II. BACKGROUND AND UPDATE ON CCAA PROCEEDINGS

5. My first affidavit in these CCAA proceedings was sworn on October 28, 2024 ("**First Reda Affidavit**"). A copy of the First Reda Affidavit, without exhibits, is attached hereto as **Exhibit "A".**

6. NHI is the holding company. It is owned principally by me and my brother, Youssef Reda, through a numbered company. NHI, through its wholly-owned subsidiary, NCI, operates a cannabis manufacturing and production business. The Company is insolvent, faces liquidity challenges, and is in urgent need of relief under the CCAA.

7. The Applicants applied for urgent relief under the CCAA on November 6, 2024, because a payment demand had been made by one of the Company's secured creditors, there were pressing deadlines regarding some of the litigation or arbitration proceedings regarding the Company and there was a looming cash or liquidity shortage to sustain operations in the near future.

8. On November 6, 2024, the Honourable Justice Cavanagh made an order (the **"Initial Order"**), among other things:

(a) granting a stay of proceedings in favour of the Applicants and 2675383 Ontario Limited (the "**Non-Applicant Stay Party**" or "**267**") up to and including November 15, 2024 (the **"Initial Stay Period"**);

(b) appointing BDO Canada Limited as monitor of the Applicants in these CCAA proceedings (in such capacity, the **"Monitor"**);

(c) granting an Administration Charge in the amount of $200,000 and a Directors' Charge in the amount of $100,000; and

(d) scheduling a return hearing date for November 15, 2024 (**"Comeback Hearing"**).

9. The Applicants have continued to operate in the ordinary course since the Initial Order was granted. Among other things, since the granting of the Initial Order, the Applicants have, with the assistance of the Monitor and their advisors:

(a) worked to stabilize operations, negotiate the Stalking Horse SPA and SISP Agent Agreement, and develop the Stalking Horse Sales Process;

(b) reviewed cash flow requirements;

(c) communicated with various stakeholders including, among others: key creditors, customers, suppliers, and employees, which are critical to the Company's ongoing operations;

(d) worked or communicated with the SISP Agent and Monitor regarding the Stalking Horse Sales Process; and

(e) worked with the DIP Lender and Monitor regarding the DIP Loan.

III. RELIEF SOUGHT AT COMEBACK HEARING

10. I understand that the Monitor and the Applicants' senior secured lender, Lending Stream, are supportive of the relief sought at the Comeback Hearing.

A DIP Financing

11. The First Reda Affidavit describes the causes for the Company's insolvency and the urgency of the initial filing with reference to a number of contributing factors including a looming liquidity challenge or "cash crunch" that conspired to create a situation where the business simply could not afford to sustain operations into the near future without a DIP Loan to be sought at the Comeback Hearing.

12. Some of the catalysts for the initial filing were the demand for payment from Lending Stream and the Contingent Claims (as defined in the First Reda Affidavit).

13. The Company's business has generally transitioned to wholesale business-to-business service or product provider. At this point, the value of the Company is largely dependent on a few, key, large customers and derived from its ability to seamlessly and continuously fulfill the order requirements of these key customers. Timely order fulfilment is the "lifeblood" of the business. A cessation of operations, even temporarily, would be destructive of enterprise value in a manner that would be near irreversible. Customers could be expected to secure alternative manufacturing or production capacity and could not reasonably be expected to await the outcome of a hard shut-down and the chance of a

future start-up. I believe that the harm to the business would be immediate in the circumstances.

14. The Company's dependency on a limited or few, large, consistent, predictable customer order flows is another related reason for the need for DIP financing. The withdrawal of a portion of these orders would result in a significant cash flow deficit, posing an existential threat to the Company and prompting the need for the DIP Loan. The DIP Loan, in the absence of any other options, will bridge the gap in the cash flow to get the Company through the Extended Stay Period (defined below).

15. The Applicants and DIP Lender entered into a DIP Term Sheet dated November 11, 2024. A copy of the DIP Term Sheet is attached hereto as **Exhibit "B"**. Based on, among other things, the Cash Flow Forecast, the Applicants believe that the DIP Loan is both reasonable and necessary for the Company.

16. The material terms of the DIP Term Sheet are as follows:

(a) The DIP Loan is in the amount of $400,000;

(b) The purpose of the DIP Loan is to fund: (i) the Company's working capital needs in accordance with the cash flow projections attached to the DIP Term Sheet; (ii) the professional fees and expenses incurred by the Company and the Monitor in respect of the CCAA proceeding in accordance with the cash flow projections attached to the DIP Term Sheet; (iii) the DIP Lender's fees and expenses; and (iv) such other costs and expenses of the Company as may be agreed to by the DIP Lender; and

(c) The DIP Loan shall be available in an advance or advances upon the issuance of the Amended and Restated Initial Order at the Comeback Hearing, being up to $400,000.

B Approval of Stalking Horse SPA

i. Stalking Horse SPA

17. All terms capitalized but not defined in this section of my affidavit are as defined in the Stalking Horse SPA.

18. The First Reda Affidavit addresses the fact that at the time of the Initial Order the Applicants were in the process of negotiating a purchase agreement with Lending Stream, also the DIP Lender, pursuant to which, and subject to court approval, the purchaser would act as a stalking horse bidder in a court-supervised sale process. Negotiations in this regard commenced immediately prior to the time of the Initial Order and continued through to today.

19. Deal points relating to the CCAA funding, and costs reimbursement, and other protections for the stalking horse purchaser, were heavily negotiated and reflect difficult but necessary compromises. In approaching these negotiations, I was keenly aware of the looming “cash crunch” facing the Company. We were unable to source any rescue financing outside of a formal filing. I believe that the Company did not have the luxury of additional time or options. I believe that remains the case.

20. In this regard, the First Reda Affidavit describes the Company's pre-filing strategic initiatives and efforts to improve its financial situation, including by achieving operational

efficiencies and conserving cash, as well as efforts to obtain additional financing by approaching potential investors and sources of capital. These efforts were not successful. They could neither avert the CCAA filing nor, in the end when the filing became necessary, secure any other willing DIP Lender.

21. On November 11, 2024, the Applicants/Vendor and the Stalking Horse Purchaser finalized negotiations and entered into an agreement for the purchase and sale of substantially all of the Applicants' assets, except for excluded assets (**"Stalking Horse SPA"**), a copy of which is attached hereto as **Exhibit "C"**.

22. The Stalking Horse Purchaser is Lending Stream (or its nominee), the DIP Lender in this proceeding and senior secured creditor. My brother, Rami Reda, is the ultimate owner or principal of Lending Stream.

23. The Stalking Horse SPA is structured as a purchase of the assets of the Company by way of a share sale and "reverse" vesting approval order.

24. The purchase price under the Stalking Horse SPA is approximately $3.8 million, subject to adjustments as provided in the agreement. The purchase price will generally be satisfied by way of a credit bid. The Stalking Horse Purchaser shall pay the Purchase Price to the Monitor, for the benefit of the Vendor and ResidualCo, at the Closing Time, in accordance with the following:

    (a) **Initial Deposit**: All amounts owing to the Purchaser under the DIP Term Sheet as of the SISP Approval Date, including any accrued and unpaid interest, expenses, fees, and other amounts (in aggregate, the "**Deposit**"), shall be treated in all respects

as a deposit from and after the SISP Approval Date and shall be credited against the Purchase Price at Closing.

(b) **Credit Bid Purchase Price**: All amounts owing to the Purchaser under the Lending Stream Royalty Debt as of the SISP Approval Date, including any accrued and unpaid interest, expenses, fees and other amounts accruing from the Effective Date to the SISP Approval Date, which shall be extinguished and discharged, and shall be treated in all respects as a payment to be credited against the Purchase Price (the "**Credit Bid**").

(c) **Cash Component**: The Purchaser shall pay any amount not otherwise satisfied by the Deposit and Credit Bid by wire transfer to the Monitor, in trust (the "**Cash Purchase Price**").

(d) **Assumed Liabilities**: An amount equal to the amount of the Assumed Liabilities, which the Company shall retain on the Closing Date in accordance with the Pre-Closing Reorganization, if any, shall be satisfied by the Company performing the Assumed Liabilities.

25. Pursuant to the terms of the Stalking Horse SPA, the Stalking Horse Bidder, as DIP Lender, will also provide the Company with the required interim financing in the amount of $400,000 for, among other things, its working capital requirements during the sales process phase of the CCAA proceedings. This financing will be funded in accordance with the cash flow forecast filed up to a maximum aggregate principal amount of $400,000. As noted

above, the DIP advance or advances will represent or be treated as the Deposit under the Stalking Horse SPA.

26. The Stalking Horse SPA contemplates that, in the event that the Stalking Horse Bid is not the Successful Bid, in addition to the Break Fee, the Stalking Horse Purchaser shall be entitled to repayment of professional fees (to a maximum amount of $100,000) (the "**Professional Fees**"), as well as repayment in full of all amounts advanced under the DIP Term Sheet, and such payment shall be in priority to any and all Claims against the Company (the "**Deposit Repayment**").

27. The proposed Stalking Horse SPA provides for minimal conditions to close. The only real substantive conditions are that the Company or NCI must have its cannabis licences in good standing, and that the lease for the Hamilton Facility must be in good standing. If those conditions are satisfied, then generally the Stalking Horse Purchaser will close immediately upon the issuance of an approval and vesting order.

28. It is expected that the Stalking Horse Purchaser will maintain the employment of substantially all of the employees of the Company.

29. Critically, the Stalking Horse SPA and DIP Term Sheet address the Company's interim funding and working capital needs such that operations can be sustained, customer orders fulfilled, and the going concern value of the business preserved.

ii. Break Fee

30. In consideration for the Stalking Horse Purchaser (i) expending time and money and agreeing to act as the initial bidder and (ii) performing the due diligence pursuant to the

Stalking Horse SPA, and subject to the approval of the court, the Stalking Horse SPA contemplates that the Stalking Horse Purchaser shall be entitled to a break fee in the amount of $175,000 (the "**Break Fee**"). The Break Fee is provided for under the Stalking Horse SPA.

31. The Break Fee does not form part of the purchase price under the Stalking Horse SPA.

32. In accordance with the terms of the Stalking Horse SPA, the Break Fee and Professional Fees shall be generally payable to the Stalking Horse Purchaser in the event that the Stalking Horse Bid is not the Successful Bid in the Stalking Horse Sales Process, following closing of the transaction contemplated by such other Successful Bid.

33. The Applicants and the Monitor are of the view that the amount of the Break Fee and Professional Fees are reasonable and accords with the size and complexity of the transaction. I have reviewed the quantum of the Break Fee and Professional Fees with the Applicants' counsel and the Monitor and I understand that it is within the range of what is considered a reasonable break fee for transactions of this nature.

34. I understand that the Monitor supports approval of the Stalking Horse SPA, the Professional Fees and the Break Fee.

C Approval of Stalking Horse Sales Process

35. The Applicants seek approval of the Stalking Horse Sales Process in which the Stalking Horse SPA will establish a baseline price and govern the solicitation of higher and more favourable offers.

36. The Stalking Horse Sales Process, which is attached as a schedule to the Stalking Horse SPA, was developed in consultation with the Monitor and SISP Agent, and takes into account the current financial circumstances of the Applicants. The SISP Agent has significant experience and expertise with implementing sales processes in relation to cannabis companies. The SISP Agent Agreement clearly sets out the services to be provided by the SISP Agent in relation to the Stalking Horse Sales Process. The Applicants and Monitor are of the view that the amount of the SISP Agent's proposed fixed Work Fee and Expenses for services to be rendered in implementing the Stalking Horse Sales Process, as set out in the SISP Agent Agreement, is reasonable in the circumstances.

37. The approval of the Stalking Horse Sales Process will allow the Applicants to test the market for higher and better offers in order to maximize the value obtained for the Applicants' assets for the benefit of the various stakeholders.

38. Subject to the approval of the Court, the Stalking Horse Sales Process will be administered by the Monitor and the SISP Agent in consultation with the Applicants. In addition, the Monitor will have certain rights in connection with material decisions related to the process, including with respect to the extension of certain deadlines. Given that the Stalking Horse Purchaser is ultimately owned by my brother, the independent role of the Monitor, as an officer of the court, in the Stalking Horse Sales Process takes on added importance in the circumstances.

39. I believe that the Stalking Horse Sales Process will provide stability to the Applicants' business by signalling to customers, employees, and other stakeholders that the Company's

business will continue as a going concern after these CCAA proceedings. For the reasons described above, this is essential for the preservation of stakeholder value.

40. The senior secured creditors of the Applicants, Lending Stream and 195, while ultimately owned by my brother or parent(s), support the Stalking Horse Sales Process and no creditor has objected to date.

D Critical Suppliers

41. The Applicants are critically reliant on certain suppliers in their day-to-day operations. To preserve their business and maintain these essential relationships, the Applicants are seeking the Court's approval to pay certain pre-filing expenses or to honour certain payments issued to providers of goods and services prior to the date of filing that the Applicants, with the consent of the Monitor, believe are essential to continued operations and preservation of value. The payments for which approval is sought are estimated to total no more than $110,000, and are budgeted in the Company cash flow statement.

E Extension of Stay of Proceedings

42. The Applicants have acted, and continue to act, in good faith and with due diligence to communicate with stakeholders and to develop the Stalking Horse Sales Process. The Applicants seek a stay extension up to and including March 7, 2025 ("**Extended Stay Period**") to provide stability and to allow sufficient time to complete the Stalking Horse Sales Process without having to incur additional costs during that process to return to Court to seek further extension.

43. It is anticipated that the Stalking Horse Sales Process will conclude by March 3, 2025 (i.e., the outside date to complete or conclude a transaction including obtaining or seeking court approval of the transaction before that date).

44. As indicated in the Cash Flow Forecast appended to the Monitor's first report, to be filed, the Applicants will, or expect to have sufficient liquidity, due to the DIP Loan and Stalking Horse SPA, during the Extended Stay Period to fund obligations and the costs of the CCAA proceedings.

45. The Monitor has advised that it supports the extension of the stay for the Extended Stay Period.

46. I believe that the extension of the stay in this matter will better preserve the pre-filing status of the Company and permit the Company and the Non-Applicant Stay Party or 267 and their directors and officers to focus their energy on creating value for stakeholders during the Stalking Horse Sales Process and Extended Stay Period. I also believe that no creditor will suffer material prejudice as a result of the extension of the stay for the Extended Stay Period.

47. As described in the First Reda Affidavit, Lending Stream issued demand for payment from the Company and there are Contingent Claims against the Company at different stages of litigation or arbitration. Some of these Contingent Claims have coming deadlines in the proceedings that otherwise have to be met by the Company. Meeting these deadlines and/or having to litigate or respond further to these unsecured Contingent Claims at this time will be costly, timely and use limited resources for the Company.

48. I know that the Company and 267 must focus 100% of their time and energy on these reorganization proceedings, including, most immediately, working with the Monitor, SISP Agent and their advisors to run a successful Stalking Horse Sales Process. The Company and 267 wish to invest their full time and attention, without distraction, in doing so in these CCAA proceedings. Having to defend, or further defend, creditor claims and the Contingent Claims at this time would necessarily compete with, and distract from, the Company's full-time commitment to the successful advancement of its current restructuring priorities.

F Increase to Administration Charge

49. The Applicants seek an increase in the Administration Charge to $400,000 to remain consistent with the projected fee and disbursements of the Monitor, counsel for the Monitor, and counsel for the Applicants (collectively, the "**Professional Group**") during the Extended Stay Period; and to secure the outstanding amount of the SISP Agent's Work Fee and Expenses under the SISP Agent Agreement, estimated at $50,000 ($30,000 plus HST owing for the second Work Fee payment; $5,000 plus disbursements and tax for legal expenses; and $7,500 plus HST for non-legal expenses) at the time of the Comeback Hearing. A copy of the SISP Agent Agreement is attached hereto as **Exhibit "D"**.

50. The Applicants and Monitor are of the view that the proposed increase to the Administration Charge is reasonably necessary at this time.

G Increase to Directors' Charge

51. The Applicants seek an increase in the Directors' Charge to $200,000 to cover the risk of potential liabilities for the remaining officers and directors of the Company during the Extended Stay Period.

52. The Applicants and Monitor are of the view that the proposed increase to the Directors' Charge is reasonably necessary at this time.

IV. FORM OF ORDER AND CONCLUSION

53. This affidavit is sworn in support of orders substantially in the form of the draft orders at Tabs “3” and “6” to the Applicants' Motion Record, and for no other or improper purpose.

SWORN by Ziad Reda of the Town of Ancaster, in the Province of Ontario before me at the City of Mississauga, in the Province of Ontario, on November 12, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits
(or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

ZIAD REDA

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.
Applicants

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF ZIAD REDA

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Lawyers for the Applicants

This is Exhibit "C" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-24-00730120-00CL **DATE: November 6, 2024**

NO. ON LIST: 2

TITLE OF PROCEEDING: NOYA HOLDINGS INC. v BDO CANADA LIMITED et al

BEFORE: JUSTICE CAVANAGH

PARTICIPANT INFORMATION

For Applicant:

Name of Person Appearing	Name of Party	Contact Info
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Youssef Reda	Counsel for the Applicants	youssefr@noyagrow.ca

For The Monitor:

Name of Person Appearing	Name of Party	Contact Info
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John D. Leslie	Counsel for Lending Stream Inc.	jleslie@dickinsonwright.com
David Z. Seifer	Counsel for Lending Stream Inc	dseifer@dickinson-wright.com
Shahrzad Hamraz	Counsel for Proposed Monitor	shamraz@ln.law

ENDORSEMENT OF JUSTICE CAVANAGH:

[1] The Applicants, Noya Holdings Inc. ("NHI") and Noya Cannabis Inc. (NCI") bring this application for an initial order under the *Companies' Creditors Arrangement Act*, as amended (the "*CCAA*").

[2] The facts underlying this application are more fully set out in the affidavit of Ziad Reda sworn October 28, 2024. Mr. Reda is the Chief Executive Officer of NHI as well as a member of the Board of Directors. He is also the Chief Executive Officer and a member of the Board of Directors of NCI, a wholly-owned subsidiary of NHI.

[3] NHI is the ultimate parent company of NCI and 2675383 Ontario Limited ("267"). NCI holds the grow and sales cannabis license, and 267 holds of the micro-cultivation cannabis license.

[4] NHI, through its wholly-owned subsidiary, NCI, operates a cannabis production business. NCI is the operating entity. It holds the necessary cannabis licenses and operates the production business out of a licensed facility located at property municipally known as 90 Beach Road, Hamilton, Ontario.

[5] NCI is a licensed producer of premium cannabis products under the *Cannabis Act*. NCI has entered into a series of contractual relationships with different cannabis brands, suppliers or distributors, including sales and distribution agreements and production, supply and revenue sharing agreements. NCI's production process involves growing its plants in a tightly controlled indoor environment, and then hand-drying and hand-curing the trimmings before they are used to produce various cannabis products.

[6] The Applicants' currently employ 18 employees.

[7] Lending Stream Inc. ("Lending Stream") is the Applicants' senior secured creditor. As of August 31, 2024, NHI was indebted to Lending Stream pursuant to a convertible debenture in the approximate amount of $1,850,000; and NCI was indebted to Lending Stream pursuant to a royalty agreement in the approximate amount of $3,360,000. Lending Stream holds various security regarding these obligations. On or about September 23, 2024, Lending Stream demanded payment and issued *BIA* notices regarding these debts. The owner of Lending Stream is the brother of the owner of the Applicants.

[8] 1955185 Ontario Inc. ("195") is another secured creditor that provided to loans to NHI pursuant to two sets of loan and security documents. As of September 30, 2024, 195 had loaned the approximate amount of $3.8 million to NHI. 195 is owned or controlled by the parents or relatives of the owner of the Applicants.

[9] Another secured creditor is Gage Growth Corp. or TerrAscend Corp. As of September 30, 2024, NHI was indebted to TerrAscend or Gage under a limited guarantee, supported by a general security agreement, in the approximate amount of $1.3 million.

[10] There are inter-creditor agreements that govern the relationship of Lending Stream and TerrAscend or Gage regarding the Applicants.

[11] The Applicants are also facing various contingent claims including from Pure Sunfarms Corp., Ignite International Brands (Canada) LTD, and 10805696 Canada Inc. o/a Mauve & Herbes. These claims arise primarily from contractual disputes and are unsecured claims. These claims are at different stages of litigation, mediation or arbitration and have upcoming deadlines which will require the Applicants to expend additional time, money and resources to meet those deadlines. These claims are in excess of $5 million.

[12] The secured creditors have registered security interests under the *PPSA*. The only other *PPSA* registration appears to be against the predecessor company of NCI by Alterna Savings and Credit Unit Limited on May 11, 2023, in the amount of $34,500 regarding a secured corporate Visa.

[13] The Applicants are up-to-date with payments to the Canada Revenue Agency in respective employment insurance and Canada Pension Plan deductions but owe excise tax remittances and HST remittances.

[14] The Applicant owe various amounts to trade creditors.

[15] The Applicants have faced pressures similar to other cannabis industry participants due to the over-supply in the market for cannabis products, the impact of the illegal market on the demand for legal cannabis products, inflation, and high interest rates. The Applicants are facing payment demands from their main secured creditor, Lending Stream, and contingent claims at different stages of litigation or arbitration, and are indebted to other secured creditors, in respect of claims totaling over $10 million.

[16] The Applicants' evidence is that they are insolvent and cannot meet their liabilities as they become due. They have determined that a *CCAA* proceeding is required to complete a sale process and otherwise address their current challenges by restructuring their operations.

[17] The Applicants are proposing that BDO Canada Limited ("BDO") act as monitor of the Applicants in these proceedings.

[18] Each of the Applicants is incorporated pursuant to the laws of Ontario and they have their registered head offices in Ontario. I am satisfied that the Applicants are unable to meet their obligations as they generally become due, and they face the risk of a liquidity challenge or "cash crunch" in the near future. The Applicants have total debts well in excess of the $5 million threshold.

[19] I am satisfied that the Applicants are debtor companies to which *CCAA* applies.

[20] Pursuant to section 11.02 of the *CCAA*, a court may grant a stay of proceedings on an initial application under the *CCAA* for a period of no more than 10 days, provided that the court is satisfied that circumstances exist that make the order appropriate.

[21] A stay of proceedings is appropriate where provides a debtor with breathing space as the debtor seeks to restore solvency and emerge from the *CCAA* on a going concern basis. During that period, the purpose of the *CCAA* stay of proceedings is to maintain the *status quo* to provide a structured environment in which an insolvent company can continue to carry on business and develop a restructuring plan for the benefit of the Company and all of its stakeholders. See *Century Services v. Canada (Attorney General)*, 2010 SCC 60, at para. 60.

[22] Absent exceptional circumstances, the relief to be granted at the initial hearing should be limited and, whenever possible, the *status quo* should be maintained during the initial 10-day period. This 10-day period allows for, among other things, a negotiating window followed by a comeback hearing where the request for expanded relief can be considered on proper notice to all affected parties. See *Re Lydian* 2019 ONSC 7473, at para. 26.

[23] I am satisfied that given the current financial condition of the Applicants, the payment demand from Lending Screen, and the claims by contingent creditors, a stay of proceedings for an initial period of 10 days is appropriate. The Applicants have limited the relief sought in this application under section 11.001 of the *CCAA* to relief that is reasonably necessary in the circumstances to maintain the status quo and to give the Applicants the breathing room necessary to stabilize their operations, seek and finalize DIP financing and develop a sale process for the benefit of their stakeholders.

[24] I am satisfied that the stay of proceeding should be extended to the Applicants' directors and officers so that they may focus on the *CCAA* proceedings, including developing and implementing the sale process. Section 11.03 of the *CCAA* allows for the extension of the stay to a debtor's directors.

[25] I am satisfied that the stay of proceedings should also cover NCI's cannabis licenses. The cannabis licenses of NCI are valuable assets, and they are required to permit the Applicants to continue operating their underlying business.

[26] The Applicants are also seeking to extend the stay of proceedings to 267 because it holds a cannabis micro-cultivation license and an excise cannabis license, it is integrated with the business and/or operations of the Applicants, and 267's licenses may be a part of or impacted by the anticipated sale process. The requested extension of the stay of proceedings 2267 is intended partly to prevent any regulatory actions related to 267's licenses due to the commencement of the *CCAA* proceeding by the Applicants.

[27] The Court has authority to extend the stay of proceedings to 267 pursuant to section 11 and 11.02(1) of the *CCAA*, which allows it to make an initial order on any terms that the court may impose. In determining whether a stay should be extended to non-parties, courts have considered numerous factors, including whether the subsidiaries of the applicants had guaranteed secured loans of the applicants, whether the non-applicants were deeply integrated into the business operations of the applicants, and whether the claims against the non-applicants were derivative of the primary liability of the applicants. See *BZAM Ltd. Plan of Arrangement*, 2024 ONSC 1645, at paras. 42-45.

[28] I am satisfied that the stay of proceedings should apply to 267 including its directors and include a regulatory stay over the 267 licenses. 267 is integrated with the business and/or operations of the Applicants. 267's licenses may be part of or impacted by the anticipated sale process. The stay will prevent uncoordinated realization and enforcement attempts. The directors and officers of 267 should be permitted to focus on the *CCAA* proceeding, including developing and implementing the sale process.

[29] The Applicant seek a first-ranking court-order charge in the amount of $200,000 over the Applicants' Property (as defined in the Initial Order) in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order (the "Administration Charge").

[30] Under section 11.52 of the *CCAA*, courts have jurisdiction to grant a priority administration charge. I am satisfied that the requested Administration Charge should be granted. The nature of the Applicants' business requires the expertise, knowledge and continuing participation of the beneficiaries of the Administration Charge. Each proposed beneficiary of the Administration Charge is performing distinct functions and there is no duplication of roles. I am satisfied that the amount of the proposed Administration Charge is reasonable.

[31] The Applicants seek a Directors' Charge on the Applicants' Property in favour of the Applicants' current officers and directors in priority to all other charges (other than the Administration Charge), up to a maximum of $100,000. Pursuant to section 11.51 of the *CCAA*, a court may grant a directors' charge on a super-priority basis.

[32] I am satisfied that in order to ensure the ongoing stability of the Applicants' business during the *CCAA* proceedings, the continued participation of its officers and directors is necessary. While the Applicants' directors and officers have the benefit of a D&O insurance policy that provides them of coverage for certain claims and liabilities that may arise, the policy coverage is generally limited to the amount of $1 million and may contain exclusions to coverage. The Applicants' ordinary course operations during the *CCAA* proceedings will give rise to potential director or officer liability, including for employees' source deductions and sales tax. The directors and officers have requested reasonable protection against personal liability that might arise during the post-filing period.

[33] The amount of the Directors' Charge was developed with the assistance and support of the proposed Monitor. I am satisfied that the requested Directors' Charge should be granted and that the amount is reasonable to address circumstances that could lead to potential directors' liability prior to the comeback hearing.

[34] A court is required to appoint a person to monitor the business and financial affairs of a debtor company at the time that an initial *CCAA* order is made pursuant to section 11.7 of the *CCAA*. I am satisfied that BDO should be appointed monitor of the Applicants during the *CCAA* proceedings.

[35] The comeback hearing is scheduled for November 15, 2024, at 9:30 a.m. by Zoom.

[36] Order to issue in the form of the Order signed by me today.

Justice Cavanagh

Digitally signed by Justice Cavanagh
Date: 2024.11.06 11:59:32 -05'00'

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 6TH
	)	
JUSTICE CAVANAGH	)	DAY OF NOVEMBER, 2024

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

INITIAL ORDER

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day by judicial videoconference via Zoom.

ON READING the affidavit of Ziad Reda sworn October 28, 2024 and the Exhibits thereto (the "**Reda Affidavit**"), the consent of BDO Canada Limited ("**BDO**") to act as the Monitor (in such capacity, the "**Monitor**"), and the Pre-Filing Report of BDO in its capacity as the proposed Monitor dated October 29, 2024 (the "**Pre-Filing Report**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, the proposed Monitor and those other parties that were present as listed on the counsel slip, no other party appearing

although duly served as appears from the Affidavit of Service of Michelle Pham sworn October 29, 2024.

SERVICE

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

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Additionally, although not one of the Applicants but a related party, 2675383 Ontario Limited (the "**Non-Applicant Stay Party**" and together with the Applicants, the "**Noya Entities**") shall enjoy certain benefits of the protections provided under the terms of this Order.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court one or more plans of compromise or arrangement (hereinafter referred to as the "**Plan"**).

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property"**). Subject to

further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business, to preserve the value of the Property or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;

(b) expenses required to ensure compliance with any governmental or regulatory rules, orders or directions; and

(c) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales & Excise Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales & Excise Taxes are accrued or collected after the date of this Order, or where such Sales & Excise Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under

real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

(a) Permanently or temporarily cease, downsize or shut down any of their Business or operations and to dispose of redundant or non-material assets not exceeding $50,000 in any one transaction or $100,000 in the aggregate;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate; and

(c) pursue all avenues of refinancing or selling their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claims to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b)

at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE NOYA ENTITIES OR THEIR RESPECTIVE PROPERTY

14. **THIS COURT ORDERS** that until and including November 15, 2024, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal and no arbitration or mediation (each, a "**Proceeding**") shall be commenced or continued against or in respect of any of the Noya Entities or the Monitor, or affecting the Business or the Property, except with the written consent of the Noya Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Noya Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Noya Entities and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, arbitrator, mediator, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the Noya Entities or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Noya Entities and the

Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Noya Entities to carry on any business which the Noya Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Noya Entities, except with the written consent of the Noya Entities and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Noya Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or any of the Noya Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by any of the Noya Entities or exercising any other remedy provided under the agreements or arrangements, and that each of the Noya Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order

are paid by the applicable Noya Entities in accordance with normal payment practices of the applicable Noya Entities or such other practices as may be agreed upon by the supplier or service provider and the applicable Noya Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Noya Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of any of the Noya Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Noya Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Applicants shall indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. **THIS COURT ORDERS** that the current and future directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $100,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 32 and 34 herein.

22. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. **THIS COURT ORDERS** that BDO is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Noya

Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Noya Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) advise the Applicants in the preparation of the Applicants' cash flow statements, which information shall be reviewed with the Monitor;

(d) advise the Applicants in its development of the Plan and any amendments to the Plan;

(e) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' meetings for voting on the Plan;

(f) assist the Applicants, to the extent required by the Applicants, in connection with any sale and investment solicitation process conducted by the Applicants;

(g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the

Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(i) perform such other duties as are required by this Order or by this Court from time to time.

25. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), or (ii) any of the Property, the administration and control of which is subject to the provisions of any federal, provincial or other

law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including without limitation, the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada) the *Controlled Drugs and Substances Act* (Canada), the *Excise Tax Act* (Canada), the *Cannabis Control Act* (Ontario), or other such applicable federal or provincial legislation ("**Cannabis Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation or the Cannabis Legislation, unless it is actually in possession.

27. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

28. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

ADMINISTRATION CHARGE

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis.

30. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $200,000, as security for their professional fees and disbursements incurred at their standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 32 and 34 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

32. **THIS COURT ORDERS** that the priorities of the Administration Charge and the Directors' Charge (collectively, the "**Charges**"), as between them with respect to any Property to which they apply, shall be as follows:

First – Administration Charge (to the maximum amount of $200,000); and

Second – Directors' Charge (to the maximum amount of $100,000).

33. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

34. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

35. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

36. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made

pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(c) the payments made by the Applicants pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

37. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

38. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner

prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail address as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

39. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: https://www.bdo.ca/en-ca/extranets/noya-holdings-inc-and-noya-cannabis-inc/ (the "**Monitor's Website**").

40. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor's Website as part of the public materials to be recorded thereon in relation to this proceeding. Notwithstanding the foregoing, the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

41. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

STATUS QUO OF THE CANNABIS LICENCES

42. **THIS COURT ORDERS** that (a) the status quo in respect of the Health Canada and cannabis excise licences held by Noya Cannabis Inc. ("**NCI**"), one of the Applicants, and 2675383 Ontario Limited, the Non-Applicant Stay Party (collectively, the "**Licences**"), shall be preserved and maintained during the pendency of the Stay Period, including NCI's ability to sell cannabis inventory in the ordinary course under the respective Licence; and (b) to the extent any Licence may expire during the Stay Period, the term of such Licence shall be deemed to be extended by a period equal to the Stay Period.

COMEBACK HEARING

43. **THIS COURT ORDERS** that the balance of the relief sought by the Applicants in the Notice of Application dated October 28, 2024 be and is hereby reserved to be heard by this Court on November 15, 2024, along with any additional relief sought at that date, or such other date as determined by this Court (the "**Comeback Hearing**").

44. **THIS COURT ORDERS** that the Applicants are authorized to serve their motion materials with respect to the Comeback Hearing by forwarding a copy of this Order and any additional materials to be filed with respect to the Comeback Hearing by electronic transmission, where available, or by courier to the parties likely to be affected by the relief at such parties' respective addresses as soon as practicable.

45. **THIS COURT ORDERS** that, prior to the Comeback Hearing, any interested party (including the Applicants and the Monitor) may apply to this Court to amend or vary this Order on not less than three (3) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided, however, that notwithstanding any amendment, variation or stay of this Order, the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 32 and 34 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

GENERAL

46. **THIS COURT ORDERS** that, except with respect to any motion to be heard at the Comeback Hearing, and subject to further Order of this Court in respect of urgent motions, any interested party intending to respond or object to the relief sought in a motion brought by the Applicants or the Monitor in these CCAA proceedings shall, subject to further Order of this Court, provide the Service List with responding motion materials stating its response or objection to the motion and the grounds for such response or objection by no later than 5:00 p.m. (Eastern Time) on the date that is three (3) days prior to the date such motion is returnable (the

"**Responding Deadline**"). The Monitor shall have the ability to extend the Responding Deadline after consulting with the Applicants.

47. **THIS COURT ORDERS** that following the expiry of the Responding Deadline, counsel to the Monitor or counsel to the Applicants shall inform the Court, including, without limitation, by way of a 9:30 a.m. (Eastern Time) appointment, of the absence or the status of any responses or objections to the applicable motion and the judge having carriage of such motion may determine: (i) whether a hearing in respect of the motion is necessary; (ii) if a hearing is necessary, the date and time of such hearing; (iii) whether such hearing will be in person, by telephone or videoconference, or by written submissions only; and (iv) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the applicable notice of motion.

48. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

49. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

50. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory body or administrative body having jurisdiction in Canada or in the United States, 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, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

51. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in any jurisdiction outside Canada.

52. **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.

53. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing, provided that counsel to the Applicants shall have issued and entered this Order with the Court Office and circulate a copy of the issued and entered Order to the Service List.

Justice Cavanagh

Digitally signed by Justice Cavanagh
Date: 2024.11.06 12:00:44 -05'00'

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.
Applicants

Court File No. CV-24-00730120-00C

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

INITIAL ORDER

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Lawyers for the Applicants

This is Exhibit "D" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 15TH
	)	
JUSTICE CAVANAGH	)	DAY OF NOVEMBER, 2024

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

AMENDED AND RESTATED INITIAL ORDER

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 amending and restating the initial order ("**Initial Order**") dated November 6, 2024 ("**Initial Filing Date**") was heard this day by judicial videoconference via Zoom.

ON READING the affidavit of Ziad Reda sworn October 28, 2024 and the Exhibits thereto (the "**First Reda Affidavit**"), the affidavit of Ziad Reda sworn November 12, 2024 and the Exhibits thereto (the "**Second Reda Affidavit**"), the pre-filing report of BDO Canada Limited ("**BDO**"), in its capacity as the proposed monitor and then the monitor of the Applicants (in such capacity, the "**Monitor**"), dated October 29, 2024 (the "**Pre-Filing Report**"), the First Report of the Monitor dated November 13, 2024 (the "**First Report**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given

notice, and on hearing the submissions of counsel for the Applicants, the Monitor and those other parties that were present as listed on the counsel slip, no other party appearing although duly served as appears from the Affidavits of Service of Michelle Pham sworn October 29, 2024 and November 12, 2024, and on reading the consent of the Monitor to act as the monitor.

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Application, the Application Record, the Motion Record, the Pre-Filing Report, and the First Report is hereby abridged and validated so that this Application and Motion are properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Initial Order, granted on the Initial Filing Date, is hereby amended and restated pursuant to this Order.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Additionally, although not one of the Applicants but a related party, 2675383 Ontario Limited (the "**Non-Applicant Stay Party**" and together with the Applicants, the "**Noya Entities**"), shall enjoy certain benefits of the protections provided under the terms of this Order.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court one or more plans of compromise or arrangement (hereinafter referred to as the "**Plan"**).

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property"**). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business, to preserve the value of the Property or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt

with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the Initial Filing Date:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the Initial Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges;

(c) any taxes, duties, or other payments required under the Cannabis Legislation (as defined below); and

(d) amounts owing for goods, materials or services actually supplied to the Applicants prior to the Initial Filing Date by third party suppliers if, in the opinion of the Applicants, with the consent of the Monitor, the supplier is critical to the Business, ongoing operations of the Applicants, or preservation of the Property and the payment is required to ensure ongoing supply and/or services.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;

(b) expenses required to ensure compliance with any governmental or regulatory rules, orders or directions; and

(c) payment for goods or services actually supplied to the Applicants following the Initial Filing Date.

9. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales & Excise Taxes**") required to be remitted by the

Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales & Excise Taxes are accrued or collected after the Initial Filing Date, or where such Sales & Excise Taxes were accrued or collected prior to the Initial Filing Date but not required to be remitted until on or after the Initial Filing Date; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the Initial Filing Date, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the Initial Filing Date shall also be paid.

11. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal,

interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

(a) Permanently or temporarily cease, downsize or shut down any of their Business or operations and to dispose of redundant or non-material assets not exceeding $50,000 in any one transaction or $100,000 in the aggregate;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate; and

(c) pursue all avenues of refinancing or selling their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

13. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least

seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claims to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE NOYA ENTITIES OR THEIR RESPECTIVE PROPERTY

15. **THIS COURT ORDERS** that until and including March 7, 2025, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal and no arbitration or mediation (each, a "**Proceeding**") shall be commenced or continued against or in respect of any of the Noya Entities or the Monitor, or affecting the Business or the Property, except with the written consent of the Noya Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Noya Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Noya Entities and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, arbitrator, mediator or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the Noya Entities or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Noya Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Noya Entities to carry on any business which the Noya Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Noya Entities, except with the written consent of the Noya Entities and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Noya Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or any of the Noya Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by any of the Noya Entities or exercising any other remedy provided under the agreements or arrangements, and that each of the Noya Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the applicable Noya Entities in accordance with normal payment practices of the applicable Noya Entities or such other practices as may be agreed upon by the supplier or service provider and the applicable Noya Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order or the Initial Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Initial Filing Date, nor shall any Person be under any obligation on or after the Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to any of the Noya Entities. Nothing in this Order or the Initial Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of any of the Noya Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Noya Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. **THIS COURT ORDERS** that the Applicants shall indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the

extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

22. **THIS COURT ORDERS** that the current and future directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $200,000, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 39 and 41 herein.

23. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

APPOINTMENT OF MONITOR

24. **THIS COURT ORDERS** that BDO was, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Noya Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Noya Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

25. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender (as hereinafter defined) and its counsel of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(d) advise the Applicants in the preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel as agreed to by the DIP Lender;

(e) advise the Applicants in their development of the Plan and any amendments to the Plan;

(f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' meetings for voting on the Plan;

(g) assist the Applicants, to the extent required by the Applicants, in connection with any sale and investment solicitation process conducted by the Applicants;

(h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order or the Initial Order;

(i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order or the Initial Order; and

(j) perform such other duties as are required by this Order, the Initial Order, or by this Court from time to time.

26. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

27. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law

respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), or (ii) any of the Property, the administration and control of which is subject to the provisions of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including without limitation, the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada) the *Controlled Drugs and Substances Act* (Canada), the *Excise Tax Act* (Canada), the *Cannabis Control Act* (Ontario), or other such applicable federal or provincial legislation ("**Cannabis Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation. The Monitor shall not, as a result of this Order, the Initial Order or anything done in pursuance of the Monitor's duties and powers under this Order or the Initial Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation or the Cannabis Legislation, unless it is actually in Possession, and nothing in this Order or the Initial Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

28. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it

pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

29. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order or the Initial Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

ADMINISTRATION CHARGE

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order by the Applicants as part of the costs of these proceedings incurred both before the Initial Filing Date and during the period for which this Order is effective. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis.

31. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $400,000, as security for their professional fees and disbursements incurred at their standard rates and charges of the Monitor and such counsel, both before and after the making of the Initial Order in respect of these proceedings. Kronos Capital Partners Inc. (the "**SISP Agent**") shall also be entitled to the benefit of and is hereby granted the Administration Charge as security for the SISP Agent's outstanding work fee and expenses pursuant to the SISP Agent Agreement dated November 11, 2024. The Administration Charge shall have the priority set out in paragraphs 39 and 41 hereof.

DIP FINANCING

33. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Lending Stream Inc. or its nominee (the "**DIP Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $400,000 unless permitted by further Order of this Court.

34. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated as of November 11, 2024 (the "**DIP Term Sheet**"), substantially in the form attached as Exhibit "B" to the Second Reda Affidavit, filed.

35. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security

documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

36. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before the Initial Filing Date. The DIP Lender's Charge shall have the priority set out in paragraphs 39 and 41 hereof.

37. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon seven days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the

Applicants to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

38. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the Bankruptcy and Insolvency Act of Canada ("**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them with respect to any Property to which they apply, shall be as follows:

First – Administration Charge (to the maximum amount of $400,000);

Second – Directors' Charge (to the maximum amount of $200,000); and

Third – DIP Lender's Charge (to the maximum amount of $400,000).

40. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

41. **THIS COURT ORDERS** that subject to the priorities set out in paragraph 39 each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

42. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

43. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions

of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges and the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants' entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Applicants pursuant to this Order, the Initial Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

44. **THIS COURT ORDERS** that any Charge created by this Order or the Initial Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

45. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the Initial Filing Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail address as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

46. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: https://www.bdo.ca/en-ca/extranets/noya-holdings-inc-and-noya-cannabis-inc/ (the "**Monitor's Website**").

47. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor's Website as part of the public materials to be recorded thereon in relation to this proceeding. Notwithstanding the foregoing, the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

48. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, the Initial Order, and any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

STATUS QUO OF THE LICENCES

49. **THIS COURT ORDERS** that (a) the status quo in respect of the Health Canada and cannabis excise licences held by Noya Cannabis Inc. ("**NCI**"), one of the Applicants, and 2675383 Ontario Limited, the Non-Applicant Stay Party (collectively, the "**Licences**"), shall be preserved and maintained during the pendency of the Stay Period, including NCI's ability to sell cannabis inventory in the ordinary course under the respective Licence; and (b) to the extent any

Licence may expire during the Stay Period, the term of such Licence shall be deemed to be extended by a period equal to the Stay Period.

GENERAL

50. **THIS COURT ORDERS** that, subject to further Order of this Court in respect of urgent motions, any interested party intending to respond or object to the relief sought in a motion brought by the Applicants or the Monitor in these CCAA proceedings shall, subject to further Order of this Court, provide the Service List with responding motion materials stating its response or objection to the motion and the grounds for such response or objection by no later than 5:00 p.m. (Eastern Time) on the date that is three (3) days prior to the date such motion is returnable (the "**Responding Deadline**"). The Monitor shall have the ability to extend the Responding Deadline after consulting with the Applicants.

51. **THIS COURT ORDERS** that following the expiry of the Responding Deadline, counsel to the Monitor or counsel to the Applicants shall inform the Court, including, without limitation, by way of a 9:30 a.m. (Eastern Time) appointment, of the absence or the status of any responses or objections to the applicable motion and the judge having carriage of such motion may determine: (i) whether a hearing in respect of the motion is necessary; (ii) if a hearing is necessary, the date and time of such hearing; (iii) whether such hearing will be in person, by telephone or videoconference, or by written submissions only; and (iv) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the applicable notice of motion.

52. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

53. **THIS COURT ORDERS** that nothing in this Order or the Initial Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

54. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory body or administrative body having jurisdiction in Canada or in the United States, 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, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

55. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in any jurisdiction outside Canada.

56. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Service List and any other party or parties likely to be affected by the order sought or upon such other notice, if any, if this Court may order, provided, however, that notwithstanding any amendment, variation or stay of this Order, the Chargees shall be entitled to rely on this Order as granted and on the Charges set forth in paragraphs 39 and 41hereof with respect to any fees, expenses and disbursements incurred, advances or payments made and obligations incurred, as applicable, between the date of this Order or the Initial Order and the date this Order or the Initial Order may be amended, varied or stayed.

57. **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.

58. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing, provided that counsel to the Applicants shall have issued and entered this Order with the Court Office and circulate a copy of the issued and entered Order to the Service 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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.
Applicants
Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

AMENDED AND RESTATED INITIAL ORDER

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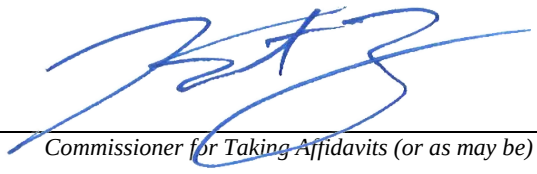
Lawyers for the Applicants

This is Exhibit "E" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 15TH
	)	
JUSTICE CAVANAGH	)	DAY OF NOVEMBER, 2024

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

ORDER
(Sales Process and Stalking Horse Purchase Agreement)
(Returnable November 15, 2024)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**"), for an order, *inter alia*, (i) approving the sales process (the "**Sales Process**") attached as Schedule "A" hereto; and (ii) approving the Stalking Horse Purchase Agreement (as defined below); and certain related relief, was heard this day by way of judicial video conference.

ON READING the affidavit of Ziad Reda sworn October 28, 2024 and the Exhibits thereto (the "**First Reda Affidavit**"), the affidavit of Ziad Reda sworn November 12, 2024 and the Exhibits thereto (the "**Second Reda Affidavit**"), the pre-filing report of BDO Canada Limited ("**BDO**"), in its capacity, initially as the proposed monitor and then the monitor of the Applicants (in such capacity, the "**Monitor**"), dated October 29, 2024 (the "**Pre-Filing Report**"), the First Report of the Monitor dated November 13, 2024 (the "**First Report**"), and

on hearing the submissions of counsel for the Applicants, the Monitor and those other parties that were present as listed on the counsel slip, no other party appearing although duly served as appears from the Affidavit of Service of Michelle Pham sworn November 12, 2024.

DEFINED TERMS

1. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them in the Sales Process, the Stalking Horse Purchase Agreement, the First Reda Affidavit or the Second Reda Affidavit, as applicable.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is abridged and validated such that this Motion is properly returnable today, and further service of the Notice of Motion and the Motion Record is hereby dispensed with.

APPROVAL OF STALKING HORSE SALES PROCESS

3. **THIS COURT ORDERS** that the Sales Process attached as Schedule "A" hereto (subject to such amendments as may be agreed to by the Monitor, the Applicants and the DIP Lender in accordance with the terms of the Sales Process), including the Applicants' engagement of Kronos Capital Partners Inc. (the "**SISP Agent**") to assist in the Sales Process pursuant to a sales agent agreement dated November 11, 2024 (the "**SISP Agent Agreement**"), substantially in the form attached as Exhibit "D" to the Second Reda Affidavit, be and is hereby approved.

4. **THIS COURT ORDERS** that the execution, delivery, entry into, compliance with, and performance by the Applicants of the SISP Agent Agreement is hereby ratified, authorized and approved.

5. **THIS COURT ORDERS** that the Monitor is authorized and directed to take such steps as it deems necessary or advisable to carry out and perform its obligations under the Sales Process and to take such steps and execute such documentation as may be necessary or incidental to the Sales Process, subject to the terms of the Sales Process and subject to prior approval of this Court being obtained before completion of any transaction(s) under the Sales Process.

6. **THIS COURT ORDERS** that the Monitor, SISP Agent and their respective assistants, affiliates, partners, employees, representatives and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Sales Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor or SISP Agent in performing their obligations under the Sales Process as determined by this Court.

STALKING HORSE PURCHASE AGREEMENT

7. **THIS COURT ORDERS** that the execution, delivery, entry into, compliance with, and performance by the Applicants of the Stalking Horse Purchase Agreement dated as of November 11, 2024 (the "**Stalking Horse Purchase Agreement**") between the Applicants, one of them as Vendor, and Lending Stream Inc. (or its nominee) as

Purchaser, substantially in the form attached as Exhibit "C" to the Second Reda Affidavit, is hereby ratified, authorized and approved.

8. **THIS COURT ORDERS** that payment of the Break Fee in the amount of $175,000 pursuant to section 5.1(b) of the Stalking Horse Purchase Agreement is hereby approved.

9. **THIS COURT ORDERS** that the priority of payment of the Professional Fees to a maximum amount of $100,000 and the Break Fee in the amount of $175,000, if payable, pursuant to sections 5.1(b) and 5.1(d) of the Stalking Horse Purchase Agreement be and is hereby approved.

10. **THIS COURT ORDERS** that the Monitor, the SISP Agent and the Applicants and their respective counsel be and are hereby authorized but not obligated, to serve or distribute this Order, any other materials, orders, communication, correspondence or other information as may be necessary or desirable in connection with the Sales Process to any Person (as defined in the Initial Order dated November 6, 2024, as amended and restated) or interested party that the Monitor, the SISP Agent or the Applicants considers appropriate. For greater certainty, any such distribution, communication or correspondence shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

PIPEDA

11. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Monitor, the Sales Agent and

the Applicants are hereby authorized and permitted to disclose and transfer to each potential bidder (the "**Bidders**") and to their advisors, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Applicants' records pertaining to its past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale of the Property ("**Sale**") or the Business. Each Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Monitor, the SISP Agent and/or the Applicants, or in the alternative destroy all such information. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Property or Business acquired pursuant to the Sale in a manner which is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Monitor, the Sales Agent and/or the Applicants, or ensure that all other personal information is destroyed.

GENERAL

12. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, 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, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

14. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

15. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

SCHEDULE "A"

SALES PROCESS

Introduction

1. On November 6, 2024, Noya Holdings Inc. ("**NHI**") and its subsidiary, Noya Cannabis Inc. ("**NCI**"), the licenced producer of cannabis products (collectively, the "**Applicants**") were granted an initial order (as amended and restated on November 15, 2024, and as may be further amended or amended and restated from time to time, the "**Initial Order**") under the Companies' Creditors Arrangement Act (the "**CCAA**" and the "**CCAA Proceedings**") by the Ontario Superior Court of Justice (the "**Court**"). The Initial Order, among other things:

   (a) stayed all proceedings against the Applicants, their assets, and their respective directors and officers;

   (b) appointed BDO Canada Limited as the monitor of the Applicants (in such capacity, the "**Monitor**");

   (c) authorized the Applicants to enter into a debtor-in-possession financing facility (the "**DIP Facility**") with Lending Stream Inc. or its nominee (the "**DIP Lender**") pursuant to a Term Sheet dated November 11, 2024 (the "**DIP Term Sheet**"), and approved a charge in favour of the DIP Lender over all of the Applicants' present and future assets, property and undertakings of every nature and kind whatsoever, and wherever situate including all proceeds thereof to secure the amounts outstanding under or in connection with the DIP Facility; and

   (d) authorized the Applicants to pursue all avenues of sale of their assets or business, in whole or in part, subject to prior approval of the Court before any material sale or refinancing.

2. As outlined in the DIP Term Sheet, the Applicants and the DIP Lender, or its nominee (the "**Stalking Horse Bidder**") were in the process of negotiating a purchase agreement (the "**Stalking Horse Agreement**" or when referring to the bid, the "**Stalking Horse Bid**") pursuant to which the Stalking Horse Bidder would, among other things: (a) acquire 100% ownership of NCI within the CCAA Proceedings by way of a reverse vesting order issued by the Court; and (b) act as a stalking horse bidder in a Court-supervised sales process ("**Sales Process**") within the CCAA Proceedings.

3. Further to the Applicants' restructuring efforts and the terms of the DIP Term Sheet, on November 15, 2024, the Court granted an order (the "**Sale Process Approval Order**") which approved, among other things: (a) the Sales Process; (b) the engagement of Kronos Capital Partners Inc. as sales agent (the "**SISP Agent**") to assist with the Sales Process; and (c) the Stalking Horse Agreement, as the Stalking Horse Bid in the Sales Process. The Sales

Process is intended to solicit interest in an acquisition or refinancing of the business of the Applicants, or a sale of the assets and/or the business of the Applicants by way of merger, reorganization, recapitalization, primary equity issuance or other similar transaction. The Stalking Horse Bid is intended to provide a degree of certainty in the marketplace for the Applicants, including NCI's customers and its employees, that a going-concern sale of NCI is a viable outcome of the Sales Process. The Applicants intend to provide all qualified interested parties with an opportunity to participate in the Sales Process.

Opportunity

4. The Sales Process is intended to solicit interest in, and opportunities for, a sale of, all or part of the Applicants' assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern or a sale of all, substantially all, or one or more components of the Applicants' Property (as defined in the Initial Order) and business operations (the "**Business**") as a going concern or otherwise.

5. Except to the extent otherwise set forth in a definitive sale agreement with a Successful Bidder (as defined below), any sale of the Property or the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders (i.e. Approval and Reverse Vesting Order, reverse vesting order, etc.).

Timeline

6. The following table sets out the key milestones under the Sales Process:

Milestone	Deadline
Deadline to publish notice of Sales Process and deliver Teaser Letter and NDA to Known Potential Bidders	Friday, December 6, 2024
Deadline to finalize schedule of Assumed Liabilities in the Stalking Horse Agreement	Tuesday, December 31, 2024
Bid Deadline (as defined below)	Monday, January 27, 2025
Deadline to top-up Deposit to Stalking Horse Payout Amount (as defined below)	Friday, January 31, 2025
Auction (as defined below)	Wednesday, February 5, 2025

Hearing of the Sale Approval Motion (as defined below)	No later than Friday, February 14, 2025, subject to the availability of the Court

7. Subject to any order of the Court, the dates set out in the Sales Process may be extended by the Monitor with the consent and approval of the Applicants and the Stalking Horse Bidder.

Solicitation of Interest: Notice of the Sales Process

8. As soon as reasonably practicable, but in any event by no later than Friday, December 6, 2024:

(a) The SISP Agent, in consultation with the Monitor and Applicants, will prepare a list of potential bidders, including: (i) parties that have approached the Applicants or the Monitor indicating an interest in the Opportunity; and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business and Property or investing in the Applicants pursuant to the Sales Process, in each case whether or not such party has submitted a letter of intent or similar document (collectively, "**Known Potential Bidders**");

(b) the Monitor will arrange for a notice of the Sales Process (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the "**Notice**") to be published in The Globe and Mail (National Edition), and any other newspaper or journal as the Applicants, in consultation with the Monitor, consider appropriate, if any; and

(c) the SISP Agent, in consultation with the Monitor and Applicants, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the Sales Process and inviting recipients of the Teaser Letter to express their interest pursuant to the Sales Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor, and their respective counsel.

The SISP Agent will send the Teaser Letter and non-disclosure and confidentiality agreement satisfactory to the Company and the Monitor (an "**NDA**") to each Known Potential Bidders by no later than Friday, December 6, 2024 , and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

9. Any party who wishes to participate in the Sales Process (a "**Potential Bidder**"), other than the Stalking Horse Bidder, must provide to the SISP Agent an NDA executed by

it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

10. The SISP Agent, in consultation with the Monitor and the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided information as to their financial wherewithal to close a transaction such access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate. Due diligence shall include access to an electronic data room containing information about the Applicants and the Business (the "**Data Room**"), and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and as to which the Applicants, in their reasonable business judgment and after consulting with the Monitor, may agree. The SISP Agent will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the SISP Agent, Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the SISP Agent, in consultation with Applicants and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information. Neither the SISP Agent, Applicants nor the Monitor is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Sale of the Property and the Business.

11. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the Sales Process and any transaction they enter into with the Applicants.

Continued Management of NCI

12. The management team of the Applicants has agreed to provide transition services to the Successful Bidder following the closing of the transaction contemplated by the Successful Bid (as defined below). Such services will be provided for the period of time required to ensure the successful transition of NCI's operations, in exchange for compensation on the same or similar terms to the current employment arrangements of such individuals.

Stalking Horse Bid Non-Cash Purchase Price Finalized

13. The Stalking Horse Agreement contemplates a purchase price of approximately $3,850,632.67, plus adjustments as provided for in s. 3.1 of the Stalking Horse Agreement, which adjustments include the Assumed Liabilities, if any, that will be stipulated by the Purchaser on or

before Tuesday, December 31, 2024. The schedule of Assumed Liabilities, once final, will be made available to Potential Bidders in the Data Room.

Formal Binding Offers

14. Potential Bidders that wish to make a formal offer to purchase the Property or Business (a "**Bidder**") shall submit a binding offer (a "**Bid**") that complies with all of the following requirements to the Monitor at the address specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than 5:00 PM (Eastern Time) on Monday, January 27, 2025 or such earlier or later date as may be set out in the Bid process letter that may be circulated by the SISP Agent to Potential Bidders, with the approval of the Applicants and Monitor and in consultation with the Stalking Horse Bidder (the "**Bid Deadline**"):

    a. the Bid must be a binding offer to acquire all, substantially all, or a portion of the shares of the Company (a "**Sale Proposal**") and must be consistent with any necessary terms and conditions established by the SISP Agent, Applicants and the Monitor and communicated to Bidders;

    b. the Bid must include a letter stating that the Bidder's offer is irrevocable until the selection of the Successful Bidder, provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;

    c. the Bid must include duly authorized and executed transaction agreements that clearly state the purchase price and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto;

    d. the Bid must include written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Applicants and the Monitor to make a determination as to the Bidder's financial and other capabilities to consummate the proposed transaction;

    e. the Bid must not be conditional on: (i) the outcome of unperformed due diligence by the Bidder including, but not limited to, the negotiation and completion of a transition agreement with key personnel or management required to maintain the cannabis licenses in good standing; or (ii) obtaining financing;

    f. the Bid must fully disclose the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such Bid;

    g. in addition to the Section 14(a)-(f) above, for a Sale Proposal, the Bid must include:

i. an executed copy of a sale agreement based on the Stalking Horse Agreement and a redline of the same, clearly showing the bidder's proposed purchase agreement reflecting variations from the Stalking Horse Agreement;

ii. the Purchase Price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;

iii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;

iv. a specific indication of the financial capability of the Bidder and the expected structure and financing of the transaction;

v. a description of the conditions and approvals required to complete the closing of the transaction, consistent with those contained in the Stalking Horse Bid;

vi. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume;

vii. any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction; and

viii. a cash deposit equal to the greater of (i) 10% of the Purchase Price in the Sale Proposal and (ii) an amount sufficient to repay the Professional Fees, the Break Fee and the Deposit Repayment (as those terms are defined in the Stalking Horse Agreement).

h. the Bid must include acknowledgements and representations of the Bidder that the Bidder:

i. has had an opportunity to conduct any and all due diligence regarding the Property, the Business, and the Applicants prior to making its offer;

ii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and

iii. did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory, or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants;

i. the Bid must be received by the Bid Deadline;

j. the Bid must contemplate closing the transaction set out therein on or before March 3, 2025.

15. Following the Bid Deadline, the SISP Agent, Applicants and the Monitor will assess the Bids received. The Monitor, in consultation with the Applicants, and with the approval of the Applicants, will designate the most competitive bids that comply with the foregoing requirements to be "Qualified Bids". No Bid received shall be deemed not to be a Qualified Bid without the approval of the Monitor. Only Bidders whose bids have been designed as Qualified Bids are eligible to become the Successful Bidder(s). The Stalking Horse Bid shall automatically be considered as a Qualified Bid for the purposes of the Auction.

16. The Monitor may only designate a Bid as a Qualified Bid where the proposed Purchase Price is equal to or greater than that contained in the Stalking Horse Bid, plus the amount of the break fee, plus professional fees, plus $100,000.

17. The Monitor, in consultation with the Applicants and with the approval of the Applicants, may waive strict compliance with any one or more of the requirements specified above and deem a non-compliant Bid to be a Qualified Bid.

18. The Monitor shall notify each Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate.

19. The Monitor may, in consultation with the Applicants and with the approval of the Applicants, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

Evaluation of Competing Bids

20. A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid; (ii) the identity, circumstances and ability of the Bidder to successfully complete such transactions; (iii) the proposed transaction documents, (iv) factors affecting the speed, certainty and value of the transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, and (vii) the likelihood and timing of consummating such transaction, each as determined by the Applicants and the Monitor.

Auction

21. If the Monitor receives at least one additional Qualified Bid, in addition to the Court-approved Stalking Horse Bid, the Monitor will conduct and administer an Auction in accordance with the terms of this Sales Process (the "**Auction**"). Instructions to participate in the Auction, which will take place via video conferencing, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.

22. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, including the Stalking Horse Bid (collectively, the "**Qualified Parties**" and each, a "**Qualified Party**"), shall be eligible to participate in the Auction. No later than 5:00 p.m. Eastern Daylight Time on January 31, 2025:

a. each Qualified Party must inform the Monitor whether it intends to participate in the Auction;

b. those Qualified Parties intending to participate in the Auction must satisfy the Monitor of their ability to deliver a deposit top-up equivalent to the Stalking Horse Bidder's deposit, professional fees, and break fee, which aggregate amount is expected to total approximately $4 million (the "**Stalking Horse Payout Amount**"), in the event that such Qualified Party's Bid is the Successful Bid. For certainty, Qualified Parties shall provide the Monitor with:

i. evidence of immediately available funds being held in trust in an amount sufficient to repay the Stalking Horse Payout Amount; and

ii. a pledge, commitment or otherwise issued in favour of the Stalking Horse Bidder in an amount equal to the Stalking Horse Payout Amount, payable upon the Court's approval of such Qualified Party's Successful Bid and an Order approving such payment to the Stalking Horse Bidder.

23. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Stalking Horse Bid, shall be the Successful Bid.

Auction Procedure

24. The Auction shall be governed by the following procedures:

(a) Participation at the Auction. Only the Applicants, the Qualified Parties, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Parties with the details of the lead Bid by 5:00 PM (Eastern Time) two (2) business days after the Bid Deadline;

(b) No Collusion. Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith bona fide offer, and it intends to consummate the proposed transaction if selected as the Successful Bid;

(c) Minimum Overbid. The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor, in

consultation with the Applicants (the "**Initial Bid**" and any bid made at the Auction by a Qualified Party subsequent to the Monitors announcement of the Initial Bid (each, an "**Overbid**"), must proceed in minimum additional cash increments of $100,000;

(d) Bidding Disclosure. The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;

(e) Bidding Conclusion. The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids with full knowledge and written confirmation of the then-existing highest bid(s);

(f) No Post-Auction Bids. No bids will be considered for any purpose after the Auction has concluded; and

(g) Auction Procedures. The Monitor shall be at liberty to set additional procedural rules at the Auction as it sees fit.

Selection of Successful Bid

25. Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will:

a. review each Qualified Bid, considering the factors set out in paragraph 14 and, among other things:

i. the amount of consideration being offered, and, if applicable, the proposed form, composition, and allocation of same;

ii. the value of any assumption of liabilities or waiver of liabilities not otherwise accounted for in paragraph 25(a)(i);

iii. the likelihood of the Qualified Party's ability to close a transaction by March 3, 2025, after completion of the Auction and timing thereof (including factors such as the transaction structure and execution risk, including conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments and required governmental or other approvals); the

likelihood of the Court's approval of the Successful Bid; the net benefit to the Applicants; and

iv. any other factors the Applicants may, consistent with their fiduciary duties, reasonably deem relevant; and

b. identify the highest or otherwise best bid received at the Auction (the "**Successful Bid**" and the Qualified Party making such bid, the "**Successful Party**").

26. The Successful Party shall, in good faith, complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with and Approval from the Applicants, subject to the milestones set forth in paragraph 6.

Sale Approval Motion Hearing

27. At the hearing of the motion to approve any transaction with a Successful Party (the "**Sale Approval Motion**"), the Monitor or the Applicants shall seek, among other things, approval from the Court to consummate the transaction contemplated by the Successful Bid. All Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Applicants on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

28. All discussions regarding a Sale Proposal or Bid should be directed through the Monitor. Under no circumstances should the management of the Applicants be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the Sales Process.

29. Participants and prospective participants in the Sales Process shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other Bidders or Potential Bidders in connection with the Sales Process, except to the extent the Applicants, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Potential Bidders or Bidders.

Supervision of the Sales Process

30. The Monitor shall oversee and conduct the Sales Process with the assistance of the SISP Agent, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the Sales Process in the manner set out in this Sales Process, the Sale Process

Approval Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the Sales Process.

31. This Sales Process does not and will not be interpreted to create any contractual or other legal relationship between the Applicants or the Monitor and any Potential Bidder, any Bidder, or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Applicants.

32. Without limiting the preceding paragraph, the Monitor, the SISP Agent and its advisors shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Applicants, the Stalking Horse Bidder or any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this Sales Process, except to the extent such act or omission is the result of gross negligence or wilful misconduct of the Monitor. By submitting a Bid, each Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct of the Monitor.

33. Participants in the Sales Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

34. Without limiting in any way the intent and effect of the applicable provisions of the Stalking Horse Bid in respect of the Sales Process, the Applicants and the Monitor shall have the right to modify the Sales Process (including, without limitation, pursuant to the Bid process letter) with the prior written approval of the Applicants and consultation with the Stalking Horse Bidder if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the Sales Process; provided that the Service List in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

35. The Monitor may seek advice and directions from the Court in relation to all matters associated with the implementation of the Sales Process.

Schedule "1"
Address of Monitor

To the Monitor:

BDO CANADA LIMITED
51 Breithaupt Street, Suite 300
Kitchener, ON N2H 5G5

Robyn Duwyn
Email: rduwyn@bdo.ca
Tel: (519) 578-6910

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.
Applicants
Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER
(Sales Process and Stalking Horse Purchase Agreement)
(Returnable November 15, 2024)

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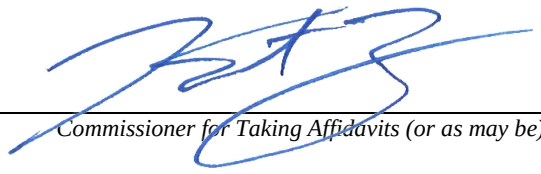
Lawyers for the Applicants

This is Exhibit “F” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

ENDORSEMENT

COURT FILE NO.: CV-24-00730120-00CL **DATE:** Friday 15th November 2024
REGISTRAR: Christopher Riley

NO. ON LIST: 1 of 1

TITLE OF PROCEEDING: **RE: PLAN OF COMPROMISE OR ARRANGEMENT OF NOYA HOLDINGS INC. and NOYA CANNABIS INC**

BEFORE: **Mr Justice Cavanagh, P.**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Dare, Vern (Counsel)	Noya Holdings Inc and Noya Cannabis Inc	vdare@foglers.com T: 416-941-8842

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
David Seifer (Counsel)	Lending Stream Inc.	dseifer@dickinsonwright.com T: 416-646-6867
Maria Naimark (Counsel)	Ignite International Canada Ltd.	dseifer@dickinsonwright.com T: 416-646-6867

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Phoenix, R. Graham (Counsel)	BDO Canada Ltd as Monitor	gphoenix@LN.law T: 416-748-4776 : (416) 558-4492

ENDORSEMENT OF JUSTICE CAVANAGH:

[1] On November 6, 2024, I granted an initial order under the *Companies' Creditors Arrangement Act*, as amended ("*CCAA*") granting, among other things, the Applicants and 2675383 Ontario Limited (the "Non-Applicant Stay Party") protection from their creditors, an administration charge and a directors' charge, and appointing BDO Canada Limited as monitor (the "Monitor) of the Applicants.

[2] At this comeback hearing, the Applicants move for an Amended and Restated Initial Order ("ARIO") and a Sales Process Approval Order.

[3] The background facts underlying this motion are more fully set out in the affidavit of Ziad Reda sworn October 28, 2024 in the affidavit of Mr. Reda sworn November 12, 2024. The background facts are summarized in my endorsement dated November 6, 2024 and in the Applicants' factum at paragraphs 8-25.

[4] Defined terms used in this endorsement have the meanings given in the motion materials.

[5] I first address the relief sought in the requested ARIO.

[6] The Applicants seek an order extending the stay of proceedings to and including March 7, 2025.

[7] The Court may grant an extension of the stay of proceedings where it is satisfied that (a) circumstances exist that make the order appropriate; and (b) the Applicants have acted, and are acting, in good faith and with due diligence. A stay of proceedings is appropriate to provide a debtor with breathing room while it seeks to restore solvency and emerge from the *CCAA* on a going concern basis.

[8] I am satisfied that the requested extension of the stay of proceedings should be granted for the following reasons:

a. I am satisfied on the motion materials before me that the Applicants have acted and continue to act in good faith and with due diligence to communicate with stakeholders and to develop the Stalking Horse Sales Process while continuing to operate in the ordinary course of business to preserve the value of their business.

b. The Cash Flow Forecast appended to the Monitor's First Report shows sufficient liquidity during the extended stay period to fund obligations and the costs of the *CCAA* proceedings.

c. The extension of the stay in favour of the Applicants and the Non-Applicant Stay Party is required to complete the Stalking Horse Sales Process without having to incur costs during that process to return to Court to seek a further extension.

d. The Monitor supports the requested extension.

[9] The Applicants seek approval of a DIP Loan and a DIP Lender's Charge. Section 11.2 of the *CCAA* allows the Court to make such an order. In determining whether the DIP Lender's Charge is appropriate, a court is required to consider the factors set out in section 11.2 (4) of the *CCAA*.

[10] In accordance with the DIP Term Sheet, the Applicants are seeking $400,000 to be made available upon the issuance of the requested ARIO. Interest on the advance or advances will be at the rate of 12% per annum. The DIP Term Sheet includes a commitment fee in the amount of $25,000, representing 6.25% of the total amount available under the DIP facility. As indicated in the Cash Flow Forecasts, with the DIP loan, the Applicants will have sufficient liquidity to meet payroll and finance their operations during the extended stay period.

[11] I am satisfied that the DIP Term Sheet should be approved and that the DIP Lender's Charge should be granted for the following reasons:

a. The DIP loan is essential for the Applicants because it provides them with interim financing needed to preserve the enterprise value of their business pending determination of a sale process. I accept that the benefits of such new financing outweigh the potential prejudice to any particular creditors. I accept that the interest rate and commitment fee are within the range of reasonableness in the circumstances.

b. The availability of the DIP loan is contingent on an order approving the DIP Term Sheet and the DIP Lender's Charge being granted to secure any advances made thereunder.

c. The need for the DIP loan is shown and supported by the Cash Flow Forecast.

d. The Applicants' business will be managed by its directors and senior management, in consultation with the Monitor.

e. In the absence of the DIP loan by the Applicants will be unable to continue to carry on business or carry out the sale process and will be forced to shut down their operations to the detriment of stakeholders.

f. The Monitor is supportive of the DIP loan, the DIP Term Sheet and the DIP Lender's Charge.

g. The secured creditors have had notice of this motion and are supportive.

[12] The Applicants request an order approving payments to critical suppliers. The Court has jurisdiction to make such an order that will facilitate a restructuring of the business as a going concern.

[13] I am satisfied that an order granting approval to make payments to certain critical suppliers, with the consent of the Monitor, advances the goal of the Applicants to continue operating in the ordinary course of business throughout the sale process, to the benefit of their stakeholders. The amount is not expected to exceed $110,000.

[14] The Applicants seek approval to increase the amount of the Administration Charge approved in the Initial Order from $200,000 to $400,000. The Applicants seek this increase in order to remain consistent with the projected fees and disbursements of the professional group during the extended stay period to secure the SISP Agent's outstanding work fee and expenses under the SISP Agent Agreement. I am satisfied that this increase should be approved.

[15] The Court has jurisdiction to grant an Administration charge pursuant to section 11.52 of the *CCAA*. I am satisfied that the requested increase in the Administration Charge should be approved for the following reasons:

a. the cannabis industry is complex, highly regulated and subject to statutory and regulatory restrictions and requirements. Successful restructuring will require extensive input of the professional group including the SISP Agent regarding implementing the Stalking Horse Sales Process.

b. The beneficiaries of the Administration Charge will have to contribute to the *CCAA* proceedings and assist the Applicants with achieving their objectives.

c. The proposed beneficiaries of the Administration Charge are each performing unique functions without duplication of roles.

d. The amount of the proposed increase to the Administration Charge is fair and reasonable in the circumstances.

e. The Monitor, the DIP Lender and the Applicants' senior secured lender, Lending Stream, are supportive of the increase in the Administration Charge.

[16] The Applicants seek an increase in the amount of the Directors' Charge approved in the Initial Order from $100,000 to$200,000 in order to provide adequate protection for the remaining officer(s) and director(s) of the Applicants during the extended stay period. Pursuant to section 11.51 of the *CCAA*, a court may grant a director's charge on a super-priority basis.

[17] I am satisfied that the requested increase should be approved following reasons:

a. The secured creditors who do not oppose.

b. The amount of the requested increase is reasonable in the circumstances. Available insurance provides limited coverage and has exclusions that may expose the officers and directors to personal liability.

c. The Monitor supports the requested increase.

[18] I now turn to the requested Sales Process Approval Order.

[19] The Applicants seek approval requested Stalking Horse Share Purchase Agreement. Stalking horse agreements or bids, including credit bid stalking horse bids, have been recognized as reasonable and useful components of a sales process. They have been approved and used in any insolvency proceedings to establish a baseline price and transactional structure for superior bids from interested parties.

[20] On November 11, 2024, the Applicants and the Stalking Horse purchaser finalized negotiations and entered into the Stalking Horse SPA. The Stalking Horse SPA is structured as a purchase of the retained assets of the Applicants by way of a share sale and reverse vesting order. The purchase price under the Stalking Horse SPA is approximately $2.8 million subject to adjustments and will generally be satisfied by way of a credit bid. The Stalking Horse SPA contemplates that, in the event that the Stalking Horse Bid is not the successful bid, the Stalking Horse Bidder shall be entitled to a break fee in the amount of $175,000 and, in addition, repayment of professional fees to a maximum of $100,000 as well as repayment of all amounts advanced under the DIP Term Sheet in priority to claims against the Applicants.

[21] I am satisfied that the Stalking Horse SPA should be approved for the following reasons:

a. The Stalking Horse SPA provides some certainty that the Applicants' business will continue as a going concern. If it is not approved in conjunction with the DIP Loan, the Applicants will not have sufficient funds to continue operating, to the detriment of their stakeholders.

b. The baseline price and the Stalking Horse SPA will assist in allowing the Applicants to fairly canvass the market to obtain the best bids for their business.

c. No better or other alternative has been identified.

d. The break fee and expense reimbursements compensate a stalking horse bidder for the time and resources expended and risks taken in developing a stalking horse agreement. Bid protections reflect the price of stability. Bid protections are subject to the debtors' business judgment, provided that they lie within a range of reasonable alternatives.

e. The Monitor is of the view that the break fee and expense reimbursements are reasonable in the circumstances.

[22] The Applicants seek approval of a sales process. The Stalking Horse Sales Process was developed in consultation with the Monitor and the SISP Agent and takes into account the current financial circumstances of the Applicants. Subject to approval, the Stalking Horse Sales Process will be administered by the Monitor and the SISP Agent in consultation with the Applicants. Under the proposed Stalking Horse Sales Process, the Monitor retains certain rights in connection with material decisions (for example, extending timelines).

[23] I have considered the factors in s. 36(3) of the *CCAA*. I am satisfied that the timeline established for the Stalking Horse Sales Process will adequately expose the Applicants' business to the market. The Monitor is supportive of the length and structure of the Stalking Horse Sales Process.

[24] The Applicants request approval of the SISP Agent Agreement. Under this agreement, the Applicants have retained Kronos Capital Partners Inc. as the sales agent to assist with the implementation of the Stalking Horse Sales Process pursuant to the sales agent agreement dated November 11, 2020 for the Stalking Horse SPA. There is generally a fixed work fee ($60,000 plus HST) and success fee ($150,000 plus HST that does not apply if the Stalking Horse Bid is the successful bid), as well as provision for legal and non-legal expenses ($12,500) provided for under the SISP Agent Agreement. The SISP Agent has significant experience implementing the sales processes regarding cannabis companies.

[25] I approve the SISP Agent Agreement and authorize the Applicants, *nunc pro tunc*, to pay amounts due to the SISP Agent Agreement for the following reasons:

a. The SISP Agent is expected to enhance the prospect of value maximizing actions.

b. The SISP Agent has significant experience in the cannabis sector.

c. The SISP Agent is familiar with, and well-positioned to solicit interest in, the business.

d. The Applicants, exercising their business judgment, support retention of the SISP Agent on the terms proposed.

e. The Monitor supports the SISP Agent's engagement and approval of the SISP Agent Agreement.

[26] I am satisfied that the requested Orders should be made. Orders to issue in forms of Orders signed by me today.

Cavanagh J.

Date: November 15, 2024

This is Exhibit "G" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

STALKING HORSE PURCHASE AGREEMENT

This Agreement is made as of the 11th day of November 2024 (the "Effective Date"), among:

NOYA HOLDINGS INC.
(the "Vendor")

– and –

NOYA CANNABIS INC.
(the "Company")

– and –

LENDING STREAM INC., or its nominee (the "Purchaser")

WHEREAS pursuant to the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "Court") issued November 6, 2024 (as may be further amended or amended and restated from time to time, the "Initial Order"), the Vendor and the Company (collectively, "Noya") were granted, among other things, creditor protection under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA") and BDO Canada Limited was appointed as the CCAA monitor of Noya (in such capacity, the "Monitor");

AND WHEREAS in connection with the proceedings initiated by the Initial Order (the "CCAA Proceedings"), Noya intends to seek the approval of the Court to run a SISP (as defined below) pursuant to which this Agreement will serve as the Stalking Horse Bid (as defined below) for the Purchased Shares (as defined below);

AND WHEREAS in the event that this Agreement is selected as the Successful Bid (as defined below) in the SISP, the Vendor has agreed to sell and transfer to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, all of the Vendor's right, title and interest in and to the Purchased Shares, which include the Retained Assets (as defined below), subject to and in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the parties hereto (collectively, the "Parties", and each, a "Party") hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

"195 Debt" means all amounts owing under or in connection with the loan agreement dated February 27, 2019 between Radicle Cannabis Holdings Inc. and 1955185 Ontario Inc., the general security agreement dated February 27, 2019 between Radicle Cannabis Holdings Inc. and 1955185 Ontario Inc., the promissory note dated February 27, 2019 from Radicle Cannabis Holdings Inc. in favour of 1955185 Ontario Inc., the promissory note dated March 26, 2019 from Radicle Cannabis Holdings Inc. in favour of 1955185 Ontario Inc., the general security agreement dated March 26, 2019 between Radicle Cannabis Holdings Inc. and 1955185 Ontario Inc., and the extension agreement dated January 24, 2020 between Radicle Cannabis Holdings Inc. and 1955185 Ontario Inc.

"Administrative Charge" has the meaning attributed thereto in the Initial Order, as may be varied, amended or expanded in any amended and restated initial order or other order granted in these CCAA Proceedings.

"Affiliate" has the meaning given to the term "affiliate" in the Business Corporations Act (Ontario).

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

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

"Approval and Reverse Vesting Order" means an order by the Court, in form and substance satisfactory to the Purchaser, in its sole and absolute discretion, among other things, approving and authorizing the Transaction and vesting in the Purchaser (or as it may direct) all of the right, title and interest of the Vendor in and to the Purchased Shares, free and clear from any Encumbrances.

"Assumed Contracts" means the Contracts listed in Schedule "I", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

"Assumed Liabilities" means: (a) Liabilities specifically and expressly designated by the Purchaser as assumed Liabilities in Schedule "H; and (b) all Liabilities which relate to: (i) the Business under any Assumed Contracts; (ii) any Permits and Licences forming part of the Retained Assets; in each case solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

"Auction" has the meaning set out in Section 5.1(f).

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

"Bid Deadline" has the meaning set out in Schedule "G".

"Books and Records" means: (a) all of the Company's files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records; and (b) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Vendor, the Company, or any other member of Noya or any of their respective Affiliates including information, documents and records relating to the Assumed Liabilities, Assumed Contracts, Retained Assets, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

"Break Fee" has the meaning set out in Section 5.1(b).

"Business" means the business conducted by the Company, being a licensed cannabis manufacturing and production businesses operating out of a licensed facility in Hamilton, Ontario.

"Business Day" means a day on which banks are open for business in Toronto, Ontario, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

"Cannabis Licence" means all Authorizations related to cannabis and issued by a Governmental Authority to the Company, including Authorizations to possess, produce and sell cannabis under Applicable Law, including without limitation those listed in Schedule "F" hereto.

"Noya" has the meaning set out in the recitals hereto.

"Cash Flow Forecast" means the weekly cash flow projections of Noya, as amended from time to time and approved by the Monitor in the CCAA Proceedings.

"CCAA" has the meaning set out in the recitals hereto.

"CCAA Proceedings" has the meaning set out in the recitals hereto.

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

"Closing" means the closing and consummation of the Transaction.

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

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

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

"Company" means Noya Cannabis Inc. formerly known as Radicle Medical Marijuana Inc. and Radicle Remedy Inc.

"Corporate Office" means the premises located at 19 Thoroughbred Boulevard, Ancaster, Ontario.

"Court" has the meaning set out in the recitals hereto.

"Deposit" has the meaning set out in Section 3.2(a).

"Deposit Repayment" has the meaning set out in Section 5.1(c).

"DIP Loan" means the borrowings under the DIP Facility (as defined in the DIP Term Sheet).

"DIP Term Sheet" means the debtor-in-possession term sheet dated as of November 11, 2024 among the Purchaser, as lender, and the members of Noya, as borrowers, as the same may be amended, restated, supplemented and/or modified from time to time.

"Director's Charge" has the meaning attributed thereto in the Initial Order, as may be varied, amended or expanded in any amended and restated initial order or other order granted in these CCAA Proceedings.

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

"Effective Date" has the meaning set out in the preamble hereto.

"Employee" means any individual who is employed by the Company as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long term disability leave, but, for certainty, excludes any employee whose employment will be terminated pursuant to Section 9.2(f).

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

"Excise Act" means the Excise Act, 2001, S.C. 2002, c.22.

"Excise Tax Act" means the Excise Tax Act, R.S.C, 1985, c. E-15.

"Excise Licence" means cannabis licence 82010 6177 RD001 obtained by the Company under the Excise Act.

"Excluded Assets" means the properties, rights, assets and undertakings of the Company (or where, applicable, the other members of Noya) listed on Schedule "A", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

"Excluded Contracts" means those contracts and other agreements of the Company that are not Assumed Contracts and for greater certainty, includes those contracts and agreements which are listed on Schedule "B", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

"Excluded Liabilities" has the meaning set out in Section 2.2(a).

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

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

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

"Initial Order" has the meaning set out in the recitals hereto.

"Interim Period" means the period from the Effective Date to the Closing Time.

"Landlord Approval" means an approval issued by the landlord of the Manufacturing Premises in connection with the change of control contemplated by the Transaction.

"Lending Stream Debenture Debt" means all amounts owing under or in connection with the convertible debenture dated January 2, 2020 between Canopy Rivers Corporation and Radicle Cannabis Holdings Inc., which amount is equal to approximately $1,441,370.65 as at the Effective Date.

"Lending Stream Royalty Debt" means all amounts owing under or in connection with the royalty agreement dated August 4, 2017 between Canopy Rivers Corporation and Radicle Medical Marijuana Inc., the amended and restated guarantee agreement dated January 2, 2020 by Radicle Medical Marijuana Inc. in favour of Canopy Rivers Corporation, the amended and restated general security and pledge agreement dated January 2, 2020 between Radicle Medical Marijuana Inc. and Canopy Rivers Corporation, the amended and restated guarantee agreement dated January 2, 2020 by Radicle Cannabis Holdings Inc. in favour of Canopy Rivers Corporation, the amended and restated general security and pledge agreement dated January 2, 2020 between Radicle Cannabis Holdings Inc. and Canopy Rivers Corporation, the subordination and postponement agreement dated January 2, 2020 between Wolverine Partners Corp., Radicle Cannabis Holdings Inc., Radicle Medical Marijuana Inc., and Canopy Rivers Corporation, and the purchase agreement and related assignment and assumption agreement dated December 20, 2023 between RIV Capital Corporation, Lending Stream Inc. and 2586335 Ontario Inc., which amount is equal to approximately $3,440,769.66 as at the Effective Date.

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

"Manufacturing Premises" means the lands and building municipally known as 90 Beach Road in Hamilton, Ontario L8L 8K3.

"Monitor" has the meaning set out in the recitals hereto.

"Monitor's Certificate" has the meaning set out in Section 9.2(k).

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

"Outside Date" means 11:59 pm (Toronto time) on Monday, March 3, 2025 or such later date and time as the Company and the Purchaser may agree to in writing.

"Other Noya Contracts" means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any Other Noya Entity is a party or by which any Other Noya Entity is bound or in which any such Other Noya Entity has, or will at Closing have, any rights or by which any of its property or assets are or may be affected.

"Other Noya Entity" means any of the Vendor, 2672204 Ontario Limited, and 2675383 Ontario Limited.

"Parties" has the meaning set out in the recitals hereto.

"Party" has the meaning set out in the recitals hereto.

"Permits and Licences" means the orders, permits, licences, Authorizations, approvals, registrations, consent, waiver or other evidence of authority issued to, granted to, conferred upon, or otherwise created for, the Company by any Governmental Authority, including: (i) those related to the Business, the Retained Assets, the Transferred Assets and the Assumed Contracts; (ii) the Excise Licence; and (iii) the Cannabis Licence.

"Permitted Encumbrances" means those Encumbrances that have been explicitly assumed by the Purchaser related to the Retained Assets and/or Transferred Assets, as set forth in Schedule "E" , as the same may be modified by the Purchaser prior to the granting of the Approval and Reverse Vesting Order in accordance with the terms hereof.

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

"Pre-Closing Reorganization" means the transactions, acts or events described in Exhibit "A", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof and the Approval and Reverse Vesting Order, which unless otherwise expressly provided therein are to occur immediately prior to the Closing Time.

"Priority Payables" means any amount due or claim existing on Closing under the Administration Charge, Directors Charge or which otherwise rank in legal priority to the Lending Stream Royalty Debt and DIP Loan, if any, including, without limitation, on account of unremitted source deductions.

"Professional Fees" has the meaning set out in Section 5.1(b).

"Purchase Price" has the meaning set out in Section 3.1.

"Purchaser" means Lending Stream Inc., or its nominee.

"Purchased Shares" means all of the issued and outstanding shares of the Company.

"ResidualCo" means a corporation to be incorporated as a wholly-owned subsidiary of the Vendor to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Pre-Closing Reorganization.

"Retained Assets" has the meaning set out in Section 4.1.

"SISP" means the sales process, to be conducted pursuant to the sale and bidding procedures substantially in the form set out in Schedule "G" hereto.

"SISP Approval Date" means the date upon which the Court issues the SISP Order.

"SISP Order" means an order of the Court, in form and substance acceptable to the Purchaser in its sole and absolute discretion, approving, among other things: (a) the SISP; (b) this Agreement as the Stalking Horse Bid in the SISP; (c) the Break Fee, Deposit Repayment and Professional Fees; and language protecting the Purchaser's entitlement to the Break Fee, Deposit Repayment and Professional Fees.

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

"Successful Bid" has the meaning set out in Section 5.1(f).

"Successful Bidder" has the meaning set out in Section 5.1(f).

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

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

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

"Transferred Assets" means those assets listed on Schedule "D", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof, which are owned by Other Noya Entities, but will be transferred to the Company prior to Closing as part of the Pre-Closing Reorganization and will constitute Retained Assets.

"Vendor" means Noya Holdings Inc. formerly known as Radicle Cannabis Holdings Inc.

"Wolverine Debt" means all amounts owing under or in connection with the secured grid convertible debenture dated November 22, 2019 from Radicle Cannabis Holdings Inc. to Wolverine Partners Corp., the limited guarantee dated December 19, 2019 given by Radicle Medical Marijuana Inc. in favour of Wolverine Partners Corp., and the general security agreement dated December 19, 2019 between Radicle Medical Marijuana Inc. and Wolverine Partners Corp.

"Qualified Bid" has the meaning set out in Schedule "G".

1.2 Interpretation Not Affected by Headings, etc.

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

1.3 General Construction

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

The recitals set forth above are and for all purposes shall be interpreted as being an integral part of this Agreement, constituting acknowledgments and agreements by and between the Parties, and are incorporated in this Agreement by this reference.

1.4 Extended Meanings

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

1.5 Currency

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

1.6 Statutes

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

1.7 Schedules & Amendments to Schedules

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

EXHIBITS

Exhibit A - Pre-Closing Reorganization

SCHEDULES

Schedule A - Excluded Assets

Schedule B - Excluded Contracts

Schedule C - Excluded Liabilities

Schedule D - Transferred Assets

Schedule E - Permitted Encumbrances

Schedule F	-	Cannabis Licence
Schedule G	-	SISP and Bidding Procedures
Schedule H	-	Assumed Liabilities
Schedule I	-	Assumed Contracts
Schedule J	-	Litigation

The Parties acknowledge that as of the Effective Date, the Schedules (other than Schedules F and G) are not complete. Such Schedules are for the benefit of the Purchaser and may be amended or completed by the Purchaser, in its sole and absolute discretion, on or before the dates set out in such Schedules and on notice to the Vendor.

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

ARTICLE 2 PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of the Purchased Shares

Subject to the terms and conditions of this Agreement, effective as of the Closing Time, the Vendor shall sell and transfer the Purchased Shares to the Purchaser, and the Purchaser shall purchase the Purchased Shares from the Vendor, free and clear of all Encumbrances.

2.2 Excluded Liabilities of the Company

(a) Pursuant to the Approval and Reverse Vesting Order, save and except for the Assumed Liabilities, all debts, obligations, Liabilities, Encumbrances, indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, perfected or unperfected, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Company or the Purchased Shares or against, relating to or affecting the Business including any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, inter alia, the non-exhaustive list of Liabilities set forth in Schedule "C" (collectively, the "Excluded Liabilities") shall be excluded, Discharged and shall no longer be binding on or enforceable against the Company, the Purchased Shares, the Retained Assets, Employees, Permits and Licences or Books and Records following the Closing Time.

(b) Subject to the Pre-Closing Reorganization and pursuant to the Approval and Reverse Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed in full by ResidualCo in accordance with and as further described in Article 4 and the Approval and Reverse Vesting Order, and the Company, the Purchased Shares, the Retained Assets, the Transferred Assets, and the Company's undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the

Excluded Liabilities, if any, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser for the Purchased Shares shall be equal to the approximate amount of $3,850,632.67, comprising:

(a) an amount equal to the Lending Stream Royalty Debt as at the SISP Approval Date, which amount is estimated to be $3,450,632.67;

(b) an amount equal to the DIP Facility, which amount is estimated to be $400,000.00;

(c) an amount equal to any outstanding amounts secured by the Administration Charge at Closing;

(d) an amount equal to any outstanding amounts secured by the Director's Charge at Closing;

(e) an amount equal to any outstanding Priority Payables at Closing (in addition to the Administration Charge and Director's Charge); and

(f) the Assumed Liabilities, if any.

The Purchase Price shall be paid to the Monitor, in trust, as consideration for the Purchased Shares.

3.2 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price, at the Closing Time, in accordance with the following:

(a) Initial Deposit. All amounts owing to the Purchaser under the DIP Term Sheet as of the SISP Approval Date, including any accrued and unpaid interest, expenses, fees and other amounts (in aggregate, the "Deposit"), shall be treated in all respects as a deposit from and after the SISP Approval Date, and shall be credited against the Purchase Price at Closing.

(b) Credit Bid Purchase Price. All amounts owing to the Purchaser under the Lending Stream Royalty Debt as of the SISP Approval Date, including any accrued and unpaid interest, expenses, fees and other amounts accruing from the Effective Date to the SISP Approval Date, shall be extinguished and Discharged, and shall be treated in all respects as a payment to be credited against the Purchase Price (the "Credit Bid").

(c) Cash Component. The Purchaser shall pay any amount not otherwise satisfied by the Deposit and Credit Bid by wire transfer to the Monitor, in trust.

(d) Assumed Liabilities. An amount equal to the amount of the Assumed Liabilities which the Company shall retain on the Closing Date in accordance with the Pre-Closing Reorganization, if any, shall be satisfied by the Company performing the Assumed Liabilities.

ARTICLE 4 TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Transfer of Excluded Assets to ResidualCo

At Closing, the Company shall retain all of the assets owned by it on the Effective Date of this Agreement and any assets acquired by it up to and including Closing, including the Transferred Assets, the Company's equipment, its Assumed Contracts, Permits and Licences, Books and Records, Business and undertakings (the "Retained Assets"), excluding inventory sold or consumed in the ordinary course of Business in the Interim Period and amounts paid in the Interim Period in accordance with the Initial Order, the DIP Term Sheet and the approval of the Monitor. The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts, which the Company shall transfer to ResidualCo, in accordance with the PreClosing Reorganization, and same shall be vested in ResidualCo pursuant to the Approval and Reverse Vesting Order.

4.2 Transfer of Excluded Liabilities to ResidualCo

On the Closing Date, the Excluded Liabilities shall be transferred to, vested in and assumed by ResidualCo in accordance with the Pre-Closing Reorganization and the Approval and Reverse Vesting Order. Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Company shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Purchased Shares, the Company and the Retained Assets as of and from and after the Closing Time.

4.3 Tax Matters

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

ARTICLE 5 SISP, BIDDING PROCEDURES

5.1 SISP

(a) The Vendor shall bring a motion for the SISP Order to be heard on or before November 15, 2024. The SISP Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or "stalking horse bid" in respect of the Purchased Shares (the "Stalking Horse Bid"); and (ii) as a deemed "Qualified Bid" (as defined in the SISP), with an attendant right on the part of the Purchaser to participate as a bidder in any Auction. The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained for the Purchased Shares and the Retained Assets, and that the within Stalking Horse Bid may be the Successful Bid for the Purchased Shares and the Retained Assets.

(b) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to repayment of: (i) all professional fees, disbursements and expenses of any kind or nature whatsoever incurred in connection with the SISP and the Transaction, to a maximum amount of $100,000 (the "Professional Fees"); and (ii) a break fee in the amount of $175,000 (inclusive of HST, if any) (the "Break Fee"), which shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid.

(c) In the event that the Stalking Horse Bid is not the Successful Bid, in addition to the Professional Fees and the Break Fee, the Purchaser shall be entitled to repayment in full of all amounts advanced under the DIP Term Sheet, and all of the foregoing entitlements shall be paid to the Purchaser in priority to any and all Claims and interests that any other Person now has or may hereafter have against the Property (as defined in the Initial Order) of Noya (the "Deposit Repayment").

(d) The priority of payment of the Professional Fees, the Break Fee and the Deposit Repayment shall be approved in the SISP Order and shall, if payable pursuant to Section 5.1(b) and 5.1(c), be payable to the Purchaser within three (3) Business Days of the closing of the transaction contemplated by the Successful Bid.

(e) The Parties acknowledge and agree that the aggregate foregoing Break Fee amount represents a fair and reasonable estimate of the costs and damages that will be incurred by the Purchaser as a result of preparing and entering into, and not completing the Transactions contemplated by this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Shares and/or Retained Assets. For certainty, the Break Fee does not form part of the Purchase Price.

(f) In the event that one or more Persons submits a Qualified Bid on or before the Bid Deadline, the Vendor, in consultation with the Monitor, shall conduct an auction (the "Auction") for the determination and selection of a winning bid (the "Successful Bid" and the Person submitting such bid being the "Successful Bidder").

(g) Upon the selection of a Successful Bidder, there shall be a binding agreement of purchase and sale between the Successful Bidder and the Vendor. The Vendor shall forthwith bring a motion following the selection of the Successful Bidder for an order approving the agreement reached with the Successful Bidder and to vest the Purchased Shares in the Successful Bidder and, if granted, shall proceed with closing the transaction forthwith.

(h) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Successful Bidder under the SISP, then upon selection of the other Successful Bid: (i) this Agreement shall be terminated (subject to Section 10.2 and the Purchaser's entitlement to the Break Fee); (ii) the Purchaser shall be entitled to the Break Fee, the Professional Fees and the Deposit Repayment; and (iii) neither Party hereto shall have any further Liability or obligation hereunder, except as expressly provided for in this Agreement.

(i) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), the Vendor shall forthwith bring a motion to the Court to obtain the Approval and Reverse Vesting Order and, if granted, shall proceed with completing the Transaction contemplated herein forthwith.

(j) The parties hereto acknowledge and agree that this Article 5 sets out their mutual intentions in respect of the SISP and Bidding Procedures but the same shall be subject to the ultimate approval of the Court and provided the Court approved procedures are substantially similar to the mutual intentions set out herein, any deviation from the terms of this Article 5 shall not impact or impair the binding nature, effect and enforceability of this Agreement.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Vendor

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

(a) Incorporation and Status. The Vendor is a corporation incorporated and existing under the Business Corporations Act (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and, subject to obtaining of the Approval and Reverse Vesting Order in respect of the matters to be approved therein, performance by the Vendor of this Agreement has been authorized by all necessary corporate action on the part of the Vendor. The Vendor has the requisite corporate authority to cause the Other Noya Entities to transfer the Transferred Assets to the Company.

(c) No Conflict. The execution, delivery and performance by the Vendor of this Agreement does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Vendor, and subject to obtaining the Approval and Reverse Vesting Order, any agreement binding on the Vendor or any Applicable Law applicable to the Vendor, Noya or any of their affiliates, the Retained Assets or the Purchased Shares, or result in the creation or require the creation of any Encumbrance upon or against the Purchased Shares or the Retained Assets.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding obligation of the Vendor, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Reverse Vesting Order.

(e) Proceedings. Other than as disclosed in Schedule J, there are no proceedings pending against the Vendor or, to the knowledge of the Vendor, threatened, with respect to, or in any manner affecting, title to the Purchased Shares or the Retained Assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the transfer of all or any part of the Purchased Shares or the Retained Assets as contemplated by this Agreement or which would reasonably be expected to delay, restrict or prevent the Vendor from fulfilling any of its obligations set forth in this Agreement, and no event has occurred or circumstance exists which would reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding.

(f) No Consents or Authorizations. Subject only to obtaining the Approval and Reverse Vesting Order, the Vendor does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.

(g) Residency. The Vendor is not a non-resident of Canada for purposes of the Income Tax Act or the Excise Tax Act, as applicable.

(h) Title to Purchased Shares. The Vendor is the sole registered and beneficial owner of the Purchased Shares, with good and valid title thereto, and the Vendor will transfer good and

valid title to the Purchased Shares to the Purchaser, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Reverse Vesting Order. There are no issued and outstanding shares or other securities of the Company other than the Purchased Shares.

(i) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Vendor or the Company of any of the Purchased Shares or the Retained Assets.

(j) Necessary Assets and Equipment: All assets and equipment that are necessary for the operation of the Business in the ordinary course, are owned by the Company or any Other Noya Entity, and all such assets and equipment shall be maintained during the Interim Period and shall be in good working order (normal wear and tear excepted) as at the Closing Time.

6.2 Representations and Warranties in respect of the Company

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

(a) Incorporation and Status. The Company is a corporation incorporated and existing under the Business Corporations Act (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and, subject to obtaining the Approval and Reverse Vesting Order in respect of the matters to be approved therein, performance by the Company of this Agreement has been authorized by all necessary corporate action on the part of the Company.

(c) No Conflict. The execution, delivery and performance by the Company of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Company, and subject to obtaining the Approval and Reverse Vesting Order, any agreement binding on the Vendor or any Applicable Law applicable to the Vendor, the Company or any of its affiliates, the Retained Assets or the Purchased Shares, or result in the creation or require the creation of any Encumbrance upon or against the Purchased Shares or the Retained Assets.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Reverse Vesting Order.

(e) Authorized and Issued Capital. The authorized capital of the Company consists of an unlimited number of Common Shares, of which 44,200,000 are issued and outstanding. The Purchased Shares: (i) constitute all of the issued and outstanding securities in the capital of the Company; (ii) have all been duly authorized and validly issued as fully paid and non-assessable; (iii) have been issued by the Company in compliance with all Applicable Laws; and (iv) are registered in the name of, and are legally and beneficially owned by, the Vendor. None of the Purchased Shares have been issued in violation of any

pre-emptive, right of first offer or refusal or similar rights. The Company is a private issuer (as such term is defined in Section 2.4 of National Instrument 45-106).

(f) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Company of any of the Purchased Shares, any Retained Assets or for the purchase, subscription, allotment or issuance of any of the unissued shares or other securities of the Company. The Company has good and valid title to the Retained Assets (excluding Transferred Assets) free and clear of all Encumbrances (other than Permitted Encumbrances). At Closing, the Company will have good and valid title to the Transferred Assets, free and clear of all Encumbrances (other than Permitted Encumbrances).

(g) Proceedings. Other than as disclosed in Schedule J, there are no proceedings pending against the Company or, to the knowledge of the Company, threatened with respect to, or in any manner affecting, title to the Purchased Shares or the Retained Assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the transfer of all or any part of the Purchased Shares or the Retained Assets as contemplated by this Agreement or which would reasonably be expected to delay, restrict or prevent the Company from fulfilling any of its obligations set forth in this Agreement and no event has occurred or circumstance exists which would reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding.

(h) No Consents or Authorizations. Subject only to obtaining the Approval and Reverse Vesting Order, the Company does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.

(i) Cannabis Licence. The Cannabis Licence and the Excise Licence are in full force and effect. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition of any interest in, or the creation of any Encumbrance in respect of, the Cannabis Licence or the Excise Licence. In addition, there are no terms, conditions, or other restrictions imposed on the Cannabis Licence or the Excise Licence that would delay, restrict, or prevent the Company or the Vendor from fulfilling any of their obligations set forth in this Agreement.

(j) Necessary Assets and Equipment: All assets and equipment that are necessary for the operation of the Business in the ordinary course, are owned by the Company, and all such assets and equipment shall be maintained during the Interim Period and shall be in good working order (normal wear and tear excepted) as at the Closing Time.

(k) Compliance with Laws. The Company is conducting and has conducted the Business in compliance with all Applicable Laws in all material respects.

(l) Assumed Contracts. The list and copies of Contracts and Other Noya Contracts provided by the Company and Vendor pursuant to Section 7.4(b), are correct and complete in all material respects, inclusive of all amendments, modifications and supplements thereto.

6.3 Representations and Warranties of the Purchaser

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

(a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the Business Corporations Act (Ontario) as of the date hereof, is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.

(c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Reverse Vesting Order.

(e) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.

6.4 As is, Where is

The representations and warranties of the Company and the Vendor shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "as is, where is" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.

ARTICLE 7 COVENANTS

7.1 Closing Date

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

(b) Without limiting the foregoing, the Parties shall assist with submissions, share information and make any other efforts required to obtain any approvals or Permits and Licences from any Governmental Authority as reasonably requested by the other Party.

(c) Each of the Parties shall, as promptly as possible, make, or cause to be made, all filings and submissions (including with respect to the Cannabis Licence and the Excise Tax License), as applicable, required under any Applicable Law.

(d) The Vendor and the Company shall cause such individuals as the Purchaser may determine in its sole discretion to be appointed or assigned to be as of the Closing Time: (i) a director or officer of the Company; (ii) another individual who exercises direct control over the Company; (iii) directors or officers of any corporation that exercises direct control over the Company; or (iv) the responsible person, the head of security, or the master grower, and their alternates, as those terms are defined in the Cannabis Regulations (Canada).

7.2 Motion for Approval and Reverse Vesting Order

As soon as practicable after the selection of this Agreement as the Successful Bid in the SISP, the Vendor shall serve and file with the Court a motion for the issuance of the Approval and Reverse Vesting Order, seeking relief that will, inter alia, approve this Agreement and the Transaction, and release the officers and directors of the Company, its counsel and advisors, the Monitor and the Monitor's counsel. The Vendor shall use its best efforts to seek the issuance and entry of the Approval and Reverse Vesting Order and the Purchaser shall cooperate with the Vendor in its efforts to obtain the issuance and entry of the Approval and Reverse Vesting Order.

7.3 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Reverse Vesting Order and the Pre-Closing Reorganization), the Vendor and Company shall continue to maintain the Business, operations of the Company and the Retained Assets and cause the Other Noya Entities to maintain the Transferred Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws, Permits and Licences.

7.4 Access During Interim Period

(a) During the Interim Period, the Vendor and the Company shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Corporate Office, the Manufacturing Premises, the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the physical, financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to the Corporate Office, the Manufacturing Premises and all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees; and (b) the Purchaser and its representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the Vendor's and Company's customers and contractual counterparties. Subject to any Professional Fees incurred in connection with any such investigations, inspections, surveys and tests, which shall by reimbursed in accordance with Article 5 hereof, all investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the Company's operations and the Vendor and the Company shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

(b) In order to consider, analyze and complete or modify the Schedules in accordance with the terms of this Agreement, the Company and the Vendor undertake to provide, or cause the Other Noya Entities to provide, to the Purchaser, promptly, and in any event within fifteen (15) days of the date hereof, true and complete copies of: (a) all Contracts and Other Noya Contracts; (b) a list of inventory, property, plant & equipment and any other material assets owned by all Other Noya Entities; (c) a list of all Employees employed by the Company and Other Noya Entities; (d) a list of any outstanding legal proceedings against the Company and Other Noya Entities; and (e) any other documents or information reasonably required by the Purchaser in order to complete or modify the Schedules.

7.5 Insurance Matters

Until Closing, the Vendor and the Company shall keep in full force and effect all existing insurance policies and give any notice or present any Claim under any such insurance policies consistent with past practice of the Vendor and the Company in the ordinary course of business.

ARTICLE 8 CLOSING ARRANGEMENTS

8.1 Closing

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

8.2 Pre-Closing Reorganization

(a) Subject to the other terms of this Agreement, the Company and the Vendor shall effect the Pre-Closing Reorganization on the terms and using the steps set out at Exhibit "A"; provided that the Purchaser, the Vendor and the Company shall cooperate to ensure that the Pre-Closing Reorganization is completed in a tax efficient manner, including by revising the steps thereof as required by the Purchaser; and provided further that the Purchaser shall be entitled to require, as a part of the Pre-Closing Reorganization, that the Transferred Assets be transferred to and vested in the Company free and clear of all Encumbrances (other than Permitted Encumbrances) pursuant to the Approval and Reverse Vesting Order provided that such Transferred Assets have been identified by the Purchaser at least eight (8) days prior to the hearing for such Approval and Reverse Vesting Order.

(b) The Purchaser and the Vendor shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do such other acts and things as are necessary to give effect to the Pre-Closing Reorganization.

8.3 Vendor Closing Deliveries

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

(a) a true copy of the Approval and Reverse Vesting Order, as issued and entered by the Court;

(b) share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable stock transfer powers duly executed in blank, in either case, by the Vendor;

(c) confirmation, in form and substance satisfactory to the Purchaser, that the Permits and Licences, including the Cannabis Licence, will be valid and in good standing immediately following the Closing;

(d) certificates of an officer of the Vendor and the Company dated as of the Closing Date confirming that all of the representations and warranties of the Vendor and the Company contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Vendor and the Company have performed in all material respects the covenants to be performed by them prior to the Closing Time;

(e) the Organizational Documents of the Company and the corporate Books and Records;

(f) a side letter addressed to the Purchaser and further to which any applicable Other Noya Entities making the representations and warranties contemplated by Section 9.2(l); and

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

8.4 Purchaser's Closing Deliveries

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

(a) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and

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

ARTICLE 9 CONDITIONS OF CLOSING

9.1 Conditions Precedent in favour of the Parties

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

(a) Approval and Reverse Vesting Order. The Court shall have issued and entered the Approval and Reverse Vesting Order in a form satisfactory to the Purchaser in its sole and absolute discretion, which Approval and Reverse Vesting Order shall not have been stayed, set aside, varied, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, acting reasonably;

(b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction; and

(c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

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

9.2 Conditions Precedent in favour of the Purchaser

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

(a) Landlord Approval: The Purchaser shall have obtained the Landlord Approval, in a form satisfactory to the Purchaser, acting reasonably, and the Landlord Approval shall include confirmation that the lease of the Manufacturing Facility has been extended on term and conditions satisfactory to the Purchaser, acting reasonably.

(b) Pre-Closing Reorganization. The Pre-Closing Reorganization shall have been completed in the order and in the timeframes contemplated hereunder.

(c) Company's Deliverables. The Vendor and the Company shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 8.3.

(d) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 6.1 and Section 6.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

(e) No Breach of Covenants. The Company and the Vendor shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Company and the Vendor on or before the Closing Date.

(f) Termination of Company Employees. The Company shall have terminated the employment of any employees identified by the Purchaser in its sole discretion to be Terminated Employees and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law, shall be Excluded Liabilities or shall be Discharged pursuant to the Approval and Reverse Vesting Order.

(g) ResidualCo. Pursuant to the Approval and Reverse Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets and the proceeds from the Purchase Price; and (iii) the Company, its Business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than Assumed Liabilities,

if any) such that, from and after Closing the Business and property of the Company shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.

(h) Partial Termination of CCAA Proceeding. Upon Closing, the CCAA Proceeding shall have been terminated in respect of the Company, its Business and property, as set out in the Approval and Reverse Vesting Order, but, for greater certainty, shall continue in respect of ResidualCo and the Vendor.

(i) Disclaimer of Excluded Contracts. The Company shall have sent notices of disclaimer for all known Excluded Contracts and other agreements, and such known Excluded Contracts shall form part of the Excluded Assets.

(j) Permits and Licences. The Permits and Licences, including the Cannabis Licence and Excise Licence, shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licences that remains unremedied and such Permits and Licences shall remain in good standing immediately following and notwithstanding Closing and no Governmental Authority whose consent is not required to the Transaction shall have objected to the completion of the Transaction or indicated that such Permits and Licences will not remain in full force and effect following completion of the Transaction.

(k) Monitor's Certificate. The Monitor shall have provided an executed certificate of the Monitor substantially in the form attached to the Approval and Reverse Vesting Order (the "Monitor's Certificate") confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor.

(l) Representations as to Transferred Assets/by Other Noya Entities. To the extent any assets, properties or undertakings of an Other Noya Entity have been designated as a Transferred Asset hereunder, such Other Noya Entity shall have provided to the Purchaser those representations and warranties set out in Sections 6.1(a) through (i) as modified for such Other Noya Entity(ies) and Transferred Asset(s) mutatis mutandis, which representations and warranties (except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement) shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 9.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 9.2 is not satisfied or performed on or prior to the Outside Date, as the case may be, the Purchaser may elect on written notice to the Vendor to terminate this Agreement. Upon the Purchaser issuing written notice to the Vendor terminating this Agreement in accordance with Section 9.2, the Purchaser shall be authorized and empowered to attend in Court and obtain an order establishing a charge against the Property (as defined in the Initial Order), equal to all amounts owing to the Purchaser pursuant to this Agreement, including Professional Fees and all amounts advanced under the DIP Term Sheet, subject only to the Administration Charge (as defined in the Initial Order).

9.3 Conditions Precedent in favour of the Vendor and the Company

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

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

(b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 6.3 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.

(c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

(d) Monitor's Certificate. The Monitor shall have provided an executed copy of the Monitor's Certificate confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor.

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

ARTICLE 10 TERMINATION

10.1 Grounds for Termination

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

(a) by the mutual written agreement of the Vendor (with the consent of the Monitor) and the Purchaser; and

(b) by the Vendor or the Purchaser upon written notice to the other Parties if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval and Reverse Vesting Order is not obtained on or before February 14, 2025 (subject to availability of the Court); provided in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

In the event that this Agreement is terminated in accordance with this Section 10.1, the Purchaser shall be authorized and empowered to attend in Court and obtain an order establishing a charge against the Property (as defined in the Initial Order), equal to all amounts owing to the Purchaser pursuant to this Agreement, including Professional Fees and all amounts advanced under the DIP Term Sheet, subject only to the Administration Charge (as defined in the Initial Order).

10.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 10.1 or 5.1(h), all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of: (a) Section 10.2; and (b) Section 5.1, with respect to the Purchaser's entitlement to the Break Free, the Professional Fees and the Deposit Repayment.

ARTICLE 11 GENERAL

11.1 Access to Books and Records

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

11.2 Notice

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

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

3-35 Stone Church
Road West, Suite 188
Ancaster, Ontario L9K 1S4

Attention: Lending Stream Inc.
Email: lendingstream@gmail.com

with a copy to:

Dickinson Wright LLP
199 Bay Street, Suite 2200
Toronto, Ontario M5L 1G4

Attention: John Leslie
Email: jleslie@dickinsonwright.com

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

Noya Cannabis Inc.
90 Beach Road
Hamilton, Ontario L8L 8K3.
Attention: Ziad Reda
Email: ziad@noyagrow.com

with a copy to:

Fogler Rubinoff LLP
77 King Street West
Suite 3000, P.O. Box 95

TD Centre North Tower
Toronto, Ontario M5K 1G8
40 King Street West, Suite 5800
Toronto, Ontario M5H 4A9

Attention: Vern W. DaRe
Email: vdare@foglers.com

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

BDO Canada Limited
51 Breithaupt Street, Suite 300
Kitchener, Ontario N2H 5G5

Attention: Robyn Duwyn
Email: rduwyn@bdo.ca

with a copy to:

Loopstra Nixon LLP
130 Adelaide Street West, Suite 2800

Toronto, Ontario M5K 0A1

Attention: R. Graham Phoenix
Email: gphoenix@LN.law.com

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

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

11.3 Public Announcements

The Vendor shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advises the Vendor in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Vendor or any of its Affiliates under Applicable Laws, the Vendor shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the

Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

11.4 Time

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

11.5 Survival

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

11.6 Benefit of Agreement

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

11.7 Entire Agreement

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements; provided that nothing in this Agreement affects the rights and obligations of the Parties under the DIP Term Sheet. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

11.8 Paramountcy

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

11.9 Governing Law

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

11.10 Assignment

(a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Reverse Vesting Order, in whole or in part, without the prior written consent of the Vendor, the Company, ResidualCo or the Monitor, provided that: (i) such assignee is a related party or subsidiary of the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Vendor, the Company and the Monitor; and (iii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment.

(b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Vendor or the Company without the consent of the Purchaser.

11.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

11.12 Counterparts

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

11.13 Severability

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

11.14 Monitor's Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Monitor may deliver the executed Monitor's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Monitor's written confirmation that all such funds have been received, the Monitor's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

11.15 Monitor's Capacity

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

[Signature Page Follows]

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

NOYA HOLDINGS INC.

By: 

Name: Ziad Reda

Title: President

I have authority to bind the corporation

NOYA CANNABIS INC.

By: 

Name: Ziad Reda

Title: CEO

I have authority to bind the corporation

LENDING STREAM INC.

By: _____

Name: Rami Reda

Title: A.S.O.

I have authority to bind the corporation

EXHIBIT "A" PRE-CLOSING
REORGANIZATION

1. The Transferred Assets shall be transferred to the Company.

2. ResidualCo shall be incorporated by the Vendor with nominal consideration for common shares and shall be added to the CCAA Proceeding as an Applicant, but shall take no other steps or actions in respect thereof.

3. The Excluded Assets and Excluded Liabilities shall be transferred to, and vested in, ResidualCo pursuant to the Approval and Reverse Vesting Order.

SCHEDULE A

EXCLUDED ASSETS

1. Inventory sold in the ordinary course of Business in the Interim Period.
2. Excluded Contracts, as determined by the Purchaser prior to Closing.

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

SCHEDULE B

EXCLUDED CONTRACTS

The following is a non-exhaustive list of the Excluded Contracts:

1.

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

SCHEDULE C

EXCLUDED LIABILITIES

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

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.

2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein.

3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.

4. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law.

5. All Liabilities related to any amounts of any nature or kind owing to any Employees or Persons who have performed work for the Company as at the Closing Time.

6. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.

7. Any Liabilities relating or arising from any litigation, known or unknown, including, without limitation, the Arbitration claim in British Columbia by Pure Sunfarms Corp. against the Company, Action by Ignite International Brands Canada Ltd. against the Company and the Vendor, and Arbitration by 10805696 Canada Inc. o/a Mauve & Herbes against the Company in Ontario.

8. The Lending Stream Debenture Debt, the 195 Debt, and the Wolverine Debt.

9. Any and all Liabilities that are not Assumed Liabilities.

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

SCHEDULE D

TRANSFERRED ASSETS

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

SCHEDULE E

PERMITTED ENCUMBRANCES

None

SCHEDULE “F” CANNABIS
LICENCE

Regulatory Authority	Authorization Type	Licensee	Effective Date	Expiry Date	Licence No.
Health Canada	Federal Cannabis Licence	Noya Cannabis Inc.	October 16, 2024	December 21, 2028	LIC-9JMHVTANAP-2023-5

SCHEDULE “G”
SISP AND BIDDING PROCEDURES

Attached.

SALES PROCESS

Introduction

1. On November 6, 2024, Noya Holdings Inc. ("**NHI**") and its subsidiary, Noya Cannabis Inc. ("**NCI**"), the licenced producer of cannabis products (collectively, the "**Applicants**") were granted an initial order (as amended and restated on November 15, 2024, and as may be further amended or amended and restated from time to time, the "**Initial Order**") under the Companies' Creditors Arrangement Act (the "**CCAA**" and the "**CCAA Proceedings**") by the Ontario Superior Court of Justice (the "**Court**"). The Initial Order, among other things:

    (a) stayed all proceedings against the Applicants, their assets, and their respective directors and officers;

    (b) appointed BDO Canada Limited as the monitor of the Applicants (in such capacity, the "**Monitor**");

    (c) authorized the Applicants to enter into a debtor-in-possession financing facility (the "**DIP Facility**") with Lending Stream Inc. or its nominee (the "**DIP Lender**") pursuant to a Term Sheet dated November 11, 2024 (the "**DIP Term Sheet**"), and approved a charge in favour of the DIP Lender over all of the Applicants' present and future assets, property and undertakings of every nature and kind whatsoever, and wherever situate including all proceeds thereof to secure the amounts outstanding under or in connection with the DIP Facility; and

    (d) authorized the Applicants to pursue all avenues of sale of their assets or business, in whole or in part, subject to prior approval of the Court before any material sale or refinancing.

2. As outlined in the DIP Term Sheet, the Applicants and the DIP Lender, or its nominee (the "**Stalking Horse Bidder**") were in the process of negotiating a purchase agreement (the "**Stalking Horse Agreement**" or when referring to the bid, the "**Stalking Horse Bid**") pursuant to which the Stalking Horse Bidder would, among other things: (a) acquire 100% ownership of NCI within the CCAA Proceedings by way of a reverse vesting order issued by the Court; and (b) act as a stalking horse bidder in a Court-supervised sales process ("**Sales Process**") within the CCAA Proceedings.

3. Further to the Applicants' restructuring efforts and the terms of the DIP Term Sheet, on November 15, 2024, the Court granted an order (the "**Sale Process Approval Order**") which approved, among other things: (a) the Sales Process; (b) the engagement of Kronos Capital Partners Inc. as sales agent (the "**SISP Agent**") to assist with the Sales Process; and (c) the Stalking Horse Agreement, as the Stalking Horse Bid in the Sales Process. The Sales Process is intended to solicit interest in an acquisition or refinancing of the business of the Applicants,

or a sale of the assets and/or the business of the Applicants by way of merger, reorganization, recapitalization, primary equity issuance or other similar transaction. The Stalking Horse Bid is intended to provide a degree of certainty in the marketplace for the Applicants, including NCI's customers and its employees, that a going-concern sale of NCI is a viable outcome of the Sales Process. The Applicants intend to provide all qualified interested parties with an opportunity to participate in the Sales Process.

Opportunity

4. The Sales Process is intended to solicit interest in, and opportunities for, a sale of, all or part of the Applicants' assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern or a sale of all, substantially all, or one or more components of the Applicants' Property (as defined in the Initial Order) and business operations (the "**Business**") as a going concern or otherwise.

5. Except to the extent otherwise set forth in a definitive sale agreement with a Successful Bidder (as defined below), any sale of the Property or the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders (i.e. Approval and Reverse Vesting Order, reverse vesting order, etc.).

Timeline

6. The following table sets out the key milestones under the Sales Process:

Milestone	Deadline
Deadline to publish notice of Sales Process and deliver Teaser Letter and NDA to Known Potential Bidders	Friday, December 6, 2024
Deadline to finalize schedule of Assumed Liabilities in the Stalking Horse Agreement	Tuesday, December 31, 2024
Bid Deadline (as defined below)	Monday, January 27, 2025
Deadline to top-up Deposit to Stalking Horse Payout Amount (as defined below)	Friday, January 31, 2025
Auction (as defined below)	Wednesday, February 5, 2025
Hearing of the Sale Approval Motion (as defined below)	No later than Friday, February 14, 2025, subject to the availability of the Court

7. Subject to any order of the Court, the dates set out in the Sales Process may be extended by the Monitor with the consent and approval of the Applicants and the Stalking Horse Bidder.

Solicitation of Interest: Notice of the Sales Process

8. As soon as reasonably practicable, but in any event by no later than Friday, December 6, 2024:

   (a) The SISP Agent, in consultation with the Monitor and Applicants, will prepare a list of potential bidders, including: (i) parties that have approached the Applicants or the Monitor indicating an interest in the Opportunity; and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business and Property or investing in the Applicants pursuant to the Sales Process, in each case whether or not such party has submitted a letter of intent or similar document (collectively, "**Known Potential Bidders**");

   (b) the Monitor will arrange for a notice of the Sales Process (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the "**Notice**") to be published in The Globe and Mail (National Edition), and any other newspaper or journal as the Applicants, in consultation with the Monitor, consider appropriate, if any; and

   (c) the SISP Agent, in consultation with the Monitor and Applicants, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the Sales Process and inviting recipients of the Teaser Letter to express their interest pursuant to the Sales Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor, and their respective counsel.

   The SISP Agent will send the Teaser Letter and non-disclosure and confidentiality agreement satisfactory to the Company and the Monitor (an "**NDA**") to each Known Potential Bidders by no later than Friday, December 6, 2024 , and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

9. Any party who wishes to participate in the Sales Process (a "**Potential Bidder**"), other than the Stalking Horse Bidder, must provide to the SISP Agent an NDA executed by it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

10. The SISP Agent, in consultation with the Monitor and the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided

information as to their financial wherewithal to close a transaction such access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate. Due diligence shall include access to an electronic data room containing information about the Applicants and the Business (the "**Data Room**"), and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and as to which the Applicants, in their reasonable business judgment and after consulting with the Monitor, may agree. The SISP Agent will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the SISP Agent, Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the SISP Agent, in consultation with Applicants and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information. Neither the SISP Agent, Applicants nor the Monitor is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Sale of the Property and the Business.

11. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the Sales Process and any transaction they enter into with the Applicants.

Continued Management of NCI

12. The management team of the Applicants has agreed to provide transition services to the Successful Bidder following the closing of the transaction contemplated by the Successful Bid (as defined below). Such services will be provided for the period of time required to ensure the successful transition of NCI's operations, in exchange for compensation on the same or similar terms to the current employment arrangements of such individuals.

Stalking Horse Bid Non-Cash Purchase Price Finalized

13. The Stalking Horse Agreement contemplates a purchase price of $3,850,632.67, plus adjustments as provided for in s. 3.1 of the Stalking Horse Agreement, which adjustments include the Assumed Liabilities, if any, that will be stipulated by the Purchaser on or before Tuesday, December 31, 2024. The schedule of Assumed Liabilities, once final, will be made available to Potential Bidders in the Data Room.

Formal Binding Offers

14. Potential Bidders that wish to make a formal offer to purchase the Property or Business (a "**Bidder**") shall submit a binding offer (a "**Bid**") that complies with all of the following requirements to the Monitor at the address specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than 5:00 PM (Eastern Time) on Monday, January

27, 2025 or such earlier or later date as may be set out in the Bid process letter that may be circulated by the SISP Agent to Potential Bidders, with the approval of the Applicants and Monitor and in consultation with the Stalking Horse Bidder (the "**Bid Deadline**"):

a. the Bid must be a binding offer to acquire all, substantially all, or a portion of the shares of the Company (a "**Sale Proposal**") and must be consistent with any necessary terms and conditions established by the SISP Agent, Applicants and the Monitor and communicated to Bidders;

b. the Bid must include a letter stating that the Bidder's offer is irrevocable until the selection of the Successful Bidder, provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;

c. the Bid must include duly authorized and executed transaction agreements that clearly state the purchase price and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto;

d. the Bid must include written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Applicants and the Monitor to make a determination as to the Bidder's financial and other capabilities to consummate the proposed transaction;

e. the Bid must not be conditional on: (i) the outcome of unperformed due diligence by the Bidder including, but not limited to, the negotiation and completion of a transition agreement with key personnel or management required to maintain the cannabis licenses in good standing; or (ii) obtaining financing;

f. the Bid must fully disclose the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such Bid;

g. in addition to the Section 14(a)-(f) above, for a Sale Proposal, the Bid must include:

    i. an executed copy of a sale agreement based on the Stalking Horse Agreement and a redline of the same, clearly showing the bidder's proposed purchase agreement reflecting variations from the Stalking Horse Agreement;

    ii. the Purchase Price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;

    iii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;

iv. a specific indication of the financial capability of the Bidder and the expected structure and financing of the transaction;

v. a description of the conditions and approvals required to complete the closing of the transaction, consistent with those contained in the Stalking Horse Bid;

vi. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume;

vii. any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction; and

viii. a cash deposit equal to the greater of (i) 10% of the Purchase Price in the Sale Proposal and (ii) an amount sufficient to repay the Professional Fees, the Break Fee and the Deposit Repayment (as those terms are defined in the Stalking Horse Agreement).

h. the Bid must include acknowledgements and representations of the Bidder that the Bidder:

i. has had an opportunity to conduct any and all due diligence regarding the Property, the Business, and the Applicants prior to making its offer;

ii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and

iii. did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory, or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants;

i. the Bid must be received by the Bid Deadline;

j. the Bid must contemplate closing the transaction set out therein on or before March 3, 2025.

15. Following the Bid Deadline, the SISP Agent, Applicants and the Monitor will assess the Bids received. The Monitor, in consultation with the Applicants, and with the approval of the Applicants, will designate the most competitive bids that comply with the foregoing requirements to be "Qualified Bids". No Bid received shall be deemed not to be a Qualified Bid without the approval of the Monitor. Only Bidders whose bids have been designed as Qualified Bids are eligible to become the Successful Bidder(s). The Stalking Horse Bid shall automatically be considered as a Qualified Bid for the purposes of the Auction.

16. The Monitor may only designate a Bid as a Qualified Bid where the proposed Purchase Price is equal to or greater than that contained in the Stalking Horse Bid, plus the amount of the break fee, plus professional fees, plus $100,000.

17. The Monitor, in consultation with the Applicants and with the approval of the Applicants, may waive strict compliance with any one or more of the requirements specified above and deem a non-compliant Bid to be a Qualified Bid.

18. The Monitor shall notify each Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate.

19. The Monitor may, in consultation with the Applicants and with the approval of the Applicants, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

Evaluation of Competing Bids

20. A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid; (ii) the identity, circumstances and ability of the Bidder to successfully complete such transactions; (iii) the proposed transaction documents, (iv) factors affecting the speed, certainty and value of the transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, and (vii) the likelihood and timing of consummating such transaction, each as determined by the Applicants and the Monitor.

Auction

21. If the Monitor receives at least one additional Qualified Bid, in addition to the Court-approved Stalking Horse Bid, the Monitor will conduct and administer an Auction in accordance with the terms of this Sales Process (the "**Auction**"). Instructions to participate in the Auction, which will take place via video conferencing, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.

22. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, including the Stalking Horse Bid (collectively, the "**Qualified Parties**" and each, a "**Qualified Party**"), shall be eligible to participate in the Auction. No later than 5:00 p.m. Eastern Daylight Time on January 31, 2025:

    a. each Qualified Party must inform the Monitor whether it intends to participate in the Auction;

    b. those Qualified Parties intending to participate in the Auction must satisfy the Monitor of their ability to deliver a deposit top-up equivalent to the Stalking Horse Bidder's deposit, professional fees, and break fee, which aggregate amount is expected to total approximately $4 million (the "**Stalking Horse Payout**

Amount"), in the event that such Qualified Party's Bid is the Successful Bid. For certainty, Qualified Parties shall provide the Monitor with:

i. evidence of immediately available funds being held in trust in an amount sufficient to repay the Stalking Horse Payout Amount; and

ii. a pledge, commitment or otherwise issued in favour of the Stalking Horse Bidder in an amount equal to the Stalking Horse Payout Amount, payable upon the Court's approval of such Qualified Party's Successful Bid and an Order approving such payment to the Stalking Horse Bidder.

23. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Stalking Horse Bid, shall be the Successful Bid.

Auction Procedure

24. The Auction shall be governed by the following procedures:

(a) Participation at the Auction. Only the Applicants, the Qualified Parties, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Parties with the details of the lead Bid by 5:00 PM (Eastern Time) two (2) business days after the Bid Deadline;

(b) No Collusion. Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith bona fide offer, and it intends to consummate the proposed transaction if selected as the Successful Bid;

(c) Minimum Overbid. The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor, in consultation with the Applicants (the "**Initial Bid**" and any bid made at the Auction by a Qualified Party subsequent to the Monitors announcement of the Initial Bid (each, an "**Overbid**"), must proceed in minimum additional cash increments of $100,000;

(d) Bidding Disclosure. The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that

the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;

(e) Bidding Conclusion. The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids with full knowledge and written confirmation of the then-existing highest bid(s);

(f) No Post-Auction Bids. No bids will be considered for any purpose after the Auction has concluded; and

(g) Auction Procedures. The Monitor shall be at liberty to set additional procedural rules at the Auction as it sees fit.

Selection of Successful Bid

25. Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will:

a. review each Qualified Bid, considering the factors set out in paragraph 14 and, among other things:

i. the amount of consideration being offered, and, if applicable, the proposed form, composition, and allocation of same;

ii. the value of any assumption of liabilities or waiver of liabilities not otherwise accounted for in paragraph 25(a)(i);

iii. the likelihood of the Qualified Party's ability to close a transaction by March 3, 2025, after completion of the Auction and timing thereof (including factors such as the transaction structure and execution risk, including conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments and required governmental or other approvals); the likelihood of the Court's approval of the Successful Bid; the net benefit to the Applicants; and

iv. any other factors the Applicants may, consistent with their fiduciary duties, reasonably deem relevant; and

b. identify the highest or otherwise best bid received at the Auction (the "**Successful Bid**" and the Qualified Party making such bid, the "**Successful Party**").

26. The Successful Party shall, in good faith, complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being

selected as such, unless extended by the Monitor, in consultation with and Approval from the Applicants, subject to the milestones set forth in paragraph 6.

Sale Approval Motion Hearing

27. At the hearing of the motion to approve any transaction with a Successful Party (the "**Sale Approval Motion**"), the Monitor or the Applicants shall seek, among other things, approval from the Court to consummate the transaction contemplated by the Successful Bid. All Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Applicants on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

28. All discussions regarding a Sale Proposal or Bid should be directed through the Monitor. Under no circumstances should the management of the Applicants be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the Sales Process.

29. Participants and prospective participants in the Sales Process shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other Bidders or Potential Bidders in connection with the Sales Process, except to the extent the Applicants, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Potential Bidders or Bidders.

Supervision of the Sales Process

30. The Monitor shall oversee and conduct the Sales Process with the assistance of the SISP Agent, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the Sales Process in the manner set out in this Sales Process, the Sale Process Approval Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the Sales Process.

31. This Sales Process does not and will not be interpreted to create any contractual or other legal relationship between the Applicants or the Monitor and any Potential Bidder, any Bidder, or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Applicants.

32. Without limiting the preceding paragraph, the Monitor, the SISP Agent and its advisors shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Applicants, the Stalking Horse Bidder or

any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this Sales Process, except to the extent such act or omission is the result of gross negligence or wilful misconduct of the Monitor. By submitting a Bid, each Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct of the Monitor.

33. Participants in the Sales Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

34. Without limiting in any way the intent and effect of the applicable provisions of the Stalking Horse Bid in respect of the Sales Process, the Applicants and the Monitor shall have the right to modify the Sales Process (including, without limitation, pursuant to the Bid process letter) with the prior written approval of the Applicants and consultation with the Stalking Horse Bidder if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the Sales Process; provided that the Service List in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

35. The Monitor may seek advice and directions from the Court in relation to all matters associated with the implementation of the Sales Process.

Schedule "1"
Address of Monitor

To the Monitor:

BDO CANADA LIMITED
51 Breithaupt Street, Suite 300
Kitchener, ON N2H 5G5

Robyn Duwyn
Email: rduwyn@bdo.ca
Tel: (519) 578-6910

SCHEDULE “H”

ASSUMED LIABILITIES

The following are the Assumed Liabilities:

[Note: balance of schedule to be completed before deadline for same as set out in SISP]

SCHEDULE "I"

ASSUMED CONTRACTS

The following is a comprehensive list of Assumed Contracts:

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

SCHEDULE "J"

LITIGATION

The following is a list of the known litigation proceedings:

1. Arbitration claim in British Columbia by Pure Sunfarms Corp. against the Company
2. Action by Ignite International Brands Canada Ltd. against the Company and the Vendor
3. Arbitration by 10805696 Canada Inc. o/a Mauve & Herbes against the Company in Ontario

This is Exhibit "H" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

SALES AND DISTRIBUTION AGREEMENT

THIS SALES AND DISTRIBUTION AGREEMENT (this "Agreement"), dated as of November 5, 2020 (the "Effective Date"), is made by and between IGNITE INTERNATIONAL BRANDS (CANADA), LTD., an Ontario corporation ("Brand"), and RADICAL MEDICAL MARIJUANA, INC., an Ontario Corporation (the "Distributor", and together with brand, the "Parties" and each a "Party").

WHEREAS, Brand has a license to use the Ignite IP (as defined below) on cannabis and other products, including the Branded Products (as defined below); and

WHEREAS, the Distributor desires to secure from Brand, and Brand is willing to grant to the Distributor, the non-exclusive right to market and solicit orders for the Branded Products on behalf of Brand in Canada (the "Territory"), as more fully described herein.

NOW, THEREFORE, for and in consideration of the premises, mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

1. SCOPE OF THE AGREEMENT

(a) Appointment. Subject to the terms and conditions of this Agreement, including the requirements set forth in Schedule A attached hereto, Brand hereby appoints the Distributor as its non-exclusive distributor during the Term (as defined below) to market and solicit orders for Branded Products from Provinces, including Provincial Boards, retailers and other customers ("Customers") located in the Territory on the terms and conditions set forth herein. Brand agrees that it will not appoint more than one third party to sell the same sku of Branded Products in a Province.

(b) Products. For purposes hereof, "Branded Products" means any dried cannabis (flower and pre rolls), cannabis and/or hemp extracts (including vape carts, disposable vapes and oil/hydrocarbon products), distillates, cannabis-containing edibles, cannabis-containing topicals and any other products as may be mutually agreed upon by the Parties in writing from time to time that incorporate the Ignite IP.

(c) Pricing. The Distributor shall quote only the prices, delivery schedules and other terms and conditions supplied by Brand and no deviations shall be made therefrom. All purchase orders from Customers shall be between the Customers and the Distributor. The Distributor shall be responsible for paying any and all taxes and other fees applicable to revenues received from Customers.

(d) Independent Contractors. The relationship of Brand and the Distributor established by this Agreement is that of independent contractors and nothing contained herein shall be construed to give either party the power to direct and control the day-to-day activities of the other, or constitute the Parties as partners, joint ventures, co-owners or otherwise as participants in a joint or common undertaking. All sales and other agreements between the Distributor and its Customers are the Distributor's exclusive responsibility.

2. RESPONSIBILITIES OF THE DISTRIBUTOR

(a) Marketing and Promotion Generally. The Distributor shall, at its cost and expense, use commercially reasonable efforts to promote and sell the Branded Products to Customers in the Territory using the Sales Materials (as defined below) provided by Brand.

(b) Legal Compliance. The Distributor shall comply at its sole expense with all laws governing the distribution, promotion, marketing, training and sale of the Branded Products in the Territory. Without limiting the foregoing, the Distributor shall:

(i) File and process notifications and other required documentation with Health Canada relating to the Branded Products;

(ii) File and process documentation necessary to register the Branded Products with the Provinces, including any notifications related thereto;

(iii) Obtain all other governmental authorizations, licenses, filings, approvals and similar requirements necessary for the Distributor to perform its obligations hereunder;

(iv) Designate an employee or representative of the Distributor as a liaison to each Customer and notify Brand of the identity and contact details of each such employee or representative;

(v) Comply with all applicable laws, rules and regulations applicable to the marketing and sale of the Branded Products to Customers in the Territory, including, without limitation, (A) any statute, regulation, by-law, proclamation, ordinance, delegate or subordinate legislation in force from time to time to which a party is subject, including but not limited to the *Cannabis Act,* the *Cannabis Regulations* the Alcohol and Gaming Commission of Ontario rules, regulations and policies as well as all similar corresponding laws in other provinces and territories; or (B) any applicable industry or professional self-regulatory code, policy, guidance or standard enforceable by law or enforceable by a Governmental Authority as having the force of law (collectively, "Applicable Laws"). For purposes hereof, "Governmental Authority" means any legislative, executive, judicial or administrative body, including but not limited to Health Canada, any provincial or territorial regulator and any professional association, self-governing body, board, agency, college or council responsible for the licensing and regulation of professionals or party having or purporting to have jurisdiction in Canada in the relevant circumstances. For clarity, Governmental Authority shall include each provincial and territorial distributor of cannabis, including the Ontario Cannabis Store, the Alberta Gaming, Liquor and Cannabis Commission and similar entities; and

(vi) Maintain records as necessary to comply with, and to demonstrate compliance with, all Applicable Laws, rules and regulations with respect to the sale of the Branded Products in the Territory; and

(c) Brand partners.

(i) At the request of Brand, the Distributor shall work with third party processors of Products ("Brand Partners") for the purpose of manufacturing and distributing Products to Customers in the Territory, and where required the Distributor will direct the sales of the Products by the Brand Partners if required under Applicable Laws. Brand Partners shall be subject to approval by the Distributor, which approval shall not be unreasonably withheld or delayed, and shall be subject to Quality Assurance standards established by the Parties, including Standard Operating Procedures (SOPs). In connection with the Distributor working with Brand Partners under this Section 2(c), the Brand acknowledges and agrees that the Distributor shall be permitted to sublicense the Ignite IP to the Brand Partners.

(ii) The Distributor shall collaborate with Brand Partners to fill and ship promptly all orders for Products received from Customers and to ensure that Brand Partners have sufficient quantities of Products in supply to meet demand.

(d) General Performance Standards. Brand and the Distributor agree that the continued maintenance of an image of excellence and ethical marketing of the Branded Products is essential to the continued success of both parties. Accordingly, both:

(i) Shall not engage in deceptive, misleading, or unethical practices that are or might be detrimental to Brand, the Branded Products, or the public;

(ii) Shall make no false, misleading or deceptive statements or representations, either orally or in any written materials, with regard to Brand, the Distributor or the Branded Products;

(iii) Shall make no representations, warranties, or guarantees to Customers or to the trade with respect to the specifications, indications, capabilities, or features of the Product that are inconsistent with the Sales Materials (as defined below) provided to the Distributor by Brand for marketing purposes; and

(v) Shall not promote the Branded Products other than for use with their labeled indications.

3. RESPONSIBILITIES OF BRAND.

(a) In connection with the Distributor's performance of its duties and obligations, Brand shall from time to time during the term of this Agreement furnish the Distributor with such sales catalogs, brochures, and other sales materials (collectively the "Sales Materials") as Brand deems necessary to enable the Distributor to solicit orders for the Branded Products. All Sales Materials shall remain the exclusive property of Brand. The Distributor shall use such Sales Materials solely for the purpose of soliciting orders for the Branded Products within the Territory and will take all action necessary and appropriate to ensure that no Sales Materials are lost, stolen, destroyed or damaged. If any Sales Material is

lost, stolen, destroyed or damaged, the Distributor shall be liable to Brand for the cost of replacement of such Sales Materials. Upon demand by and in accordance with the instructions of Brand, the Distributor will, at the Distributor's expense, return to Brand all Sales Materials specified in such demand within 10 days after the date of such demand. The Distributor further agrees that, in the event that this Agreement is terminated for any reason (with or without cause), the Distributor shall immediately return, at the Distributor's own expense, all such Sales Materials to Brand at its main office or as otherwise directed by Brand.

(b) Brand shall provide the Distributor with information and documentation necessary for the Distributor to comply with the regulatory requirements set forth in Section 2(b)hereof.

(c) Brand shall furnish the Distributor with hardware and packaging sourcing and design as needed.

4. COMMISSION FEES AND ADVANCE PAYMENTS

(a) Commission Fees. In exchange for the Distributor's performance of its services hereunder, Brand shall pay commission fees ("Commission Fee") to the Distributor equal to five percent (5%) of Net Revenues received from Customers in the Territory that were obtained through the efforts of the Distributor. For purposes hereof, "Net Revenues" means the Customer invoice total less returns, , sales taxes, excise taxes and other similar regulatory fees related to the sales of Products.

(b) Commission Fee Statements. The Distributor shall provide Brand with a statement in writing, certified to be true and correct by the Distributor, that includes all information relevant to the calculation of the applicable Commission Fees, including: (a) the contract month for which the Commission Fees were calculated; (b) the number of Products sold to Customers during the contract month and a calculation of gross revenues and Net Revenues related thereto; (c) the amount of Commission Fees payable for the contract month. The Distributor agrees to provide all supporting documentation required to substantiate any additional expenses in connection with the Branded Products with each monthly statement/report. The Distributor agrees to deliver such reports no later than the 10th day of the following month.

(c) Advance Payment to Distributor. In exchange for the Distributor's performance of its services hereunder, Brand shall pay Distributor an Advance Rayment of one million Canadian Dollars ($1,000,000 CAD) upon execution of this agreement. The commission fees as defined in 4 (a) shall be applied to this advance payment as shall obligations of the brand for payments on any other services provided by Distributor, until the advance is paid in full. Should this agreement be terminated by Distributor before the advance is fully offset by brand obligations, Distributor shall refund balance outstanding to Brand.

(d) Payments to Brand. Since the Distributor will be invoicing its Customers for the Branded Products directly, the Distributor shall provide Brand with payment of cash received by the Distributor for the Net Revenues less the Commission Fees, subject to the credit offset set forth in section 4(c) above, on the 10th day of the month for funds received from the Customer in the previous month. Furthermore, on a monthly basis, by the 10th of each month, the Distributor shall provide Brand with a report that details the Customer purchase order and amount cross referenced to the Customer invoice number, date and amount which reflect the amounts paid and the amounts unpaid on each Customer invoice processed for the previous month.

Taxes. Unless otherwise stated, each Party is responsible for all harmonized sales tax, goods and services tax, sales tax, value added tax, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any Governmental Authority on any amounts payable by one Party to another hereunder (the "Taxes"). Each party shall include on its invoices all prescribed information required for the other Party to support its claim for Tax credits.

5. AUDITS AND RECONCILIATION.

(a) Audits. During the Term and for a period of two (2) years thereafter, Brand shall have the right, at its own expense, on reasonable notice to the Distributor (but in no event need such notice be more than ten (10) business days) and during regular business hours, to examine, photocopy, and make extracts from only those books of account and other records, documents and materials, (including invoices, purchase orders, sales records, and reorders) needed to confirm sales, payments, expenses, fees and other matters relating to compliance with this Agreement, which shall be maintained and kept by the Distributor during the period specified herein.

(b) Reconciliation. Brand shall promptly share the results of any examination or audit under Section 5(a) with the Distributor. If any examination or audit discloses that the actual Commission Fees owing for that period exceed those actually paid, Brand shall promptly pay within ten (10) days the amount of additional Commission Fees owed to the Distributor. If any examination or audit discloses that the actual Commission Fees owing for that period exceed those actually paid, Brand shall promptly pay within ten (10) days the amount of additional Commission Fees owed to the Distributor.

6. TERM AND TERMINATION.

(a) Term. The term (the "Term") of this Agreement shall commence on the Effective Date and shall continue for a period of two (2) years, unless terminated earlier pursuant to Section 6(b) hereof.

(b) Termination. Either party may terminate this Agreement: (a) in the event the other party has materially breached or defaulted in the performance of any of its obligations hereunder, where such default or breach is not remedied within ten (10) business days after receipt of written notice thereof by the other party (or immediately upon such written notice, if incapable of remedy); (b) immediately if any Governmental Authority issues a direction or order to cease or suspend production of any Branded Product; or (c) immediately in the event the other party declares bankruptcy or becomes the subject of any voluntary or involuntary proceeding under any applicable domestic or foreign bankruptcy or creditor protection legislation. For the purposes of this Agreement, a "business day" shall mean a day other than Saturday, a Sunday or a day observed as a statutory or bank holiday in the Province of Ontario.

(c) Effect of Termination.

(i) Continuance. The expiration or termination of this Agreement for any reason shall not: (a) release any Party hereto from any liability which, at the time of such termination, has already accrued to the other Party (including under any payments owing pursuant to Section 4 hereof) or which is attributable to a period prior to such expiry or termination; and (b) preclude either Party from pursuing any rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement. Expiration or termination of this Agreement will not affect the validity of any provisions that are, expressly or by implication, to survive or to take effect after such expiry or termination, including confidentiality, reporting, Recall (as defined below) and indemnity obligations, and shall be without prejudice to the accrued rights and liabilities

of the Parties under this Agreement and shall not be merged therein or therewith.

(ii) Upon the expiration or termination of this Agreement, the Distributor shall cease all use of the Ignite IP and shall return all Sales Materials to Brand. The Parties shall work together in good faith to effect a smooth transition of the services provided by the Distributor hereunder to a third party distributor appointed by Brand, if any.

7. BRAND LICENCE.

(a) Licence by Brand. Subject to the terms and conditions set forth herein, including Section 2(c), and in consideration of the mutual promises contained herein and other valuable consideration of time, money and effort which will be expended by each party, Brand hereby grants to the Distributor and the Distributor hereby accepts from Brand, a non-exclusive, non-transferable and non-sublicensable right to use (the "Brand Licence") the marks (the "Ignite Marks") and other intellectual property of Brand set out on Schedule "A" (together with the Ignite Marks, the "Ignite IP") in the Territory during the Term in connection with the distribution, sale and promotion of the Branded Products. Brand shall have the unrestricted right to grant third parties one or more licences to use the Ignite IP in connection with the production, distribution, sale and promotion of Products inside and outside the Territory or to enter into such other transactions as it desires for the use of the Ignite IP in any other manner.

(b) Use Acknowledgement.

(i) The Distributor acknowledges and agrees that, during the Term and thereafter, the Ignite IP and all rights therein belong exclusively to Brand and that Brand shall retain at all times ownership and legal title to all of the Ignite IP. In the event that the Distributor acquires any rights in the Ignite IP, by operation of law, or otherwise, such rights shall be deemed and are hereby irrevocably assigned to Brand without further action by the Parties, and the Distributor agrees to execute any documents reasonably requested by Brand to document such assignment. The Distributor shall not, at any time during the Term, dispute or contest, directly or indirectly, Brand's right and title to the Ignite IP or the validity of the Ignite IP anywhere in the world, and the Distributor shall not register or attempt to register during the Term of this Agreement or thereafter, the Ignite IP, any trademark or logo that is confusingly similar to, or that contains elements that are confusingly similar to, any of the Ignite IP anywhere in the world.

(ii) The Distributor hereby irrevocably waives in favor of Brand and its successors and assigns all of the Distributor's moral rights and any similar non-assignable rights throughout the world in any work which constitutes Ignite IP's. The Distributor covenants to use commercially reasonable efforts to obtain assignment of rights and waivers of all rights, including moral rights, related to the Ignite IP from any individuals who the Distributor reasonably considers could or have contributed to the Ignite IP for the benefit of Brand and its successors and assigns, including any individuals reasonably identified by Brand to the Distributor from time to time.

(iii) The Distributor shall comply with the reasonable directions of Brand regarding the use, form and manner of the application of the Ignite IP, as applicable, including under the branding guidelines provided by Brand to the Distributor from time to time. Sales by the Distributor of Branded Products which use the Ignite IP shall be deemed to have been made for the benefit of Brand, and all uses of the Ignite IP by the Distributor shall inure solely to the benefit of Brand.

(iv) Without Brand's prior written consent, the Distributor shall not use the Ignite Marks (or any mark confusingly similar thereto), individually or in combination, as part of: (i) its corporate or trade name, or (ii) any domain name, except for the purpose of the production of the Branded Products in accordance with the terms of this Agreement. The Distributor shall not use any of the Ignite Marks in combination with any other names or marks to form a new mark and shall not use any of the Ignite Marks as a trade name or in any other manner other than in connection with the production of the Branded Products under this Agreement.

(v) The Distributor will use commercially reasonable efforts to cooperate with Brand in perfecting and vesting legal title in the Ignite IP to Brand as provided under this Agreement and will, upon Brand's request, execute, acknowledge and deliver to Brand such additional documents as be reasonably necessary to evidence and effectuate Brand's rights in and to the Ignite IP at Brand's sole expense.

(c) Goodwill. The Parties recognize the value of the goodwill associated with the Ignited IP and acknowledge that such goodwill belongs exclusively to Brand, and that the Distributor shall not acquire any proprietary rights in Brand's intellectual property or goodwill by virtue of this Agreement. Accordingly, the Distributor agrees that the breach of its obligations under this Agreement will cause Brand irreparable damages which may not be compensable by monetary damages, and that in the event of such breach, in addition to any other rights or remedies which Brand may have, Brand may seek and obtain specific performance and/or injunctive relief.

(d) Infringement. A party shall promptly notify the other party in writing, giving reasonable detail, if any of the following matters come to its attention: (a) any actual, suspected or threatened infringement of the Ignite IP; (b) any actual, suspected or threatened claim contesting the respective party's ownership of the Ignite IP; (c) any actual, suspected or threatened claim that use of the Ignite IP infringes the rights of any third party; or (d) any other actual, suspected or threatened claim to which the Ignite IP may be subject.

(e) Defense of Claims. Brand shall have the initial right, but not the obligation, in Brand's sole discretion, to determine whether, and in what manner, to assert and bring claims to protect, preserve, or defend the Ignite IP against actual or suspected infringement, attack or challenge, and at its own costs. If Brand decides to assert its rights or bring any claim with respect to the Ignite IP as used on a_Branded Product, packaging and labelling of Branded Product and/or advertising, marketing and promotional materials related to Branded Product, the Distributor agrees, as may be reasonably requested by Brand, to use commercially reasonable efforts to cooperate with Brand in any such action, including by joining the action as a party if necessary, to maintain standing or otherwise bring suit. All out-of-pocket expenses, including reasonable legal fees, expert witness fees, and court costs, related to the Distributor's participation in such infringement action at the request of Brand, shall be borne solely by Brand. Any award, or portion of any award, recovered by Brand in any such action or proceeding commenced by Brand shall belong solely to Brand after recovery by both parties of their respective actual out-of-pocket costs. To the extent that the Distributor shares any costs as a result of such assistance, the Distributor shall share in any recovery, pro-rata in proportion to any costs actually incurred by the Distributor.

(f) Resolution of Claims. If Brand determines not to take any such action with respect to the Ignite IP, it shall notify the Distributor, who may take such protective action in its own name and at its own expense, provided that the Distributor keeps Brand informed of the status of the Distributor's activities regarding such action and any settlement or other resolution thereof. Prior to entering into any

settlement or commencing or engaging in any litigation or suit with respect to any Ignite IP, the Distributor shall obtain Brand's approval to enter into such settlement or commence or engage in such litigation. Brand shall cooperate with the Distributor or join in any such action at the Distributor's reasonable request. All out-of-pocket expenses, including reasonable legal fees, expert witness fees, and court costs, related to the Distributor's participation in such infringement action at the request of the Distributor shall be borne solely by Brand. Any award, or portion of any award, recovered by the Distributor in any such action or proceeding commenced by the Distributor shall belong solely to the Distributor To the extent that Brand shares any costs as a result of such assistance, Brand shall share in any recovery, pro-rata in proportion to any costs actually incurred by Brand.

8. INFORMATION SHARING; REPORTS, COMPLAINTS, AND RECALLS.

(a) Sharing and Consultation. The Parties will make available to each other shipment and tracking documentation relating to the Branded Products necessary to comply with Applicable Law. In preparing reports and correspondence for any Governmental Authority which might reasonably impact the other Party's obligations under this Agreement, each Party will consult with the other Party where reasonably possible and consistent with Applicable Law.

(b) Reports. Each party shall, within forty-eight (48) hours of receipt, notify the other of its receipt from a Governmental Authority of any form or notice specifically addressing the Branded Products or matters affecting a Party's obligations under this Agreement. As applicable, each Party further agrees to maintain any records required by any Governmental Authority. Subject to solicitor client privilege, each Party shall promptly provide to the other complete copies of: (a) all material correspondence, notices or responses received from and to the Governmental Authority relating to the Branded Products and their production; and (b) reports and correspondence relating to the Branded Products and their production as they become available in connection with any of the following events: (i) receipt of a warning letter or similar advisory from any Governmental Authority relating to the production of the Branded Products; and (ii) any comments from a Governmental Authority relating to the production of the Branded Products requiring a response or action by the notifying Party.

(c) Complaints. Each Party shall maintain copies of any oral or written dissatisfaction with the Branded Products from a consumer, including any adverse reaction or serious adverse reaction, as each is defined in the Cannabis Act (a "**Complaint**"). Each Party shall provide notice of any Complaint that comprises a serious adverse reaction it receives concerning the Branded Products to the other Party within forty-eight (48) hours of receipt.

(d) Recalls. In the event that: (a) a Governmental Authority issues a request, directive or order that any Branded Products be recalled, or (b) a Party, after consultation with the other Party, reasonably determines that the Branded Products should be recalled because the Branded Products do not meet the requirements set out herein or do not conform with Applicable Law (collectively, a "Recall") the Parties shall take all appropriate corrective actions in accordance with Applicable Law reasonably requested by the other Party hereto or by any Governmental Authority. As soon as practicable and no later than three (3) calendar days after such Recall being initiated, the Parties shall meet, in person or by telephone, to discuss the reasons for the initiation of the Recall and create an action plan. All costs and expenses associated with a Recall shall be borne by Brand to the extent the Recall is not caused by the acts or omissions of the Distributor.

9. REPRESENTATIONS WARRANTIES AND COVENANTS.

(a) Mutual RWC. Each Party represents, warrants and covenants to the other Party that:

(i) it is and shall continue to be duly incorporated or formed under the laws of its jurisdiction of incorporation or formation and has the corporate or other power and authority to enter into this Agreement and perform its obligations hereunder; it has obtained all corporate and other authorizations required to be obtained for the execution, delivery and performance by it of this Agreement;

(ii) this Agreement has been duly executed and delivered by it and is a valid and binding obligation of it, enforceable against it in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other Applicable Law affecting the enforcement of creditors' rights;

(iii) it holds all required licences, authorizations, registrations and approvals with all applicable Governmental Authorities to engage in the possession and production, of the Branded Product inputs and the Branded Products, as applicable;

(iv) it will comply with all Applicable Laws in all material respects during the performance of its obligations hereunder; and

(v) it will provide the other Party with copies of all material correspondence related to the Branded Products, or the promotion thereof, received from a Governmental Authority;

(vi) it is not a non-resident for the purposes of the *Income Tax Act* (Canada); and

(vii) it is registered for GST/HST purposes under Part IX of the *Excise Tax Act* (Canada).

(b) Distributor RWC. In addition to Section 9(a), the Distributor represents, warrants and covenants to Brand that:

(i) it has and shall maintain in good standing during the Term all licenses required by Applicable Law to conduct the Distributor's responsibilities; and

(ii) all marketing and sales of Branded Products shall comply with the requirements of Applicable Law in all material respects.

(c) Brand RWC. In addition to Section 9(a), Brand represents, warrants and covenants to the Distributor that:

(i) Brand has the right and authority to grant the rights to the Distributor contemplated herein, including the Brand Licence;

(ii) To Brand's knowledge, the use of the Brand IP by or on behalf of the Distributor will not infringe the rights of any third party; and

(iii) Brand is unaware of any Claim made by any third party relating to the ownership in the Brand IP in the Territory or which might affect the Distributor's rights hereunder.

10. CONFIDENTIALITY AND PUBLICITY.

(a) Confidentiality. "Confidential Information" means all non-public, confidential or proprietary information of a Party, including:

(i) the nature and substance of this Agreement, the Branded Product inputs, the Branded Products, the applicable prices and any discussions, regulatory approvals, regulatory amendments, or regulatory communications relating to the transaction(s) contemplated under this Agreement or any disputes;

(ii) any and all information of a technical, scientific, financial, accounting, operational or logistics nature related to the Parties' businesses; and

(iii) any specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates of the Distributor;

whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential", but does not include information that is in the public domain (other than as a result of a breach of this Agreement), known to a Party at the time of disclosure confirmed by written evidence, or rightfully obtained by a Party on a non-confidential basis from a third party.

(b) Confidentiality Period. For a period of three (3) years following the expiration or termination of this Agreement, as applicable, each Party agrees to hold and maintain the Confidential Information of the other Party in the strictest confidence. Each Party shall divulge such Confidential Information only to its employees, agents or contractors who clearly require access to it and who have been notified by the disclosing Party (the "Disclosing Party") that the Confidential Information they have received is to be held in the strictest confidence. Each Party shall be liable to the other for any and all damages, including reasonable attorneys' fees and court costs, in the event that this confidentiality provision is violated and shall be liable for any such violation by its employees, agents or contractors. The Parties agree that breach of their confidentiality obligations under this Agreement may cause irreparable damage to the non-breaching Party for which recovery of damages may be inadequate, and that the non-breaching Party will be entitled to seek timely injunctive relief under this Agreement, as well as such further relief as may be granted by a court of competent jurisdiction.

(c) Permitted Disclosures. Notwithstanding anything to the contrary contained herein, a Party (the "Receiving Party") may disclose certain Confidential Information of the Disclosing Party without violating the obligations of this Agreement, to the extent such disclosure is required by Applicable Law or other Governmental Authority having jurisdiction, provided that, the Receiving Party limits such disclosure to the minimum information necessary pursuant to such requirements and, to the extent permitted by Applicable Law: (a) provides the Disclosing Party with reasonable prior written notice of such disclosure; and (b) makes reasonable efforts to: (i) pursue, in consultation with the Disclosing Party, any legally available steps to narrow the request or limit the disclosure, or (ii) obtain, or assist the Disclosing Party in obtaining, a protective order preventing or limiting the disclosure and/or requiring that the Confidential Information so disclosed be used only for the purposes required under Applicable Law for which the order was issued. Notwithstanding the foregoing, either Party may disclose any and all information provided to it by the other Party to any Governmental Authority in its sole discretion and to the extent required by Applicable Law.

(d) Announcements. No public announcement or press release concerning this Agreement may be made by either Party without the prior consent and joint approval of the other Party.

(e) Destruction. Upon expiry or termination of this Agreement, any tangible Confidential Information, along with any copies thereof, shall be returned to the Disclosing Party, or destroyed, upon the request of the Disclosing Party.

11. INSURANCE AND LIMITATIONS.

(a) Insurance. The Distributor shall maintain minimum commercial general liability (including product liability) coverage of at least $5,000,000 in the aggregate and $1,000,000 per occurrence, and the Distributor shall maintain minimum recall coverage of at least $5,000,000 per accidental contamination, accidental defect or malicious tampering. The Distributor shall ensure that all insurance policies required under this Section 11(a) are issued by insurance companies of sufficient rating and stature and name the Brand as additional insured and as loss payee, as applicable. Distributor shall provide Brand with copies of the certificates of insurance and policy endorsements for all insurance coverage required by this Section 11(a) and shall not do anything to invalidate such insurance.

12. INDEMNIFICATION.

(a) Distributor Indemnification. Brand shall indemnify, defend and hold harmless the Distributor and its affiliates and their respective directors, officers, shareholders, agents, contractors, suppliers or employees ("Affiliate Parties") (each a, "Distributor Indemnified Party") from and against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including legal fees, disbursements and charges, fees and the costs of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers (collectively, "Losses"), incurred by any Distributor Indemnified Party, to the extent arising out of or resulting from any action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, investigative, regulatory or other, whether at law, in equity or otherwise (each a "Claim") of a third party in respect of: (a) a breach or non-fulfillment of any of Brand's representations, warranties, conditions or covenants set out in this Agreement; (b) the willful misconduct, fraud or negligent acts or omissions of Brand or any of its Affiliate Parties; and (c) any failure by Brand or its Affiliate Parties to comply with any Applicable Laws.

(b) Brand Indemnification. Subject to the terms and conditions of this Agreement, the Distributor shall indemnify, defend and hold harmless Brand and its Affiliate Parties (each, a "Brand Indemnified Party") from and against any and all Losses incurred by any Brand Indemnified Party, to the extent arising out of or resulting from any Claim of a third party in respect of: (a) a breach or non-fulfillment of any of the Distributor's representations, warranties, conditions or covenants set out in this Agreement; or (b) the willful misconduct, fraud or negligent acts or omissions of the Distributor or any of its Affiliate Parties; and (c) any failure by the Distributor or its Affiliate Parties to comply with any Applicable Laws in any material respect.

13. FORCE MAJEURE. Neither Party shall be liable or responsible to the other Party, nor be deemed to have breached its obligations, for any failure or delay in fulfilling or performing its obligations when, and to the extent, such failure or delay is caused by or results from acts or circumstances beyond the reasonable control of the Distributor or Brand including changes to Applicable Law, acts of God, flood, fire, earthquake, explosion, governmental actions, war, invasion or hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest, national emergency, revolution, insurrection, epidemic, pandemic, lockouts, materials or telecommunication breakdown or power outage. This Section 13 shall not apply to any obligation of a Party to pay an amount owing under this Agreement to the other Party.

14. GENERAL.

(a) Notices. All notices required or contemplated by this Agreement will be in writing and will be addressed to the applicable Party and sent by recognized courier or by email with proof of delivery as follows:

If to Brand:

Attention: Gene Bernaudo
Address: Ignite International Brands, Ltd.
11 Cidermill Avenue, Unit 200
Vaughan, Ontario L4K 4B6
E-mail: gene@ignite.co

With a copy to:

paul.dowdall@ignite.co

john.schaefer@ignite.co

linda.menzel@ignite.co

If to Distributor:

Attention: Ziad Reda
Address: Radicle Medical Marijuana Inc
90 Beach Rd
Hamilton, Ontario L8L 8K3

E-mail: ziadr@radiclecannabis.ca

(b) Rules of Interpretation. The following rules of interpretation will apply hereunder: (a) unless otherwise specified, all references to money amounts are to lawful currency of Canada; (b) a reference to an entity includes any entity that is a successor to such entity; (c) headings of articles, sections and schedules are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement; (d) where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation"; (e) the language used in this Agreement is the language chosen by the Parties to express their mutual intent and no rule of strict construction shall be applied against any Party; (f) unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders; (g) references to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule; (h) time is of the essence in the performance of the Parties' respective obligations under this Agreement; and (i) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next business day if the last day of the period is not a business day.

(c) Further Assurances. Each Party will from time to time execute and deliver all further documents and instruments and do all acts and things as the other Party may, either before or after the execution of this Agreement, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

(d) Amendments. No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the Parties.

(e) Waiver. No waiver by any Party of any of the provisions of this Agreement is effective unless explicitly set forth in writing and signed by that Party. No failure to exercise, or delay in exercising, any right, remedy, power or privilege by a Party operates, or may be construed, as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder precludes any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(f) Assignment. Neither Party shall assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other Party. Any purported assignment or delegation in violation of this Section 14(f) is null and void. No assignment or delegation relieves a Party of any of its obligations under this Agreement.

(g) Relationship of the Parties. The relationship between the Parties is that of independent contractors. Nothing contained herein shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the Parties, and neither Party shall have authority to contract for or bind the other Party in any manner whatsoever.

(h) Governing Law. This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. Each Party hereby irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario in respect of all matters arising under or in relation to this Agreement.

(i) Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

(j) Entire Agreement. This Agreement forms the entire agreement between Brand and the Distributor and supersede all other prior agreements and undertakings, both written and oral, among the Parties with respect to same.

(k) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such Party.

This Agreement is signed and accepted by authorized signatories of the Parties and effective as of the Effective Date.

IGNITE INTERNATIONAL BRANDS (CANADA), LTD.

By: _____

Name: Gene Bernaudo

Title: President

RADICLE MEDICAL MARIJUANA, INC.

By: _____

Name: Ziad Reda

Title: CEO

This is Exhibit "I" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

Electronically issued
Délivré par voie électronique : 02-Dec-2021
Toronto

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff

and

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC.
a.k.a RADICAL MEDICAL MARIJUANA INC.

Defendant

STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date _____ Issued by _____
Local Registrar

Address of court office: **Superior Court of Justice**
330 University Avenue, 9th Floor
Toronto ON M5G 1R7

TO: **Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc.**
90 Beach Rd
Hamilton ON
L8L 8K3

CLAIM

1. The Plaintiff Ignite International Brands (Canada), Ltd. ("**Ignite**"), claims:

   (a) damages against Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc. a.k.a Radical Medical Marijuana Inc. **("Radicle")** for breach of contract, breach of honest and good faith performance of contract, conversion and/or unjust enrichment in the amount of $957,537.39, representing the Advance Payment made by Radicle to Ignite pursuant to s. 4(c) of the November 5, 2020 Sales and Distribution Agreement between Ignite and Radicle and for which Radicle was unjustly enriched (the "**Sales and Distribution Agreement**");

   (b) damages against Radicle for breach of contract and breach of the honest and good faith performance of contract in the amount of $537,000, which Radicle failed to pay to Ignite in breach of s. 4(d) of the Sales and Distribution Agreement;

   (c) a declaration that Ignite has an interest in the property municipally known as 90 Beach Road, Hamilton, ON L8L 8K3 and legally described as LT 37-45 PL 410 BARTON; HAMILTON, being PIN 17218-0080 ("**Radicle's Hydroponic Facility**");

   (d) leave to issue a Certificate of Pending Litigation ("**CPL**") against title to Radicle's Hydroponic Facility;

   (e) punitive, exemplary and/or aggravated damages in the amount of $500,000;

   (f) additional damages to be determined at trial;

(g) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(h) post judgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(i) the costs of this proceeding, plus all applicable taxes; and

(j) Such further and other relief as this Honourable Court may deem just.

Parties:

2. Ignite is a consumer goods company incorporated pursuant to the laws of the Province of British Columbia with its head office in Vaughan, Ontario. Ignite operated in the cannabis industry, collecting royalties from the sales of tetrahydrocannabinol ("**THC**") and cannabidiol ("**CBD**") products produced by partners through select distributors, retailers, and online. Ignite is a wholly owned subsidiary of Ignite International Brands, Ltd., which is a publicly traded company engaged in the sale of consumer products globally. Shares of Ignite International Brands, Ltd. are listed on the Canadian Securities Exchange ("**CSE**") under the symbol "BILZ" and quoted in the United States on the OTCQX under the symbol "BILZF".

3. Ignite's business includes branding, marketing, licensing, sales, and distribution of premier products, including cannabis, in permissible cannabis sectors across Canada, the United States and other jurisdictions. The Ignite brand is established internationally and recognized for its premium products. To achieve its business objectives, Ignite leverages strategic licensing and supply chain partnerships with quality partners in each of its target markets.

4. The Defendant, Radicle, is a corporation incorporated under the laws of Ontario with its head office in Hamilton, Ontario. Radicle is a licensed producer of cannabis products under the *Cannabis Act*, including THC and CBD products. Radicle received its licensing from Health Canada in 2017 (cultivation) and 2018 (grow and sales). Radicle's Hydroponic Facility is a 40,000 square foot agricultural facility it uses to produce cannabis products in Hamilton, Ontario. On March 25, 2021, Radicle changed its name to Noya Cannabis Inc. This corporate entity is referred to as Radicle herein.

Background: Ignite's Business in the Canadian Cannabis Market:

5. Ignite was founded as a premium global cannabis brand. Ignite selectively partners with the most experienced cultivators, manufacturers and processors to deliver premium cannabis and CBD products worldwide.

6. In October 2018, Canada legalized the use of cannabis by adults. Canada was the second nationally legal cannabis market and the first in North America. The Canadian cannabis market developed and expanded rapidly after cannabis was legalized in the fall of 2018.

7. Ignite decided to enter the Canadian cannabis market to distribute and sell its products. Ignite's shares were listed and traded on the CSE. Ignite assembled a team of experienced industry-leading professionals focused on leveraging strategic partnerships and building the Ignite brand in Canada.

8. In late 2018 and early 2019, Ignite began looking for a Canadian partner to produce and sell its products in Canada. In selecting a partner, Ignite considered potential partners' reputation in the Canadian marketplace. Ignite also considered potential partners' internal capabilities

including indoor and outdoor cultivation, dealing with regulation and regulators, access to capital funding, the strength of their leadership team, and the ability to successfully market Ignite's brands in the Canadian cannabis marketplace.

9. Under the Canadian Cannabis regime, Ignite was required to sell and distribute its products through a licensed producer under the *Cannabis Act*. By the fall of 2020, Ignite sought a new licensed producer and identified Radicle as a candidate to sell and distribute Ignite's cannabis and CBD products in Canada.

Ignite's Sales and Distribution Agreement with Radicle:

10. Ignite and Radicle entered into the Sales and Distribution Agreement on November 5, 2020, pursuant to which Ignite granted Radicle the non-exclusive right to market and solicit orders for Ignite products, namely dried cannabis, cannabis and/or hemp extracts, distillates, cannabis-containing edibles, cannabis-containing topicals, and other products as agreed (the "**Branded Cannabis Products**").

11. Radicle agreed to market and promote the Branded Cannabis Products and work with third party processors to manufacture and distribute the Branded Cannabis Products. The Branded Cannabis Products would be sold by Radicle using Ignite's trademarks in the Canadian retail market.

12. On November 5, 2020, Ignite and Radicle entered into the Sales and Distribution Agreement, which had a term of 2 years. On November 18, 2020, Ignite issued a press release announcing its national distribution agreement with Radicle.

13. In choosing to partner with Radicle, Ignite was assured that its branded products would be at the forefront of "Cannabis 2.0" products in Canada as Radicle had received approval from the British Columbia Liquor Distribution Branch ("**BCLDB**"), the Alberta Gaming, Liquor & Cannabis Commission ("**AGLC**") and the Ontario Cannabis Retail Corporation operating as the Ontario Cannabis Store ("**OCS**") to offer these products, which included cannabis edibles, cannabis-infused beverages and extracts, among others.

14. In the months that followed after the parties entered into the Sales and Distribution Agreement, Ignite experienced difficulties with Radicle holding back funds that it was not entitled to. Ignite expressed its frustration on several occasions.

15. Ignite made an advance payment to Radicle of $1,000,000 on November 17, 2020 upon the execution of the Sales and Distribution Agreement (the "**Advance Payment**") pursuant to 4(c) of the Sales and Distribution Agreement. The commission fees under s. 4(a), as well as payments owing from any other services provided by Radicle, were to be applied to the Advance Payment until it was paid in full.

Radicle's Breach of the Sales and Distribution Agreement:

16. Radicle breached section 4(d) of the Sales and Distribution Agreement by failing to pay Ignite cash it received in June and July of 2021 from sales of Branded Cannabis Products to the BCLDB.

17. Pursuant to s. 4(a) of the Sales and Distribution Agreement, Ignite was to pay to Radicle a commission fee equal to 5% of net revenues received from Canadian customers obtained through Radicle's efforts (the "**Commission Fees**"). Net revenues included invoices less returns, sales

taxes, excise taxes and other regulatory fees related to the sale of Branded Cannabis Products (the "**Net Revenues**").

18. Radicle was to provide Ignite with payment of cash it received for Net Revenues less its Commission Fees on the 10th day of the month for funds received from customers in the previous month pursuant to s. 4(d) of the Sales and Distribution Agreement.

19. In or about June and July of 2021, Radicle sold Branded Cannabis Products to the BCLDB in the amount of $537,000 and received payment from the BCLDB. Radicle did not file the requisite paperwork with the BCLDB in a timely fashion and delayed its sale of the Branded Cannabis Products to the BCLDB. Radicle failed to respond to action item requests given by the BCLDB.

20. Despite receiving payment from the BCLDB, Radicle failed to make the payment it received for Net Revenues less Commission Fees to Ignite pursuant to s. 4(d) of the Sales and Distribution Agreement, which amounted to $537,000 (the "**Outstanding Cash Payment**"). For months, Ignite made repeated demands for the Outstanding Cash Payment.

21. Pursuant to s. 6(b) of the Sales and Distribution Agreement, either party may terminate the agreement in the event the other party has materially breached or defaulted in the performance of any of its obligations, where such default or breach is not remedied within ten (10) business days after receipt of written notice thereof by the other party.

22. On October 5, 2021, Ignite wrote to Radicle regarding the Outstanding Cash Payment and provided notice of material breach of section 4(d) of the Sales and Distribution Agreement. Ignite indicated that if Radicle did not provide the Outstanding Cash Payment within 10 days, that Ignite

would deem the Sales and Distribution Agreement terminated for material breach pursuant to s. 6(b).

23. Radicle knew or ought to have known that some Branded Cannabis Products from its June and July 2021 sale would be returned by the BCLDB as a result of Radicle's delay, given the fact that the Branded Cannabis Products had aged significantly prior to the sale. Radicle failed to inform Ignite that it suspected the BCLDB would return some of the Branded Cannabis Products. Ignite was not aware of the risk to its products that had been caused by Radicle.

24. The BCLDB in fact notified Radicle that a portion of Branded Cannabis Products that it had sold earlier in 2021 would be returned in May of 2021. Radicle obtained an extension to delay the return of the Branded Cannabis Products until October. Radicle waited five months, until October 14, 2021, to advise Ignite that the BCLDB had determined that it would return some of the Branded Cannabis Products it had been sold.

25. On October 13, 2021, Ignite announced that it would be discontinuing its cannabis business in Canada, in part due to the Canadian government's restrictions of the marketing, sales and distribution of cannabis.

26. The BCLDB subsequently informed Radicle that it would be returning approximately $350,000 worth of Branded Cannabis Products, which represented the entirety of its inventory relating to Ignite (the "**Returned Product**"). Radicle proposed a price reduction for the Branded Cannabis Products through to the end of October 2021, but this was rejected by the BCLDB. Ignite was very surprised at this development.

27. Ignite estimates that the current fair market value of the Returned Product is now only $50,000 – $75,000 given its age. It is not known whether or not the Returned Product can be resold.

28. The Sales and Distribution Agreement was terminated by Ignite on October 25, 2021 due to Radicle's breach. In correspondence dated October 25, 2021, counsel for Ignite advised Radicle that it had failed to remedy its breach of s. 4(d) by October 20, 2021, 10 business days after Ignite's October 5, 2021 correspondence wherein Ignite had advised Radicle of its material breach for failure to provide the Outstanding Cash Payment.

29. Pursuant to s. 6(c) of the Sales and Distribution Agreement, the termination of the agreement does not release any party from liability which at the time of such termination had already accrued to the other party, including under any payments owing pursuant to Section 4, or which is attributable to a period prior to such expiry or termination. Radicle is liable to Ignite for its breach of the Sales and Distribution Agreement despite the termination of the Sales and Distribution Agreement.

30. It is not clear whether Ignite will be able to repackage and/or resell the Branded Cannabis Products that were returned by the BCLDB. Radicle is liable to Ignite for causing the BCLDB to return the Branded Cannabis Products.

The Return of the Advance Payment and Radicle's Hamilton Hydroponic Facility:

31. In addition to the $537,000 owed for breach of s. 4(d) of the Sales and Distribution Agreement, Radicle owes Ignite $957,537.39, being the remaining balance of the Advance Payment made by Ignite to Radicle under s. 4(c).

32. Radicle converted Ignite's funds from the Advance Payment and used the funds to renovate Radicle's 40,000 square foot Radicle Hydroponic Facility in Hamilton, Ontario. Ignite has an interest in the Radicle Hydroponic Facility by way of constructive trust.

The Defendants are Unjustly Enriched

33. By virtue of the facts set out above, the Defendants have been unjustly enriched by their wrongful acts. The Plaintiffs suffered a corresponding deprivation as a result of the Defendants' wrongful acts. There was no juristic reason for Defendants' enrichment and the Plaintiffs are entitled to a constructive trust with respect to such enrichment.

Damages:

34. By reason of the facts pleaded herein, Radicle is liable to Ignite for breach of contract. Ignite committed substantial time, money and resources to the marketing and distribution plan contemplated by the Restated Agreement. Radicle demonstrated that it was completely incapable of distributing the Branded Cannabis Products and delivering what it had represented and warranted it was able to do.

35. Ignite proposes that this action be heard in Toronto, Ontario.

December 2, 2021

WEINTRAUB ERSKINE HUANG LLP
Barristers
365 Bay Street, Suite 501
Toronto, ON M5H 2V1
Fax: 416-306-8451

Sara J. Erskine (LSO# 46856G)
Tel: 416-597-5408
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vincent.demarco@wehLitigation.com

Lawyers for the Plaintiff

Electronically issued / Délivré par voie électronique : 02-Dec-2021

Court File No./N° du dossier du greffe: CV-21-00673047-0000

Court File No.

IGNITE INTERNATIONAL BRANDS (CANADA) LTD. -and- **NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC. a.k.a RADICAL MEDICAL MARIJUANA INC.**

Plaintiff

Defendant

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

WEINTRAUB ERSKINE HUANG LLP
Barristers
365 Bay Street, Suite 501
Toronto, ON M5H 2V1
Fax: 416.306.8451

Sara J. Erskine (LSO# 46856G)
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Vincent DeMarco (LSO# 72851D)
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Tel: 416-306-8453

Lawyers for the Plaintiff

AMENDED THIS Jun 27, 2022 PURSUANT TO
MODIFIÉ CONFORMÉMENT À

Electronically filed / Déposé par voie électronique : 27-Jun-2022
Toronto Superior Court of Justice / Cour supérieure de justice

☒ RULE/LA RÈGLE 26.02 (B)

☐ THE ORDER OF _____
L'ORDONNANCE DU
DATED/FAIT LE _____

M. Godin Michelle Godin Digitally signed by Michelle Godin Date: 2022.07.18 18:16:20 -04'00'
REGISTRAR GREFFIER
SUPERIOR COURT OF JUSTICE COUR SUPÉRIEURE DE JUSTICE

Court File No./N° du dossier du greffe : CV-21-00673047-0000 **268**

Court File No. CV-21-00673047-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff

and

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC.
a.k.a RADICAL MEDICAL MARIJUANA INC.

Defendant

AMENDED STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

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TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date : 02-Dec-2021 Issued by "issued electronically"
Local Registrar

Address of court office: **Superior Court of Justice**
330 University Avenue, 9th Floor
Toronto ON M5G 1R7

TO: **Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc.**
90 Beach Rd
Hamilton ON
L8L 8K3

CLAIM

1. The Plaintiff Ignite International Brands (Canada), Ltd. ("**Ignite**"), claims:

(a) damages against Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc. a.k.a Radical Medical Marijuana Inc. **("Noya")** for breach of contract, breach of honest and good faith performance of contract, conversion and/or unjust enrichment in the amount of $957,537.39, representing the Advance Payment made by Noya to Ignite pursuant to s. 4(c) of the November 5, 2020 Sales and Distribution Agreement between Ignite and Noya and for which Noya was unjustly enriched (the "**Sales and Distribution Agreement**");

(b) damages against Noya for breach of contract and breach of the honest and good faith performance of contract in the amount of $537,000, which Noya failed to pay to Ignite in breach of s. 4(d) of the Sales and Distribution Agreement;

(bb) recission of the Sales and Distribution Agreement and restoration of the parties to the *status quo ante* including the return of the Advance Payment in the amount of $1,000,000 and payment for the sale of Ignite product in the amount of $537,000;

(c) a declaration that Ignite has an interest in the property municipally known as 90 Beach Road, Hamilton, ON L8L 8K3 and legally described as LT 37-45 PL 410 BARTON; HAMILTON, being PIN 17218-0080 ("**Noya's Hydroponic Facility**");

(d) leave to issue a Certificate of Pending Litigation ("**CPL**") against title to Noya's Hydroponic Facility;

(e) punitive, exemplary and/or aggravated damages in the amount of $500,000;

(f) additional damages to be determined at trial;

(g) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(h) post judgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(i) the costs of this proceeding, plus all applicable taxes; and

(j) Such further and other relief as this Honourable Court may deem just.

Parties:

2. Ignite is a consumer goods company incorporated pursuant to the laws of the Province of British Columbia with its head office in Vaughan, Ontario. Ignite operated in the cannabis industry, collecting royalties from the sales of tetrahydrocannabinol ("**THC**") and cannabidiol ("**CBD**") products produced by partners through select distributors, retailers, and online. Ignite is a wholly owned subsidiary of Ignite International Brands, Ltd., which is a publicly traded company engaged in the sale of consumer products globally. Shares of Ignite International Brands, Ltd. are listed on the Canadian Securities Exchange ("**CSE**") under the symbol "BILZ" and quoted in the United States on the OTCQX under the symbol "BILZF".

3. Ignite's business includes branding, marketing, licensing, sales, and distribution of premier products, including cannabis, in permissible cannabis sectors across Canada, the United States and other jurisdictions. The Ignite brand is established internationally and recognized for its premium

products. To achieve its business objectives, Ignite leverages strategic licensing and supply chain partnerships with quality partners in each of its target markets.

4. The Defendant, Noya, is a corporation incorporated under the laws of Ontario with its head office in Hamilton, Ontario. Noya is a licensed producer of cannabis products under the *Cannabis Act*, including THC and CBD products. Noya received its licensing from Health Canada in 2017 (cultivation) and 2018 (grow and sales). Noya's Hydroponic Facility is a 40,000 square foot agricultural facility it uses to produce cannabis products in Hamilton, Ontario. On March 25, 2021, Noya changed its name to Noya Cannabis Inc. This corporate entity is referred to as Noya herein.

Background: Ignite's Business in the Canadian Cannabis Market:

5. Ignite was founded as a premium global cannabis brand. Ignite selectively partners with the most experienced cultivators, manufacturers and processors to deliver premium cannabis and CBD products worldwide.

6. In October 2018, Canada legalized the use of cannabis by adults. Canada was the second nationally legal cannabis market and the first in North America. The Canadian cannabis market developed and expanded rapidly after cannabis was legalized in the fall of 2018.

7. Ignite decided to enter the Canadian cannabis market to distribute and sell its products. Ignite's shares were listed and traded on the CSE. Ignite assembled a team of experienced industry-leading professionals focused on leveraging strategic partnerships and building the Ignite brand in Canada.

8. In late 2018 and early 2019, Ignite began looking for a Canadian partner to produce and sell its products in Canada. In selecting a partner, Ignite considered potential partners' reputation

in the Canadian marketplace. Ignite also considered potential partners' internal capabilities including indoor and outdoor cultivation, dealing with regulation and regulators, access to capital funding, the strength of their leadership team, and the ability to successfully market Ignite's brands in the Canadian cannabis marketplace.

9. Under the Canadian Cannabis regime, Ignite was required to sell and distribute its products through a licensed producer under the *Cannabis Act*. By the fall of 2020, Ignite sought a new licensed producer and identified Noya as a candidate to sell and distribute Ignite's cannabis and CBD products in Canada.

Ignite's Sales and Distribution Agreement with Noya:

10. Ignite and Noya entered into the Sales and Distribution Agreement on November 5, 2020, pursuant to which Ignite granted Noya the non-exclusive right to market and solicit orders for Ignite products, namely dried cannabis, cannabis and/or hemp extracts, distillates, cannabis-containing edibles, cannabis-containing topicals, and other products as agreed (the "**Branded Cannabis Products**").

11. Noya agreed to market and promote the Branded Cannabis Products and work with third party processors to manufacture and distribute the Branded Cannabis Products. The Branded Cannabis Products would be sold by Noya using Ignite's trademarks in the Canadian retail market.

12. On November 5, 2020, Ignite and Noya entered into the Sales and Distribution Agreement, which had a term of 2 years. On November 18, 2020, Ignite issued a press release announcing its national distribution agreement with Noya.

13. In choosing to partner with Noya, Ignite was assured that its branded products would be at the forefront of "Cannabis 2.0" products in Canada as Noya had received approval from the British Columbia Liquor Distribution Branch ("**BCLDB**"), the Alberta Gaming, Liquor & Cannabis Commission ("**AGLC**") and the Ontario Cannabis Retail Corporation operating as the Ontario Cannabis Store ("**OCS**") to offer these products, which included cannabis edibles, cannabis-infused beverages and extracts, among others.

14. In the months that followed after the parties entered into the Sales and Distribution Agreement, Ignite experienced difficulties with Noya holding back funds that it was not entitled to. Ignite expressed its frustration on several occasions.

15. Ignite made an advance payment to Noya of $1,000,000 on November 17, 2020 upon the execution of the Sales and Distribution Agreement (the "**Advance Payment**") pursuant to 4(c) of the Sales and Distribution Agreement. The commission fees under s. 4(a), as well as payments owing from any other services provided by Noya, were to be applied to the Advance Payment until it was paid in full.

15.(i) Ignite agreed to make the Advance Payment because Noya alleged that they had insufficient working capital and significant debt that could be called as a result of Noya working with Ignite. Ignite wanted to ensure that Noya was able to make excise payments and other payments that would allow Noya to fulfill its obligations under the Sales and Distribution Agreement as sales ramped up.

15.(ii) For the first time, in its statement of defence, Noya claimed that in fact the Advance Payment was to be compensation for work done by Noya.

15.(iii) Ignite pleads that Noya misrepresented what the Advance Payment was for and how it was to be used and that this was a material and substantial misrepresentation which entitles Ignite to recission of the Sales and Distribution Agreement and the return of the Advance Payment.

15.(iv) Ignite pleads that the Sales and Distribution Agreement was void *ab initio.*

Noya's Breach of the Sales and Distribution Agreement:

16. Noya breached section 4(d) of the Sales and Distribution Agreement by failing to pay Ignite cash it received in June and July of 2021 from sales of Branded Cannabis Products to the BCLDB.

17. Pursuant to s. 4(a) of the Sales and Distribution Agreement, Ignite was to pay to Noya a commission fee equal to 5% of net revenues received from Canadian customers obtained through Noya's efforts (the "**Commission Fees**"). Net revenues included invoices less returns, sales taxes, excise taxes and other regulatory fees related to the sale of Branded Cannabis Products (the "**Net Revenues**").

18. Noya was to provide Ignite with payment of cash it received for Net Revenues less its Commission Fees on the 10th day of the month for funds received from customers in the previous month pursuant to s. 4(d) of the Sales and Distribution Agreement.

19. In or about June and July of 2021, Noya sold Branded Cannabis Products to the BCLDB in the amount of $537,000 and received payment from the BCLDB. Noya did not file the requisite paperwork with the BCLDB in a timely fashion and delayed its sale of the Branded Cannabis Products to the BCLDB. Noya failed to respond to action item requests given by the BCLDB.

20. Despite receiving payment from the BCLDB, Noya failed to make the payment it received for Net Revenues less Commission Fees to Ignite pursuant to s. 4(d) of the Sales and Distribution Agreement, which amounted to $537,000 (the "**Outstanding Cash Payment**"). For months, Ignite made repeated demands for the Outstanding Cash Payment.

21. Pursuant to s. 6(b) of the Sales and Distribution Agreement, either party may terminate the agreement in the event the other party has materially breached or defaulted in the performance of any of its obligations, where such default or breach is not remedied within ten (10) business days after receipt of written notice thereof by the other party.

22. On October 5, 2021, Ignite wrote to Noya regarding the Outstanding Cash Payment and provided notice of material breach of section 4(d) of the Sales and Distribution Agreement. Ignite indicated that if Noya did not provide the Outstanding Cash Payment within 10 days, that Ignite would deem the Sales and Distribution Agreement terminated for material breach pursuant to s. 6(b).

23. Noya knew or ought to have known that some Branded Cannabis Products from its June and July 2021 sale would be returned by the BCLDB as a result of Noya's delay, given the fact that the Branded Cannabis Products had aged significantly prior to the sale. Noya failed to inform Ignite that it suspected the BCLDB would return some of the Branded Cannabis Products. Ignite was not aware of the risk to its products that had been caused by Noya.

24. The BCLDB in fact notified Noya that a portion of Branded Cannabis Products that it had sold earlier in 2021 would be returned in May of 2021. Noya obtained an extension to delay the return of the Branded Cannabis Products until October. Noya waited five months, until October

14, 2021, to advise Ignite that the BCLDB had determined that it would return some of the Branded Cannabis Products it had been sold.

25. On October 13, 2021, Ignite announced that it would be discontinuing its cannabis business in Canada, in part due to the Canadian government's restrictions of the marketing, sales and distribution of cannabis.

26. The BCLDB subsequently informed Noya that it would be returning approximately $350,000 worth of Branded Cannabis Products, which represented the entirety of its inventory relating to Ignite (the "**Returned Product**"). Noya proposed a price reduction for the Branded Cannabis Products through to the end of October 2021, but this was rejected by the BCLDB. Ignite was very surprised at this development.

27. Ignite estimates that the current fair market value of the Returned Product is now only $50,000 – $75,000 given its age. It is not known whether or not the Returned Product can be resold.

28. The Sales and Distribution Agreement was terminated by Ignite on October 25, 2021 due to Noya's breach. In correspondence dated October 25, 2021, counsel for Ignite advised Noya that it had failed to remedy its breach of s. 4(d) by October 20, 2021, 10 business days after Ignite's October 5, 2021 correspondence wherein Ignite had advised Noya of its material breach for failure to provide the Outstanding Cash Payment.

29. Pursuant to s. 6(c) of the Sales and Distribution Agreement, the termination of the agreement does not release any party from liability which at the time of such termination had already accrued to the other party, including under any payments owing pursuant to Section 4, or which is attributable to a period prior to such expiry or termination. Noya is liable to Ignite for its

breach of the Sales and Distribution Agreement despite the termination of the Sales and Distribution Agreement.

30. It is not clear whether Ignite will be able to repackage and/or resell the Branded Cannabis Products that were returned by the BCLDB. Noya is liable to Ignite for causing the BCLDB to return the Branded Cannabis Products.

The Return of the Advance Payment and Noya's Hamilton Hydroponic Facility:

31.(i) Ignite pleads that the Sales and Distribution Agreement is subject to recission. This entitles Ignite to be restored to is position *status quo ante.* This would entitle Ignite to payment of $537,000 for the sale of the Ignite product and the return of the Advance Payment.

31. In ~~addition to~~ the alternative, Ignite is owed $537,000 ~~owed~~ for breach of s. 4(d) of the Sales and Distribution Agreement, and Noya owes Ignite $957,537.39, being the remaining balance of the Advance Payment made by Ignite to Noya under s. 4(c).

32. Noya converted Ignite's funds from the Advance Payment and used the funds to renovate Noya's 40,000 square foot Noya Hydroponic Facility in Hamilton, Ontario. Ignite has an interest in the Noya Hydroponic Facility by way of constructive trust.

The Defendants are Unjustly Enriched

33. By virtue of the facts set out above, the Defendants have been unjustly enriched by their wrongful acts. The Plaintiffs suffered a corresponding deprivation as a result of the Defendants' wrongful acts. There was no juristic reason for Defendants' enrichment and the Plaintiffs are entitled to a constructive trust with respect to such enrichment.

Damages:

34. By reason of the facts pleaded herein, Noya is liable to Ignite for breach of contract. Ignite committed substantial time, money and resources to the marketing and distribution plan contemplated by the Restated Agreement. Noya demonstrated that it was completely incapable of distributing the Branded Cannabis Products and delivering what it had represented and warranted it was able to do.

35. Ignite proposes that this action be heard in Toronto, Ontario.

✓: 02-Dec-2021 ✓mg
~~June-----, 2022~~

ORMSTON LIST FRAWLEY LLP
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Lawyers for the Plaintiff

Court File No. CV-21-00673047-00(

IGNITE INTERNATIONAL BRANDS (CANADA) LTD. -and- **NOYA CANNABIS INC., formerly RADICLE MEDICA MARIJUANA INC. a.k.a RADICAL MEDICAL MARIJUAN IN(**

Plaintiff

Defenda

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

AMENDED STATEMENT OF CLAIM

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Lawyers for the Plaintiff

SCHEDULE "A"

Court File No. CV-21-00673047-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff

and

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC.
a.k.a RADICAL MEDICAL MARIJUANA INC. and
NOYA HOLDINGS INC., FORMERLY RADICLE CANNABIS HOLDINGS INC.

Defendants

AMENDED AMENDED STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL

FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date _____ Issued by _____
Local Registrar

Address of court office: **Superior Court of Justice**
330 University Avenue, 9th Floor
Toronto ON M5G 1R7

TO: **Noya Cannabis Inc.,**
formerly Radicle Medical Marijuana Inc.
a.k.a Radical Medical Marijuana Inc.
90 Beach Rd
Hamilton ON L8L 8K3

AND TO: **Noya Holdings Inc.**
formerly Radicle Cannabis Holdings Inc.
90 Beach Rd
Hamilton ON L8L 8K3

CLAIM

1. The Plaintiff Ignite International Brands (Canada), Ltd. ("**Ignite**"), claims:

(a) damages against Noya Cannabis Inc. ("**Noya Cannabis**"), formerly Radicle Medical Marijuana Inc. a.k.a Radical Medical Marijuana Inc. and Noya Holdings Inc., formerly Radicle Cannabis Holdings Inc. ("**Noya Holdings**") **(collectively "Noya")** for breach of contract, breach of honest and good faith performance of contract, conversion and/or unjust enrichment in the amount of $957,537.39, representing the Advance Payment made by ~~Noya to~~ Ignite to Noya pursuant to s. 4(c) of the November 5, 2020 Sales and Distribution Agreement between Ignite and Noya and for which Noya was unjustly enriched (the "**Sales and Distribution Agreement**");

(b) damages against Noya for breach of contract and breach of the honest and good faith performance of contract in the amount of $537,000, which Noya failed to pay to Ignite in breach of s. 4(d) of the Sales and Distribution Agreement;

(bb) recission of the Sales and Distribution Agreement and restoration of the parties to the *status quo ante* including the return of the Advance Payment in the amount of $1,000,000 and payment for the sale of Ignite product in the amount of $537,000;

(c) a declaration that Ignite has an interest in the property municipally known as 90 Beach Road, Hamilton, ON L8L 8K3 and legally described

as LT 37-45 PL 410 BARTON; HAMILTON, being PIN 17218-0080 ("**Nova's Hydroponic Facility**");

(d) ~~leave to issue a Certificate of Pending Litigation ("**CPL**") against title to Nova's Hydroponic Facility~~;

(e) punitive, exemplary and/or aggravated damages in the amount of $500,000;

(f) additional damages to be determined at trial;

(g) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(h) post judgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(i) the costs of this proceeding, plus all applicable taxes; and

(j) Such further and other relief as this Honourable Court may deem just.

Parties:

2. Ignite is a consumer goods company incorporated pursuant to the laws of the Province of British Columbia with its head office in Vaughan, Ontario. Ignite operated in the cannabis industry, collecting royalties from the sales of tetrahydrocannabinol ("**THC**") and cannabidiol ("**CBD**") products produced by partners through select distributors, retailers, and online. Ignite is a wholly owned subsidiary of Ignite International Brands, Ltd., which is a publicly traded company engaged in the sale of consumer products globally. Shares of Ignite International Brands, Ltd. are listed on the Canadian Securities

Exchange ("**CSE**") under the symbol "BILZ" and quoted in the United States on the OTCQX under the symbol "BILZF".

3. Ignite's business includes branding, marketing, licensing, sales, and distribution of premier products, including cannabis, in permissible cannabis sectors across Canada, the United States and other jurisdictions. The Ignite brand is established internationally and recognized for its premium products. To achieve its business objectives, Ignite leverages strategic licensing and supply chain partnerships with quality partners in each of its target markets.

4. The Defendant, Noya Cannabis, is a corporation incorporated under the laws of Ontario with its head office in Hamilton, Ontario. Noya is a licensed producer of cannabis products under the *Cannabis Act*. Noya received its licensing from Health Canada in 2017 (cultivation) and ~~2018~~ 2019 (growth and sales). Noya's Hydroponic Facility is a 40,000 square foot agricultural facility it uses to produce cannabis products in Hamilton, Ontario. On March 25, 2021, Noya changed its name to Noya Cannabis Inc. ~~This corporate entity is referred to as Noya herein.~~ Noya Cannabis is a wholly owned subsidiary of Noya Holdings, a corporation incorporated under the laws of Ontario with its registered office in Toronto, Ontario.

Background: Ignite's Business in the Canadian Cannabis Market:

5. Ignite was founded as a premium global cannabis brand. Ignite selectively partners with the most experienced cultivators, manufacturers and processors to deliver premium cannabis and CBD products worldwide.

6. In October 2018, Canada legalized the use of cannabis by adults. Canada was the second nationally legal cannabis market and the first in North America. The Canadian cannabis market developed and expanded rapidly after cannabis was legalized in the fall of 2018.

7. Ignite decided to enter the Canadian cannabis market to distribute and sell its products. Ignite's shares were listed and traded on the CSE. Ignite assembled a team of experienced industry-leading professionals focused on leveraging strategic partnerships and building the Ignite brand in Canada.

8. In late 2018 and early 2019, Ignite began looking for a Canadian partner to produce and sell its products in Canada. In selecting a partner, Ignite considered potential partners' reputation in the Canadian marketplace. Ignite also considered potential partners' internal capabilities including indoor and outdoor cultivation, dealing with regulation and regulators, access to capital funding, the strength of their leadership team, and the ability to successfully market Ignite's brands in the Canadian cannabis marketplace.

9. Under the Canadian Cannabis regime, Ignite was required to sell and distribute its products through a licensed producer under the *Cannabis Act.* By the fall of 2020, Ignite sought a new licensed producer and identified Noya as a candidate to sell and distribute Ignite's cannabis and CBD products in Canada.

Ignite's Sales and Distribution Agreement with Noya:

10. Ignite and Noya entered into the Sales and Distribution Agreement on November 5, 2020, pursuant to which Ignite granted Noya the non-exclusive right to market and solicit orders for Ignite products, namely dried cannabis, cannabis and/or hemp extracts, distillates, cannabis-containing edibles, cannabis-containing topicals, and other products as agreed (the "**Branded Cannabis Products**").

11. Noya agreed to market and promote the Branded Cannabis Products and work with third party processors to manufacture and distribute the Branded Cannabis Products. The Branded Cannabis Products would be sold by Noya using Ignite's trademarks in the Canadian retail market.

12. On November 5, 2020, Ignite and Noya entered into the Sales and Distribution Agreement, which had a term of 2 years. On November 18, 2020, Ignite issued a press release announcing its national distribution agreement with Noya.

13. In choosing to partner with Noya, Ignite was assured that its branded products would be at the forefront of "Cannabis 2.0" products in Canada as Noya had received approval from the British Columbia Liquor Distribution Branch ("**BCLDB**"), the Alberta Gaming, Liquor & Cannabis Commission ("**AGLC**") and the Ontario Cannabis Retail Corporation operating as the Ontario Cannabis Store ("**OCS**") to offer these products. ~~which included cannabis edibles, cannabis-infused beverages and extracts, among others~~.

14. In the months that followed after the parties entered into the Sales and Distribution Agreement, Ignite experienced difficulties with Noya holding back funds that it was not entitled to. Ignite expressed its frustration on several occasions.

15. Ignite made an advance payment to Noya of $1,000,000 on November 17, 2020 upon the execution of the Sales and Distribution Agreement (the "**Advance Payment**") pursuant to 4(c) of the Sales and Distribution Agreement. The commission fees under s. 4(a), as well as payments owing from any other services provided by Noya, were to be applied to the Advance Payment until it was paid in full.

15.(i) Ignite agreed to make the Advance Payment because Noya alleged that they had insufficient working capital and significant debt that could be called as a result of Noya working with Ignite. Ignite wanted to ensure that Noya was able to make excise payments and other payments that would allow Noya to fulfill its obligations under the Sales and Distribution Agreement as sales ramped up.

15.(ii) For the first time, in its statement of defence, Noya claimed that in fact the Advance Payment was to be compensation for work done by Noya.

15.(iii) Ignite pleads that Noya misrepresented what the Advance Payment was for and how it was to be used and that this was a material and substantial misrepresentation which entitles Ignite to recission of the Sales and Distribution Agreement and the return of the Advance Payment.

15.(iv) Ignite pleads that the Sales and Distribution Agreement was void *ab initio.*

Noya's Breach of the Sales and Distribution Agreement:

16. Noya breached section 4(d) of the Sales and Distribution Agreement by failing to pay Ignite cash it received in June and July of 2021 from sales of Branded Cannabis Products to the BCLDB.

17. Pursuant to s. 4(a) of the Sales and Distribution Agreement, Ignite was to pay to Noya a commission fee equal to 5% of net revenues received from Canadian customers obtained through Noya's efforts (the "**Commission Fees**"). Net revenues included invoices less returns, sales taxes, excise taxes and other regulatory fees related to the sale of Branded Cannabis Products (the "**Net Revenues**").

18. Noya was to provide Ignite with payment of cash it received for Net Revenues less its Commission Fees on the 10th day of ~~the~~ each calendar month for funds received from customers in the previous month pursuant to s. 4(d) of the Sales and Distribution Agreement.

19. In or about June and July of 2021, Noya sold a portion of the Branded Cannabis Products to the BCLDB in the amount of $537,000 and received payment from the BCLDB. Noya did not file the requisite paperwork with the BCLDB in a timely fashion and unnecessarily delayed ~~its~~ this sale of the Branded Cannabis Products to the BCLDB. Noya failed to respond to action item requests given by the BCLDB.

20. Despite receiving payment from the BCLDB, Noya failed to make the payment it received for Net Revenues less Commission Fees to Ignite pursuant to s. 4(d) of the Sales and Distribution Agreement, which amounted to $537,000 (the "**Outstanding Cash**

Payment"). For months, Ignite made repeated demands for the Outstanding Cash Payment.

21. Pursuant to s. 6(b) of the Sales and Distribution Agreement, either party may terminate the agreement in the event the other party has materially breached or defaulted in the performance of any of its obligations, where such default or breach is not remedied within ten (10) business days after receipt of written notice thereof by the other party.

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24. The BCLDB in fact notified Noya that a portion of Branded Cannabis Products that it had sold earlier in 2021 would be returned in May of 2021. Noya obtained an extension to delay the return of the Branded Cannabis Products until October. Noya waited five months, until October 14, 2021, to advise Ignite that the BCLDB had determined that it would return some of the Branded Cannabis Products it had been sold.

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26. The BCLDB subsequently informed Noya that it would be returning approximately $350,000 worth of Branded Cannabis Products, which represented the entirety of its inventory relating to Ignite (the "**Returned Product**"). Noya proposed a price reduction for the Branded Cannabis Products through to the end of October 2021, but this was rejected by the BCLDB. Ignite was very surprised at this development.

27. Ignite estimates that the current fair market value of the Returned Product is ~~now~~ only $50,000 – $75,000 given its age. It is not known whether or not the Returned Product can be resold.

28. The Sales and Distribution Agreement was terminated by Ignite on October 25, 2021 due to Noya's breach. In correspondence dated October 25, 2021, counsel for Ignite advised Noya that it had failed to remedy its breach of s. 4(d) by October 20, 2021, 10 business days after Ignite's October 5, 2021 correspondence wherein Ignite had advised Noya of its material breach for failure to provide the Outstanding Cash Payment.

29. Pursuant to s. 6(c) of the Sales and Distribution Agreement, the termination of the agreement does not release any party from liability which at the time of such termination had already accrued to the other party, including under any payments owing pursuant to Section 4, or which is attributable to a period prior to such expiry or termination. Noya is

liable to Ignite for its breach of the Sales and Distribution Agreement despite the termination of the Sales and Distribution Agreement.

30. It is not clear whether Ignite will be able to repackage and/or resell the Branded Cannabis Products that were returned by the BCLDB. Noya is liable to Ignite for causing the BCLDB to return the Branded Cannabis Products.

The Return of the Advance Payment and Noya's Hamilton Hydroponic Facility:

31.(i) Ignite pleads that the Sales and Distribution Agreement is subject to recission. This entitles Ignite to be restored to is position *status quo ante*. This would entitle Ignite to payment of $537,000 for the sale of the Ignite product and the return of the Advance Payment.

31. In ~~addition to~~ the alternative, Ignite is owed $537,000 ~~owed~~ for breach of s. 4(d) of the Sales and Distribution Agreement, and Noya owes Ignite $957,537.39, being the remaining balance of the Advance Payment made by Ignite to Noya under s. 4(c).

32. Noya converted Ignite's funds from the Advance Payment and used the funds to renovate Noya's 40,000 square foot Noya Hydroponic Facility in Hamilton, Ontario. Ignite has an interest in the Noya Hydroponic Facility by way of constructive trust.

The Defendants are Unjustly Enriched

33. By virtue of the facts set out above, the Defendants have been unjustly enriched by their wrongful acts. The Plaintiffs suffered a corresponding deprivation as a result of

the Defendants' wrongful acts. There was no juristic reason for Defendants' enrichment and the Plaintiffs are entitled to a constructive trust with respect to such enrichment.

Damages:

34. By reason of the facts pleaded herein, Noya is liable to Ignite for breach of contract. Ignite committed substantial time, money and resources to the marketing and distribution plan contemplated by the ~~Restated~~ Sales and Distribution Agreement. Noya demonstrated that it was completely incapable of distributing the Branded Cannabis Products and delivering what it had represented and warranted it was able to do.

35. Ignite proposes that this action be heard in Toronto, Ontario.

October 17, 2023

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Lawyers for the Plaintiff

Court File No. CV-21-00673047-0000

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.
Plaintiff

-and-

NOYA CANNABIS INC., et al
Defendants

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

AMENDED AMENDED STATEMENT OF CLAIM

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Lawyers for the Plaintiff

Court File No. CV-21-00673047-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff/
Defendant by Counterclaim

and

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC.
a.k.a. RADICAL MEDICAL MARIJUANA INC.

Defendant/
Plaintiff by Counterclaim

STATEMENT OF DEFENCE AND COUNTERCLAIM

1. The Defendant, Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc. a.k.a. Radical Medical Marijuana Inc. ("**Noya**") admits the allegations contained in paragraphs 4, 6, 10, 12, and 35 of the Statement of Claim.

2. Noya denies the allegations contained paragraphs 9, 11, 13, 14, 15, 16, 19, 20, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 33, and 34.

3. Noya is otherwise unable to admit or has no knowledge of the remainder of the allegations contained in the Statement of Claim.

Background

4. The Plaintiff, Ignite International Brands (Canada), is a consumer packaged goods company incorporated pursuant to the laws of British Columbia and Ontario.

5. Noya is a licensed producer under the *Cannabis Act*, S.C. 2018, c. 16. Noya operates from a Health Canada licensed premises which it leases at 90 Beach Road in Hamilton, Ontario. The leased property is owned by an arm's length company, 1540874 Ontario Ltd.

6. Since obtaining its cultivation and sales licenses from Health Canada in 2017 and 2018, respectively, Noya has forged strong relationships with many provincial government bodies responsible for the distribution of cannabis products in several provinces Canada-wide.

7. In or around late 2019, Noya was introduced to Gene Bernaudo, then Global Head of Cannabis (and subsequent Chief Executive Officer) of Ignite's parent company, Ignite International Brands, Ltd. At that time, Ignite sought to purchase bulk cannabis products from Noya in anticipation of Ignite entering into a licencing agreement for its products with CannMart Inc. ("**CannMart**" and the "**CannMart Agreement**"), a licensed producer to whom the bulk cannabis products were ultimately sold.

8. Beginning in or around June or July 2020, however, Ignite experienced difficulties in its contractual relationship with CannMart, and sought Noya's assistance to distribute their products in Canada. Without the assistance of a licensed producer, such as CannMart or Noya, Ignite could not offer its cannabis products for sale in Canada as it was not licensed to do so.

9. On or around October 2, 2020, Ignite terminated the CannMart Agreement. Notwithstanding Ignite's termination of the CannMart Agreement, a significant amount of Ignite's products remained in the market with provincial retail boards in Ontario and British Columbia under CannMart's stock-keeping units (SKUs).

10. Following Ignite's termination of the CannMart Agreement, and at Ignite's request, Ignite and Noya engaged in negotiations to enter into an agreement whereby Noya would distribute Ignite's products to provincial retail boards in Canada.

11. Ignite represented to Noya that Ignite would generate approximately $56 million in sales in 2021, and provided assurances to Noya that it would meet this sales target. In order to induce Noya to enter into an agreement, Ignite further offered to provide Noya with a $1 million advance payment upon entering into an agreement with Ignite, which would be credited against future commissions to be paid to Noya.

12. Given Ignite's checkered history in Canada, the $1 million advance payment would also ensure Noya would be compensated for the time and effort Noya would exert to repair deteriorated relationships with the provincial retails boards and list Ignite's products, as well as the potential risks to Noya's reputation in the event Ignite terminated the agreement. Based on Ignite's projected sales and a proposed 5% commission to be paid Noya, the advance payment to Noya represented approximately 4 months of Ignite's projected sales in 2021.

13. Noya and Ignite subsequently entered into a Sales and Distribution Agreement on November 5, 2020 ("**Agreement**") for a two-year term. Pursuant to the Agreement, Noya was granted the non-exclusive right to market and solicit orders for Ignite's products.

14. In accordance with Ignite's pre-contractual representations, section 4(c) of the Agreement further provided that Noya would receive a $1 million advance payment upon execution of the Agreement ("**Advance Payment**"), which Noya received on or around November 17, 2020. Under the Agreement, the Advance Payment would only need to be repaid by Noya if Noya terminated the Agreement.

15. Noya spent a significant amount of time assisting Ignite with regulatory issues arising from its termination of the CannMart Agreement, as Ignite's branded products remained for sale under CannMart's SKUs but were now to be sold by Noya as per the Agreement. This delayed the listing of Ignite's products with provincial retail boards by Noya.

16. In fact, in mid-November 2020, Mr. Bernaudo advised Noya that Ignite had been delisted altogether from Ontario's online cannabis retailer, the Ontario Cannabis Store ("**OCS**"), because of the issues arising from its prior unsuccessful relationship with CannMart. The British Columbia Liquor Distribution Brand ("**BCLDB**") expressed the same concerns as the OCS regarding CannMart SKUs remaining in the market.

Ignite's Operational Difficulties

17. Notwithstanding the issues Noya encountered following Ignite's termination of the CannMart Agreement, and after months of continued work and engagement by Noya with provincial retail boards, product listings in Ontario and British Columbia were obtained by April 2021 as per Ignite's direction.

18. However, Ignite's products were not competitively priced in either Ontario or British Columbia, and did not differ from brands already listed for sale in these provinces. This negatively affected Ignite's sales.

19. When purchase orders were placed by a provincial board retailer, Ignite repeatedly failed to fulfill these orders. This occurred on several occasions, and led provincial retail boards to seek assurances from Noya that Ignite's orders would be fulfilled as Ignite could not otherwise be trusted to fulfill orders. This, in turn, negatively affected Noya's relationship with provincial retail boards.

20. Noya repeatedly attempted to assist Ignite to stimulate product sales by recommending that Ignite hire dedicated sales representatives to liaise with retailers and provide price drops for their products, as well as ensure that product purchase orders were fulfilled promptly. Rarely did Ignite heed to Noya's advice. In fact, Ignite repeatedly refused to lower its prices for their products notwithstanding Noya's suggestions to do so which were based on, among other things, feedback Noya received from provincial retail boards as well as Noya's experience as a licenced producer, all of which was communicated to Ignite.

21. In or around June or July, 2021, the BCLDB warned Noya that certain of Ignite's products remained unsold, and would be returned to Noya by the applicable month unsellable dates established by the BCLDB. This was communicated to Ignite. Noya was nevertheless able to negotiate an extension of time for Ignite's products to remain listed with the BCLDB in order to provide retailers in British Columbia with additional time to purchase products from the BCLDB.

22. In or around mid-July, 2021, Ignite received complaints from Health Canada regarding Ignite's website and its marketing practices. Thereafter, and as a result, Ignite attempted to renegotiate the Agreement and Ignite wanted Noya to assume the role of maintaining Ignite's website to promote and market their products, among other things.

23. Ignite subsequently attempted to engage World Wide Brands, Inc. ("**World Wide**"), an online company that connects wholesalers with online retailers for various products, as a sales agent for Ignite's cannabis products. In doing so, Ignite requested Noya provide written approval authorizing World Wide to speak on Ignite's behalf with provincial board retailers. However, World Wide did not have a cannabis marketing license in order to legally promote Ignite's

products, which Ignite and World Wide alike were unaware was required in order to legally market cannabis.

24. On or around August 11, 2021, Noya and Ignite participated in a telephone discussion with the OCS, whereby the OCS advised Ignite that it would not list Ignite's products due to poor performance and a lack of product variety. The OCS advised Ignite that Ignite's products were generally of the same strains of cannabis as more than 50 other brands listed with the OCS, and at a higher price point. The OCS also expressed concerns regarding Ignite's misogynistic branding, and the overall negative public perception of its brand.

25. On or around September 15, 2021, Noya's wholesaler partner in Saskatchewan issued a purchase order for Ignite's products in the amount of $34,272.00. However, this purchase order was never fulfilled by Ignite.

26. On or around September 27, 2021, the OCS participated in another telephone call with Ignite, during which it was reiterated to Ignite that the OCS would not list Ignite's products for sale for the same reasons as indicated during the August 11th call.

27. On or around October 12, 2021, Ignite advised Noya that Ignite was ceasing its cannabis operations in Canada altogether. This came as a surprise to Noya, as Ignite never made any mention of its intention to leave the Canadian cannabis market to Noya beforehand.

28. In a news release dated October 13, 2021, Ignite International Brands, Ltd.'s CEO, Dan Bilzerian, cited Canada's many barriers to building a successful cannabis business as the reason for Ignite's exit from the Canadian cannabis market. Mr. Bilzerian stated that the Canadian government's excessive restrictions of the marketing, sales and distribution of products had

diminished Ignite's business opportunity while simultaneously making the consumer experience less than optimal. Mr. Bilzerian further stated that Ignite would consider returning to the Canadian cannabis market when the Canadian government decided to remove and/or reduce the restrictions in marketing, sales and distribution, and allow the business community to properly serve consumers.

29. Shortly thereafter, the BCLDB advised Noya that it was returning Ignite's products to Noya ("**Returned Products**"). This was communicated to Ignite by Noya the following day on October 14, 2021. As a result, Noya was obligated to, and did, provide a refund to the BCLDB on account of the Returned Products.

30. Following Ignite's announced departure from Canada, Ignite terminated the Agreement by way of letter dated October 25, 2021, asserting Noya had committed a material breach of the Agreement which it failed to rectify by not making payment to Ignite for the Returned Products, notwithstanding that Noya was under an obligation to refund these amounts to the BCLDB, and the Agreement stipulated that any payments to Ignite would be less returns, sales taxes, excise taxes, and other similar regulatory fees related to the sales of Ignite's products.

31. Subsequent to Ignite's termination of the Agreement, Noya made repeated efforts in order to facilitate the release and retrieval of Ignite's products in Canada, including the Returned Products. However, and notwithstanding these efforts, Ignite has been non-responsive to Noya's repeated requests, which has further delayed the release and sale of Ignite's products.

Noya is not liable to Ignite

32. Noya denies that it breached any obligation to Ignite, in contract or otherwise. At all material times, Noya acted in good faith and in accordance with the Agreement to market and solicit orders for Ignite's products, and remitted all payments to Ignite in compliance with the Agreement.

33. Through no fault of Noya, Ignite failed to fulfill purchase orders from provincial retail boards to the detriment of Noya's relationship with provincial retail boards. Noya further pleads that Ignite's termination of the Agreement was precipitated by Ignite's business decision to exit the Canadian cannabis market, and was in no way related to Noya's performance of the Agreement, or alleged breach thereto.

34. Noya denies Ignite's interpretation of the terms of the Agreement as referenced in the Statement of Claim, and pleads that the terms of the Agreement speak for themselves.

35. Noya denies that Ignite is entitled to damages on account of the Advance Payment or the Outstanding Cash Payment (as that term is defined in the Statement of Claim), or any other amounts from Noya. Noya further denies that it is in any way responsible for any alleged diminished value of Ignite's products, given Ignite's failure to provide timely responses to Noya's requests to facilitate the delivery of the products to Ignite.

36. Noya further denies that Ignite has any interest whatsoever in Noya's leased premises, by way of constructive trust, or otherwise. Noya pleads that this Honourable Court should not grant Ignite leave to issue a Certificate of Pending Litigation against the leased premises.

37. Noya further denies that it has been unjustly enriched. Noya was not enriched to Ignite's corresponding deprivation. Noya pleads that the Agreement constitutes a juristic reason for all amounts received by Noya.

38. Noya further denies that Ignite has sustained any damages, and that Ignite is entitled to punitive, exemplary, or aggravated damages. If Ignite has sustained damages, those damages are excessive, unmitigated, too remote or are otherwise not recoverable at law.

39. In the further alternative, and if Ignite has sustained damages, which is denied, Noya pleads that it is entitled to set off the full amount of damages suffered in relation to the costs and expenses incurred for the work Noya performed under the Agreement, the harm to its business reputation, and for the promised sales commissions Noya would receive during the term of the Agreement against the amount otherwise alleged to be owing to Ignite under the Agreement. After set-off, no amount remains owing to Ignite. Noya pleads and relies upon the equitable doctrine of set-off, as well as section 111 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

40. Noya asks that this action be dismissed with costs.

COUNTERCLAIM

41. The Defendant/Plaintiff by Counterclaim, Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc. a.k.a. Radical Medical Marijuana Inc. ("**Noya**") claims:

(a) a declaration that Noya is entitled to retain the balance of the Advance Payment (as that term is defined in the Statement of Defence);

(b) in addition, damages in the sum of $4,600,000.00 for breach of contract;

(c) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(d) postjudgment interest in accordance with section 129 of the *Courts of Justice Act*;

(e) the costs of this proceeding, plus all applicable taxes; and,

(f) such further and other Relief as to this Honourable Court may deem just.

42. Noya repeats and relies upon the allegations in the Statement of Defence in support of the Counterclaim.

43. Noya further pleads that in addition to the balance of the Advance Payment, Noya is entitled to damages on account of the promised sales commissions Noya would receive during the term of the Agreement. Noya requests that this Counterclaim be tried with the main action.

February 28, 2022

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IGNITE INTERNATIONAL BRANDS (CANADA) LTD. Plaintiff	-and-	NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC. a.k.a. RADICAL MEDICAL MARIJUANA INC. Defendant

Court File No. CV-21-00673047-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF DEFENCE AND COUNTERCLAIM

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AMENDED THIS Sep 1, 2023 PURSUANT TO
MODIFIÉ CE CONFORMÉMENT À
☑ RULE/LA RÈGLE 26.02 (B)
☐ THE ORDER OF
L'ORDONNANCE DU
DATED / FAIT LE
REGISTRAR / GREFFIER
SUPERIOR COURT OF JUSTICE / COUR SUPÉRIEURE DE JUSTICE

Court File No. CV-21-00673047-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff/
Defendant by Counterclaim

and

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC.
a.k.a. RADICAL MEDICAL MARIJUANA INC.

Defendant/
Plaintiff by Counterclaim

AMENDED STATEMENT OF DEFENCE AND COUNTERCLAIM

1. The Defendant, Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc. a.k.a. Radical Medical Marijuana Inc. ("**Noya**") admits the allegations contained in paragraphs 4, 6, 10, 12, and 35 of the Statement of Claim.

2. Noya denies the allegations contained paragraphs 9, 11, 13, 14, 15, 15(i), 15(ii), 15(iii), 15(iv), 16, 19, 20, 22, 23, 24, 25, 26, 27, 28, 30, 31, 31(i), 32, 33, and 34.

3. Noya is otherwise unable to admit or has no knowledge of the remainder of the allegations contained in the Statement of Claim.

Background

4. The Plaintiff, Ignite International Brands (Canada), is a consumer packaged goods company incorporated pursuant to the laws of British Columbia and Ontario.

5. Noya is a licensed producer under the *Cannabis Act*, S.C. 2018, c. 16. Noya operates from a Health Canada licensed premises which it leases at 90 Beach Road in Hamilton, Ontario. The leased property is owned by an arm's length company, 1540874 Ontario Ltd.

6. Since obtaining its cultivation and sales licenses from Health Canada in 2017 and 2018, respectively, Noya has forged strong relationships with many provincial government bodies responsible for the distribution of cannabis products in several provinces Canada-wide, as well as multiple reputable cannabis brands.

7. In or around late 2019, Noya was introduced to Gene Bernaudo, then Global Head of Cannabis (and subsequent President ~~Chief Executive Officer~~) of Ignite's parent company, Ignite International Brands, Ltd. At that time, Ignite sought to purchase bulk cannabis products from Noya in anticipation of Ignite entering into a licencing agreement for its products with CannMart Inc. ("**CannMart**" and the "**CannMart Agreement**"), a licensed producer to whom the bulk cannabis products were ultimately sold.

8. Beginning in or around June or July 2020, however, Ignite experienced difficulties in its contractual relationship with CannMart, and sought Noya's assistance to distribute their products in Canada. Without the assistance of a licensed producer, such as CannMart or Noya, Ignite could not offer its cannabis products for sale in Canada as it was not licensed to do so.

9. On or around October 2, 2020, Ignite terminated the CannMart Agreement. Notwithstanding Ignite's termination of the CannMart Agreement, a significant amount of Ignite's products remained in the market with provincial retail boards in Ontario and British Columbia under CannMart's stock-keeping units (SKUs).

10. Following Ignite's termination of the CannMart Agreement, and at Ignite's request, Ignite and Noya engaged in negotiations to enter into an agreement whereby Noya would distribute Ignite's products to provincial retail boards in Canada.

11. Ignite represented to Noya that Ignite would generate approximately $56 million in sales in 2021, and provided assurances to Noya that it would meet this sales target. Noya was initially reluctant to enter into an agreement with Ignite, because of Ignite's previous history with other licensed producer(s)s and the brand's negative market perception. In order to induce Noya to enter into an agreement, Ignite further offered to provide Noya with a $1 million advance payment upon entering into an agreement with Ignite, which would be credited against future commissions to be paid to Noya.

12. Given Ignite's checkered history in Canada, the $1 million advance payment would also ensure Noya would be compensated for the time and effort Noya would exert to repair deteriorated relationships with the provincial retails boards and list Ignite's products, as well as the potential risks to Noya's reputation in the event Ignite terminated the agreement. Based on Ignite's projected sales and a proposed 5% commission to be paid Noya, the advance payment to Noya represented approximately 4 months of Ignite's projected sales in 2021.

13. Noya and Ignite subsequently entered into a Sales and Distribution Agreement on November 5, 2020 ("**Agreement**") for a two-year term. Pursuant to the Agreement, Noya was granted the non-exclusive right to market and solicit orders for Ignite's products.

14. In accordance with Ignite's pre-contractual representations, section 4(c) of the Agreement further provided that Noya would receive a $1 million advance payment upon execution of the Agreement ("**Advance Payment**"), which Noya received on or around November 17, 2020. Under

the Agreement, the Advance Payment would only need to be repaid by Noya if Noya terminated the Agreement. In fact, this was communicated to Ignite by Noya prior to contract execution, which is why in the final iteration of the Agreement, which Ignite had revised, Ignite did not include a reciprocal right that Ignite be entitled to a return of the Advance Payment in the event Ignite terminated the Agreement.

15. Noya spent a significant amount of time assisting Ignite with regulatory issues arising from its termination of the CannMart Agreement, as Ignite's branded products remained for sale under CannMart's SKUs but were now to be sold by Noya as per the Agreement. This delayed the listing of Ignite's products with provincial retail boards by Noya.

16. In fact, in mid-November 2020, Mr. Bernaudo advised Noya that Ignite had been delisted altogether from Ontario's online cannabis retailer, the Ontario Cannabis Store ("**OCS**"), because of the issues arising from its prior unsuccessful relationship with CannMart. The British Columbia Liquor Distribution Brand ("**BCLDB**") expressed the same concerns as the OCS regarding CannMart SKUs remaining in the market.

Ignite's Operational Difficulties

17. Notwithstanding the issues Noya encountered following Ignite's termination of the CannMart Agreement, and after months of continued work and engagement by Noya with provincial retail boards, product listings in Ontario and British Columbia were obtained by April 2021 as per Ignite's direction.

18. However, Ignite's products were not competitively priced in either Ontario or British Columbia, and did not differ from brands already listed for sale in these provinces. This negatively affected Ignite's sales.

19. When purchase orders were placed by a provincial board retailer, Ignite repeatedly failed to fulfill and/or delayed these orders. This occurred on several occasions, and led provincial retail boards to seek assurances from Noya that Ignite's orders would be fulfilled as Ignite could not otherwise be trusted to fulfill orders. This, in turn, negatively affected Noya's relationship with provincial retail boards.

20. Noya repeatedly attempted to assist Ignite to stimulate product sales by recommending that Ignite hire dedicated sales representatives to liaise with retailers and provide price drops for their products, as well as ensure that product purchase orders were fulfilled promptly. Rarely did Ignite heed to Noya's advice. In fact, Ignite repeatedly refused to lower its prices for their products notwithstanding Noya's suggestions to do so which were based on, among other things, feedback Noya received from provincial retail boards as well as Noya's experience as a licenced producer, all of which was communicated to Ignite.

21. In or around June or July, 2021, the BCLDB warned Noya that certain of Ignite's products remained unsold, and would be returned to Noya by the applicable month unsellable dates established by the BCLDB. This was communicated to Ignite. Noya was nevertheless able to negotiate an extension of time for Ignite's products to remain listed with the BCLDB in order to provide retailers in British Columbia with additional time to purchase products from the BCLDB.

22. In or around mid-July, 2021, Ignite received complaints from Health Canada regarding Ignite's website and its marketing practices. Thereafter, and as a result, Ignite attempted to

renegotiate the Agreement and Ignite wanted Noya to assume the role of maintaining Ignite's website to promote and market their products, among other things.

23. Ignite subsequently attempted to engage World Wide Brands, Inc. ("**World Wide**"), an online company that connects wholesalers with online retailers for various products, as a sales agent for Ignite's cannabis products. In doing so, Ignite requested Noya provide written approval authorizing World Wide to speak on Ignite's behalf with provincial board retailers. However, World Wide did not have a cannabis marketing license in order to legally promote Ignite's products, which Ignite and World Wide alike were unaware was required in order to legally market cannabis.

24. On or around August 11, 2021, Noya and Ignite participated in a telephone discussion with the OCS, whereby the OCS advised Ignite that it would not list Ignite's products due to poor performance and a lack of product variety. The OCS advised Ignite that Ignite's products were generally of the same strains of cannabis as more than 50 other brands listed with the OCS, and at a higher price point. The OCS also expressed concerns regarding Ignite's misogynistic branding, and the overall negative public perception of its brand.

25. As of August 15, 2021, Ignite had four products identified as possible return to vendor (RTV) products by the BCLDB. The potential monetary impact of the RTV products was approximately $505,000. Given that the receipts collected by Noya for June and July, 2021 totaled $537,000.00, and approximately $57,606.95 of those receipts were due to be paid by September 10, 2021 to Ignite, Noya advised Ignite that the remainder of the June and July receivables were going to be held back to be applied against RTV products as they occurred, as there were no future anticipated sales with the BCLDB.

26. Nevertheless, the BCLDB issued another purchase order for Ignite's products on or around August 26, 2021 in the amount of $62,700.00, although this purchase order was never fulfilled by Ignite through no fault of Noya.

27. ~~25.~~ In addition, ~~O~~on or around September 15, 2021, Noya's wholesaler partner in Saskatchewan issued a purchase order for Ignite's products in the amount of $34,272.00. However, this purchase order was never fulfilled by Ignite, again through no fault of Noya.

28. ~~26.~~ On or around September 27, 2021, the OCS participated in another telephone call with Ignite facilitated by Noya, during which it was reiterated to Ignite that the OCS would not list Ignite's products for sale for the same reasons as indicated during the August 11th call.

29. On or around October 5, 2021, Ignite delivered a Notice of Material Breach in which Ignite alleged that Noya contravened Section 6(b) of the Agreement for not having remitted the $537,000.00 Ignite received for the BCLDB RTV products.

30. ~~27.~~ On or around October 12, 2021, Ignite advised Noya that Ignite was ceasing its cannabis operations in Canada altogether. This came as a surprise to Noya, as Ignite never made any mention of its intention to leave the Canadian cannabis market to Noya beforehand.

31. ~~28.~~ In a news release dated October 13, 2021, Ignite International Brands, Ltd.'s CEO, Dan Bilzerian, cited Canada's many barriers to building a successful cannabis business as the reason for Ignite's exit from the Canadian cannabis market. Mr. Bilzerian stated that the Canadian government's excessive restrictions of the marketing, sales and distribution of products had diminished Ignite's business opportunity while simultaneously making the consumer experience less than optimal. Mr. Bilzerian further stated that Ignite would consider returning to the Canadian

cannabis market when the Canadian government decided to remove and/or reduce the restrictions in marketing, sales and distribution, and allow the business community to properly serve consumers.

32. ~~29.~~ Shortly thereafter, the BCLDB advised Noya that it was returning Ignite's products to Noya ("**Returned Products**"). This was communicated to Ignite by Noya the following day on October 14, 2021, the same day Noya disputed Ignite's Notice of Material Breach, and after Noya had previously warned Ignite that the June and July 2021 receivables would be held back to be applied against the Returned Products as they occurred. As a result, Noya was obligated to, and did, provide a refund to the BCLDB on account of the Returned Products.

33. ~~30.~~ Following Ignite's announced departure from Canada, Ignite terminated the Agreement by way of letter dated October 25, 2021, asserting Noya had committed a material breach of the Agreement which it failed to rectify by not making payment to Ignite for the Returned Products, notwithstanding that Noya was under an obligation to refund these amounts to the BCLDB, and the Agreement stipulated that any payments to Ignite would be less returns, sales taxes, excise taxes, and other similar regulatory fees related to the sales of Ignite's products.

34. ~~31.~~ Subsequent to Ignite's termination of the Agreement, Noya made repeated efforts in order to facilitate the release and retrieval of Ignite's products in Canada, including the Returned Products. However, and notwithstanding these efforts, Ignite has been non-responsive to Noya's repeated requests, which has further delayed the release and sale of Ignite's products.

Noya is not liable to Ignite

~~32.~~ Noya denies that it breached any obligation to Ignite, in contract or otherwise. At all material times, Noya acted in good faith and in accordance with the Agreement to market and solicit orders for Ignite's products, and remitted all payments to Ignite in compliance with the Agreement.

35. ~~33.~~ Through no fault of Noya, Ignite failed to fulfill purchase orders from provincial retail boards in the approximate amount of $97,000, to the detriment of Noya's relationship with provincial retail boards. Noya further pleads that Ignite's termination of the Agreement was precipitated by Ignite's business decision to exit the Canadian cannabis market, and was in no way related to Noya's performance of the Agreement, or alleged breach thereto.

36. ~~34.~~ Noya denies Ignite's interpretation of the terms of the Agreement as referenced in the Statement of Claim, and pleads that the terms of the Agreement speak for themselves.

37. ~~35.~~ Noya denies that Ignite is entitled to damages on account of the Advance Payment or the Outstanding Cash Payment (as that term is defined in the Statement of Claim), or any other amounts from Noya. Noya further denies that it is in any way responsible for any alleged diminished value of Ignite's products, given Ignite's failure to provide timely responses to Noya's requests to facilitate the delivery of the products to Ignite.

38. Noya denies it ever alleged that it had insufficient working capital and significant debt that could be called as a result of Noya working with Ignite. Noya further denies that the Advance Payment was made by Ignite to ensure that Noya was able to make payments as is alleged, and in

particular, excise payments, which were outside of the scope of Noya's contractual responsibility under the Agreement.

39. Noya further denies that (i) it ever misrepresented what the Advance Payment was for and how the Advance Payment was to be used; (ii) that there exists a basis in law upon which Ignite is entitled to recission of the Agreement, and (iii) that Ignite is entitled to a finding that the Agreement is void *ab initio*. As pleaded herein, it was Ignite that induced Noya to enter into the Agreement by way of the Advance Payment. The Advanced Payment represented additional consideration for Noya to enter into the Agreement with Ignite, as doing so required a significant expenditure of time and effort on Noya's part to, among other things, repair Ignite's deteriorated relationships with provincial retail boards, and obtain listings for Ignite's products as pleaded herein. Doing so detracted from Noya's other operational activities and opportunities to work with other brands.

40. ~~36.~~ Noya further denies that Ignite has any interest whatsoever in Noya's leased premises, by way of constructive trust, or otherwise. Noya pleads that this Honourable Court should not grant Ignite leave to issue a Certificate of Pending Litigation against the leased premises.

41. ~~37.~~ Noya further denies that it has been unjustly enriched. Noya was not enriched to Ignite's corresponding deprivation. Noya pleads that the Agreement constitutes a juristic reason for all amounts received by Noya.

42. ~~38.~~ Noya further denies that Ignite has sustained any damages, and that Ignite is entitled to punitive, exemplary, or aggravated damages. If Ignite has sustained damages, those damages are excessive, unmitigated, too remote or are otherwise not recoverable at law.

43. ~~39.~~ In the further alternative, and if Ignite has sustained damages, which is denied, Noya pleads that it is entitled to set off the full amount of damages suffered in relation to the costs and expenses incurred for the work Noya performed under the Agreement, the harm to its business reputation, and for the promised sales commissions Noya would receive during the term of the Agreement against the amount otherwise alleged to be owing to Ignite under the Agreement. After set-off, no amount remains owing to Ignite. Noya pleads and relies upon the equitable doctrine of set-off, as well as section 111 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

44. ~~40.~~ Noya asks that this action be dismissed with costs.

COUNTERCLAIM

45. ~~41.~~ The Defendant/Plaintiff by Counterclaim, Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc. a.k.a. Radical Medical Marijuana Inc. ("**Noya**") claims:

(a) a declaration that Noya is entitled to retain the balance of the Advance Payment (as that term is defined in the Statement of Defence);

(b) in addition, damages in the sum of $4,600,000.00 for breach of contract;

(c) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(d) postjudgment interest in accordance with section 129 of the *Courts of Justice Act*;

(e) the costs of this proceeding, plus all applicable taxes; and,

(f) such further and other Relief as to this Honourable Court may deem just.

46. ~~42.~~ Noya repeats and relies upon the allegations in the Statement of Defence in support of the Counterclaim.

47. ~~43.~~ Noya further pleads that in addition to the balance of the Advance Payment, Noya is entitled to damages on account of the promised sales commissions Noya would receive during the term of the Agreement. Noya requests that this Counterclaim be tried with the main action.

~~February 28, 2022~~
February 28, 2023

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IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff

-and-

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC. a.k.a. RADICAL MEDICAL MARIJUANA INC.
Defendant

Court File No. CV-21-00673047-0000

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PROCEEDING COMMENCED AT
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Court File No.: CV-21-00673047-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff
(Defendant by Counterclaim)

-and-

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC. a.k.a RADICAL MEDICAL MARIJUANA INC.

Defendant
(Plaintiff by Counterclaim)

REPLY AND DEFENCE TO COUNTERCLAIM

1. The plaintiff/defendant by counterclaim ("Ignite") admits the allegations contained in paragraphs 4 and 13 of the statement of defence and counterclaim.

2. Ignite denies the balance of the allegations contained in the statement of defence and counterclaim.

3. Ignite repeats and relies on the allegations in the statement of claim.

4. Ignite states that Gene Bernaudo was never the CEO of Ignite's parent company.

5. Noya was aware of the relationship between Ignite and CannMart from the time of its inception in late 2019 until its termination in October 2020.

6. Noya was fully aware of Ignite's prior relationships and brief history in the Canadian cannabis marketplace prior to executing the Sales and Distribution Agreement with Ignite on November 5, 2020.

7. Ignite denies the allegation in paragraph 12 of the statement of defence that it had a "checkered history" in Canada. In fact, it had almost no history in Canada, having only been a vendor in the Canadian cannabis marketplace for approximately 10 months when the Sales and Distribution Agreement was executed.

8. Noya was aware that Ignite was represented by CannMart in the Canadian marketplace and any issues with the various provincial retail boards were the result of actions of CannMart, not Ignite.

9. Ignite denies that the $1 million advance payment from Ignite to Noya was for the time and effort Noya would expend to "repair deteriorated relationships". This is not true. Ignite agreed to make a $1 million advance payment because Noya alleged that they had insufficient working capital and significant debt that could be called by virtue of Noya working with Ignite. Ignite wanted to ensure that Noya was able to make excise payments and other payments that would allow it to fulfill its obligations pursuant to the Sales and Distribution Agreement while sales ramped up.

10. Ignite relied on Noya's alleged knowledge and expertise with respect to the retail distribution of its products in the Canadian cannabis marketplace and it was very poorly served by Noya in this regard.

11. Ignite pleads that contrary to the assertions by Noya in the statement of defence and counterclaim, it was Noya's failure to perform that resulted in a lack of sales of the Ignite products, not any failure on the part of Ignite. Noya has been unable to make a success of its own brands, Cookies and Gage and its regulatory incompetence resulted in the delisting of the celebrity brand Run the Jewels. Ignite pleads that Noya simply lacked the ability to successfully distribute and sell Ignite's brands and that was the primary cause for the poor sales.

12. Ignite states that throughout the period that the Sales and Distribution Agreement was in force, all of the provinces and the country were in the grips of the COVID pandemic. For

inexplicable reasons this caused the provincial retail boards to continually change their purchasing habits and decisions. This caused havoc in the ordering of product for Ignite.

13. Noya was aware that Ignite had an agreement with Cannapiece to produce its products. Cannapiece was a producer for other brands as well. As a result, Ignite's production schedule was impacted by other customers of Cannapiece. As a result of the uncertainty with the purchasing decisions of the provincial retail boards there were instances where Ignite could not produce product in the time frames requested by the provincial retail boards.

14. Ignite denies that it represented to Noya that it would generate sales of $53 million in 2021 or that it provided assurances that this level of sales would be achieved.

15. No sales requirements were included in the Sales and Distribution Agreement and section 14(j) of the Sales and Distribution Agreement provides that the written agreement is the entire agreement.

16. Therefore, Noya is not entitled to the damages claimed in the counterclaim.

17. Ignite requests that the counterclaim be dismissed with costs payable to Ignite.

May 2, 2022

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Lawyers for the defendant/plaintiff by Counterclaim

Court File No.: CV-21-00673047-0000

IGNITE INTERNATIONAL BRANDS (CANADA) LTD. – Plaintiff –	**v.**	**NOYA CANNABIS INC.** - Defendant -

ONTARIO
SUPERIOR COURT OF JUSTICE

(PROCEEDING COMMENCED AT TORONTO)

REPLY AND DEFENCE TO COUNTERCLAIM

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LAWYERS FOR THE PLAINTIFF/DEFENDANT BY COUNTERCLAIM

This is Exhibit "J" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc., Province of Ontario, for Fogler, Rubinoff LLP, Barristers and Solicitors. Expires April 23, 2026.

Tyr LLP

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James D. Bunting
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November 19, 2024

DELIVERED VIA EMAIL

Robyn Duwyn
BDO Canada Limited
(In its capacity as Proposed Monitor of the Applicants, and not in its corporate or personal capacity)
51 Breithaupt Street, Suite 300
Kitchener, ON N2H 5G5
Email: rduwyn@bdo.ca

Dear Monitor:

Re: 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 Noya Holdings Inc. and Noya Cannabis Inc. Court File No.: CV-24-00730120-00CL

We are counsel to Ignite International Brands (Canada) Ltd. ("**Ignite**") with respect to its claim against Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc. a.k.a Radical Medical Marijuana Inc., and Noya Holdings Inc., formerly Radicle Cannabis Holdings Inc. (together, "**Noya**" or the "**Applicants**"). The claim bears Court File No. CV-21-00673047-0000, and the Amended Amended Statement of Claim (dated February 9, 2024) and Amended Statement of Defence and Counterclaim (dated September 1, 2023) are enclosed herewith as Schedules "A" and "B", respectively.

As you are aware, Ignite has claimed damages against Noya for, among other things, unjust enrichment in the amount of $957,537.39, representing the Advance Payment made by Noya to Ignite to Noya pursuant to s. 4(c) of the Sales and Distribution Agreement, dated November 5, 2020, between Ignite and Noya (the "**Sales and Distribution Agreement**").

As pleaded at paras. 32 and 33 of the Amended Amended Statement of Claim, Ignite is entitled to a constructive trust over the funds by which Noya was unjustly enriched, being $957,537.39, and a constructive trust in any assets to which the funds trace (the "**Constructive Trust"**). As these funds and their proceeds are subject to a Constructive Trust, they do not form part of Noya's assets and, therefore, do not, and cannot, form part

of the assets that are the subject of the proposed sale of assets nor can they be distributed to Noya's creditors.

If Noya will be continuing to dispute the existence of, or Ignite's right to, the Constructive Trust, then this issue must be addressed and resolved before the closing of any sales transaction or distributions made in the CCAA process. Furthermore, nothing should be done to imperil Ignite's rights related to the Constructive Trust. While the issue of the Constructive Trust is clearly set out in the Amended Amended Statement of Claim, we wanted to ensure that the Monitor was fully apprised of this issue.

We would be happy to discuss this at your earliest convenience.

Yours very truly,

James Bunting

Enc.

cc: Jason Wadden and Maria Naimark - *Tyr LLP*
R. Graham Phoenix and Shahrzad Hamraz – *Loopstra Nixon LLP*

SCHEDULE A

AMENDED THIS 04/02/2024 PURSUANT TO
MODIFIÉ CE CONFORMÉMENT À
☐ RULE/LA RÈGLE 26.02 (C)
☐ THE ORDER OF AJ LA Horey
L'ORDONNANCE DU
DATED / FAIT LE 05/02/2024

LOCAL REGISTRAR GREFFIER LOCAL
SUPERIOR COURT OF JUSTICE COUR SUPÉRIEURE DE JUSTICE

Court File No. CV-21-00673047-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff

and

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC.
a.k.a RADICAL MEDICAL MARIJUANA INC. and
NOYA HOLDINGS INC., FORMERLY RADICLE CANNABIS HOLDINGS INC.

Defendants

AMENDED AMENDED STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL

FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date _____ Issued by _____
Local Registrar

Address of court office: **Superior Court of Justice**
330 University Avenue, 9th Floor
Toronto ON M5G 1R7

TO: **Noya Cannabis Inc.,**
formerly Radicle Medical Marijuana Inc.
a.k.a Radical Medical Marijuana Inc.
90 Beach Rd
Hamilton ON L8L 8K3

AND TO: **Noya Holdings Inc.**
formerly Radicle Cannabis Holdings Inc.
90 Beach Rd
Hamilton ON L8L 8K3

CLAIM

1. The Plaintiff Ignite International Brands (Canada), Ltd. ("**Ignite**"), claims:

(a) damages against Noya Cannabis Inc. ("**Noya Cannabis**"), formerly Radicle Medical Marijuana Inc. a.k.a Radical Medical Marijuana Inc. and Noya Holdings Inc., formerly Radicle Cannabis Holdings Inc. ("**Noya Holdings**") (**collectively "Noya"**) for breach of contract, breach of honest and good faith performance of contract, conversion and/or unjust enrichment in the amount of $957,537.39, representing the Advance Payment made by ~~Noya to~~ Ignite to Noya pursuant to s. 4(c) of the November 5, 2020 Sales and Distribution Agreement between Ignite and Noya and for which Noya was unjustly enriched (the "**Sales and Distribution Agreement**");

(b) damages against Noya for breach of contract and breach of the honest and good faith performance of contract in the amount of $537,000, which Noya failed to pay to Ignite in breach of s. 4(d) of the Sales and Distribution Agreement;

(bb) recission of the Sales and Distribution Agreement and restoration of the parties to the *status quo ante* including the return of the Advance Payment in the amount of $1,000,000 and payment for the sale of Ignite product in the amount of $537,000;

(c) a declaration that Ignite has an interest in the property municipally known as 90 Beach Road, Hamilton, ON L8L 8K3 and legally described

as LT 37-45 PL 410 BARTON; HAMILTON, being PIN 17218-0080 ("**Noya's Hydroponic Facility**");

(d) ~~leave to issue a Certificate of Pending Litigation ("**CPL**") against title to Noya's Hydroponic Facility~~;

(e) punitive, exemplary and/or aggravated damages in the amount of $500,000;

(f) additional damages to be determined at trial;

(g) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(h) post judgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(i) the costs of this proceeding, plus all applicable taxes; and

(j) Such further and other relief as this Honourable Court may deem just.

Parties:

2. Ignite is a consumer goods company incorporated pursuant to the laws of the Province of British Columbia with its head office in Vaughan, Ontario. Ignite operated in the cannabis industry, collecting royalties from the sales of tetrahydrocannabinol ("**THC**") and cannabidiol ("**CBD**") products produced by partners through select distributors, retailers, and online. Ignite is a wholly owned subsidiary of Ignite International Brands, Ltd., which is a publicly traded company engaged in the sale of consumer products globally. Shares of Ignite International Brands, Ltd. are listed on the Canadian Securities

Exchange ("**CSE**") under the symbol "BILZ" and quoted in the United States on the OTCQX under the symbol "BILZF".

3. Ignite's business includes branding, marketing, licensing, sales, and distribution of premier products, including cannabis, in permissible cannabis sectors across Canada, the United States and other jurisdictions. The Ignite brand is established internationally and recognized for its premium products. To achieve its business objectives, Ignite leverages strategic licensing and supply chain partnerships with quality partners in each of its target markets.

4. The Defendant, Noya Cannabis, is a corporation incorporated under the laws of Ontario with its head office in Hamilton, Ontario. Noya is a licensed producer of cannabis products under the *Cannabis Act*. Noya received its licensing from Health Canada in 2017 (cultivation) and ~~2018~~ 2019 (growth and sales). Noya's Hydroponic Facility is a 40,000 square foot agricultural facility it uses to produce cannabis products in Hamilton, Ontario. On March 25, 2021, Noya changed its name to Noya Cannabis Inc. ~~This corporate entity is referred to as Noya herein.~~ Noya Cannabis is a wholly owned subsidiary of Noya Holdings, a corporation incorporated under the laws of Ontario with its registered office in Toronto, Ontario.

Background: Ignite's Business in the Canadian Cannabis Market:

5. Ignite was founded as a premium global cannabis brand. Ignite selectively partners with the most experienced cultivators, manufacturers and processors to deliver premium cannabis and CBD products worldwide.

6. In October 2018, Canada legalized the use of cannabis by adults. Canada was the second nationally legal cannabis market and the first in North America. The Canadian cannabis market developed and expanded rapidly after cannabis was legalized in the fall of 2018.

7. Ignite decided to enter the Canadian cannabis market to distribute and sell its products. Ignite's shares were listed and traded on the CSE. Ignite assembled a team of experienced industry-leading professionals focused on leveraging strategic partnerships and building the Ignite brand in Canada.

8. In late 2018 and early 2019, Ignite began looking for a Canadian partner to produce and sell its products in Canada. In selecting a partner, Ignite considered potential partners' reputation in the Canadian marketplace. Ignite also considered potential partners' internal capabilities including indoor and outdoor cultivation, dealing with regulation and regulators, access to capital funding, the strength of their leadership team, and the ability to successfully market Ignite's brands in the Canadian cannabis marketplace.

9. Under the Canadian Cannabis regime, Ignite was required to sell and distribute its products through a licensed producer under the *Cannabis Act.* By the fall of 2020, Ignite sought a new licensed producer and identified Nova as a candidate to sell and distribute Ignite's cannabis and CBD products in Canada.

Ignite's Sales and Distribution Agreement with Noya:

10. Ignite and Noya entered into the Sales and Distribution Agreement on November 5, 2020, pursuant to which Ignite granted Noya the non-exclusive right to market and solicit orders for Ignite products, namely dried cannabis, cannabis and/or hemp extracts, distillates, cannabis-containing edibles, cannabis-containing topicals, and other products as agreed (the "**Branded Cannabis Products**").

11. Noya agreed to market and promote the Branded Cannabis Products and work with third party processors to manufacture and distribute the Branded Cannabis Products. The Branded Cannabis Products would be sold by Noya using Ignite's trademarks in the Canadian retail market.

12. On November 5, 2020, Ignite and Noya entered into the Sales and Distribution Agreement, which had a term of 2 years. On November 18, 2020, Ignite issued a press release announcing its national distribution agreement with Noya.

13. In choosing to partner with Noya, Ignite was assured that its branded products would be at the forefront of "Cannabis 2.0" products in Canada as Noya had received approval from the British Columbia Liquor Distribution Branch ("**BCLDB**"), the Alberta Gaming, Liquor & Cannabis Commission ("**AGLC**") and the Ontario Cannabis Retail Corporation operating as the Ontario Cannabis Store ("**OCS**") to offer these products. ~~which included cannabis edibles, cannabis-infused beverages and extracts, among others~~.

14. In the months that followed after the parties entered into the Sales and Distribution Agreement, Ignite experienced difficulties with Noya holding back funds that it was not entitled to. Ignite expressed its frustration on several occasions.

15. Ignite made an advance payment to Noya of $1,000,000 on November 17, 2020 upon the execution of the Sales and Distribution Agreement (the "**Advance Payment**") pursuant to 4(c) of the Sales and Distribution Agreement. The commission fees under s. 4(a), as well as payments owing from any other services provided by Noya, were to be applied to the Advance Payment until it was paid in full.

15.(i) Ignite agreed to make the Advance Payment because Noya alleged that they had insufficient working capital and significant debt that could be called as a result of Noya working with Ignite. Ignite wanted to ensure that Noya was able to make excise payments and other payments that would allow Noya to fulfill its obligations under the Sales and Distribution Agreement as sales ramped up.

15.(ii) For the first time, in its statement of defence, Noya claimed that in fact the Advance Payment was to be compensation for work done by Noya.

15.(iii) Ignite pleads that Noya misrepresented what the Advance Payment was for and how it was to be used and that this was a material and substantial misrepresentation which entitles Ignite to recission of the Sales and Distribution Agreement and the return of the Advance Payment.

15.(iv) Ignite pleads that the Sales and Distribution Agreement was void *ab initio*.

Noya's Breach of the Sales and Distribution Agreement:

16. Noya breached section 4(d) of the Sales and Distribution Agreement by failing to pay Ignite cash it received in June and July of 2021 from sales of Branded Cannabis Products to the BCLDB.

17. Pursuant to s. 4(a) of the Sales and Distribution Agreement, Ignite was to pay to Noya a commission fee equal to 5% of net revenues received from Canadian customers obtained through Noya's efforts (the "**Commission Fees**"). Net revenues included invoices less returns, sales taxes, excise taxes and other regulatory fees related to the sale of Branded Cannabis Products (the "**Net Revenues**").

18. Noya was to provide Ignite with payment of cash it received for Net Revenues less its Commission Fees on the 10th day of ~~the~~ each calendar month for funds received from customers in the previous month pursuant to s. 4(d) of the Sales and Distribution Agreement.

19. In or about June and July of 2021, Noya sold a portion of the Branded Cannabis Products to the BCLDB in the amount of $537,000 and received payment from the BCLDB. Noya did not file the requisite paperwork with the BCLDB in a timely fashion and unnecessarily delayed ~~its~~ this sale of the Branded Cannabis Products to the BCLDB. Noya failed to respond to action item requests given by the BCLDB.

20. Despite receiving payment from the BCLDB, Noya failed to make the payment it received for Net Revenues less Commission Fees to Ignite pursuant to s. 4(d) of the Sales and Distribution Agreement, which amounted to $537,000 (the "**Outstanding Cash**

Payment"). For months, Ignite made repeated demands for the Outstanding Cash Payment.

21. Pursuant to s. 6(b) of the Sales and Distribution Agreement, either party may terminate the agreement in the event the other party has materially breached or defaulted in the performance of any of its obligations, where such default or breach is not remedied within ten (10) business days after receipt of written notice thereof by the other party.

22. On October 5, 2021, Ignite wrote to Noya regarding the Outstanding Cash Payment and provided notice of material breach of section 4(d) of the Sales and Distribution Agreement. Ignite indicated that if Noya did not provide the Outstanding Cash Payment within 10 days, ~~that~~ Ignite would deem the Sales and Distribution Agreement terminated for material breach pursuant to s. 6(b).

23. Noya knew or ought to have known that some Branded Cannabis Products from its June and July 2021 sale would be returned by the BCLDB as a result of Noya's delay, given the fact that the Branded Cannabis Products had aged significantly prior to the sale. Noya failed to inform Ignite that it suspected the BCLDB would return some of the Branded Cannabis Products. Ignite was not aware of the risk to its products that had been caused by Noya.

24. The BCLDB in fact notified Noya that a portion of Branded Cannabis Products that it had sold earlier in 2021 would be returned in May of 2021. Noya obtained an extension to delay the return of the Branded Cannabis Products until October. Noya waited five months, until October 14, 2021, to advise Ignite that the BCLDB had determined that it would return some of the Branded Cannabis Products it had been sold.

25. On October 13, 2021, Ignite announced that it would be discontinuing its cannabis business in Canada, in part due to the Canadian government's restrictions of the marketing, sales and distribution of cannabis.

26. The BCLDB subsequently informed Noya that it would be returning approximately $350,000 worth of Branded Cannabis Products, which represented the entirety of its inventory relating to Ignite (the "**Returned Product**"). Noya proposed a price reduction for the Branded Cannabis Products through to the end of October 2021, but this was rejected by the BCLDB. Ignite was very surprised at this development.

27. Ignite estimates that the current fair market value of the Returned Product is ~~now~~ only $50,000 – $75,000 given its age. It is not known whether or not the Returned Product can be resold.

28. The Sales and Distribution Agreement was terminated by Ignite on October 25, 2021 due to Noya's breach. In correspondence dated October 25, 2021, counsel for Ignite advised Noya that it had failed to remedy its breach of s. 4(d) by October 20, 2021, 10 business days after Ignite's October 5, 2021 correspondence wherein Ignite had advised Noya of its material breach for failure to provide the Outstanding Cash Payment.

29. Pursuant to s. 6(c) of the Sales and Distribution Agreement, the termination of the agreement does not release any party from liability which at the time of such termination had already accrued to the other party, including under any payments owing pursuant to Section 4, or which is attributable to a period prior to such expiry or termination. Noya is

liable to Ignite for its breach of the Sales and Distribution Agreement despite the termination of the Sales and Distribution Agreement.

30. It is not clear whether Ignite will be able to repackage and/or resell the Branded Cannabis Products that were returned by the BCLDB. Noya is liable to Ignite for causing the BCLDB to return the Branded Cannabis Products.

The Return of the Advance Payment and Noya's Hamilton Hydroponic Facility:

31.(i) Ignite pleads that the Sales and Distribution Agreement is subject to recission. This entitles Ignite to be restored to is position *status quo ante*. This would entitle Ignite to payment of $537,000 for the sale of the Ignite product and the return of the Advance Payment.

31. In ~~addition to~~ the alternative, Ignite is owed $537,000 ~~owed~~ for breach of s. 4(d) of the Sales and Distribution Agreement, and Noya owes Ignite $957,537.39, being the remaining balance of the Advance Payment made by Ignite to Noya under s. 4(c).

32. Noya converted Ignite's funds from the Advance Payment and used the funds to renovate Noya's 40,000 square foot Noya Hydroponic Facility in Hamilton, Ontario. Ignite has an interest in the Noya Hydroponic Facility by way of constructive trust.

The Defendants are Unjustly Enriched

33. By virtue of the facts set out above, the Defendants have been unjustly enriched by their wrongful acts. The Plaintiffs suffered a corresponding deprivation as a result of

the Defendants' wrongful acts. There was no juristic reason for Defendants' enrichment and the Plaintiffs are entitled to a constructive trust with respect to such enrichment.

Damages:

34. By reason of the facts pleaded herein, Noya is liable to Ignite for breach of contract. Ignite committed substantial time, money and resources to the marketing and distribution plan contemplated by the ~~Restated~~ Sales and Distribution Agreement. Noya demonstrated that it was completely incapable of distributing the Branded Cannabis Products and delivering what it had represented and warranted it was able to do.

35. Ignite proposes that this action be heard in Toronto, Ontario.

October 19, 2023

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Lawyers for the Plaintiff

343

Court File No. CV-21-00673047-0000

IGNITE INTERNATIONAL BRANDS (CANADA) LTD. Plaintiff	-and-	NOYA CANNABIS INC., et al Defendants

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

AMENDED AMENDED STATEMENT OF CLAIM

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Lawyers for the Plaintiff

SCHEDULE B

AMENDED THIS Sep 1, 2023 PURSUANT TO
MODIFIÉ CE CONFORMÉMENT À
☑ RULE/LA RÈGLE 26.02 (B)
☐ THE ORDER OF
L'ORDONNANCE DU
DATED / FAIT LE
REGISTRAR GREFFIER
SUPERIOR COURT OF JUSTICE NOUS SUPÉRIEURE DE JUSTICE
B.E.T. WE E.

Court File No. CV-21-00673047-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff/
Defendant by Counterclaim

and

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC.
a.k.a. RADICAL MEDICAL MARIJUANA INC.

Defendant/
Plaintiff by Counterclaim

AMENDED STATEMENT OF DEFENCE AND COUNTERCLAIM

1. The Defendant, Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc. a.k.a. Radical Medical Marijuana Inc. (**"Noya"**) admits the allegations contained in paragraphs 4, 6, 10, 12, and 35 of the Statement of Claim.

2. Noya denies the allegations contained paragraphs 9, 11, 13, 14, 15, 15(i), 15(ii), 15(iii), 15(iv), 16, 19, 20, 22, 23, 24, 25, 26, 27, 28, 30, 31, 31(i), 32, 33, and 34.

3. Noya is otherwise unable to admit or has no knowledge of the remainder of the allegations contained in the Statement of Claim.

Background

4. The Plaintiff, Ignite International Brands (Canada), is a consumer packaged goods company incorporated pursuant to the laws of British Columbia and Ontario.

5. Noya is a licensed producer under the *Cannabis Act*, S.C. 2018, c. 16. Noya operates from a Health Canada licensed premises which it leases at 90 Beach Road in Hamilton, Ontario. The leased property is owned by an arm's length company, 1540874 Ontario Ltd.

6. Since obtaining its cultivation and sales licenses from Health Canada in 2017 and 2018, respectively, Noya has forged strong relationships with many provincial government bodies responsible for the distribution of cannabis products in several provinces Canada-wide, as well as multiple reputable cannabis brands.

7. In or around late 2019, Noya was introduced to Gene Bernaudo, then Global Head of Cannabis (and subsequent President ~~Chief Executive Officer~~) of Ignite's parent company, Ignite International Brands, Ltd. At that time, Ignite sought to purchase bulk cannabis products from Noya in anticipation of Ignite entering into a licencing agreement for its products with CannMart Inc. (**"CannMart"** and the **"CannMart Agreement"**), a licensed producer to whom the bulk cannabis products were ultimately sold.

8. Beginning in or around June or July 2020, however, Ignite experienced difficulties in its contractual relationship with CannMart, and sought Noya's assistance to distribute their products in Canada. Without the assistance of a licensed producer, such as CannMart or Noya, Ignite could not offer its cannabis products for sale in Canada as it was not licensed to do so.

9. On or around October 2, 2020, Ignite terminated the CannMart Agreement. Notwithstanding Ignite's termination of the CannMart Agreement, a significant amount of Ignite's products remained in the market with provincial retail boards in Ontario and British Columbia under CannMart's stock-keeping units (SKUs).

10. Following Ignite's termination of the CannMart Agreement, and at Ignite's request, Ignite and Noya engaged in negotiations to enter into an agreement whereby Noya would distribute Ignite's products to provincial retail boards in Canada.

11. Ignite represented to Noya that Ignite would generate approximately $56 million in sales in 2021, and provided assurances to Noya that it would meet this sales target. Noya was initially reluctant to enter into an agreement with Ignite, because of Ignite's previous history with other licensed producer(s)s and the brand's negative market perception. In order to induce Noya to enter into an agreement, Ignite further offered to provide Noya with a $1 million advance payment upon entering into an agreement with Ignite, which would be credited against future commissions to be paid to Noya.

12. Given Ignite's checkered history in Canada, the $1 million advance payment would also ensure Noya would be compensated for the time and effort Noya would exert to repair deteriorated relationships with the provincial retails boards and list Ignite's products, as well as the potential risks to Noya's reputation in the event Ignite terminated the agreement. Based on Ignite's projected sales and a proposed 5% commission to be paid Noya, the advance payment to Noya represented approximately 4 months of Ignite's projected sales in 2021.

13. Noya and Ignite subsequently entered into a Sales and Distribution Agreement on November 5, 2020 ("**Agreement**") for a two-year term. Pursuant to the Agreement, Noya was granted the non-exclusive right to market and solicit orders for Ignite's products.

14. In accordance with Ignite's pre-contractual representations, section 4(c) of the Agreement further provided that Noya would receive a $1 million advance payment upon execution of the Agreement ("**Advance Payment**"), which Noya received on or around November 17, 2020. Under

the Agreement, the Advance Payment would only need to be repaid by Noya if Noya terminated the Agreement. In fact, this was communicated to Ignite by Noya prior to contract execution, which is why in the final iteration of the Agreement, which Ignite had revised, Ignite did not include a reciprocal right that Ignite be entitled to a return of the Advance Payment in the event Ignite terminated the Agreement.

15. Noya spent a significant amount of time assisting Ignite with regulatory issues arising from its termination of the CannMart Agreement, as Ignite's branded products remained for sale under CannMart's SKUs but were now to be sold by Noya as per the Agreement. This delayed the listing of Ignite's products with provincial retail boards by Noya.

16. In fact, in mid-November 2020, Mr. Bernaudo advised Noya that Ignite had been delisted altogether from Ontario's online cannabis retailer, the Ontario Cannabis Store ("**OCS**"), because of the issues arising from its prior unsuccessful relationship with CannMart. The British Columbia Liquor Distribution Brand ("**BCLDB**") expressed the same concerns as the OCS regarding CannMart SKUs remaining in the market.

Ignite's Operational Difficulties

17. Notwithstanding the issues Noya encountered following Ignite's termination of the CannMart Agreement, and after months of continued work and engagement by Noya with provincial retail boards, product listings in Ontario and British Columbia were obtained by April 2021 as per Ignite's direction.

18. However, Ignite's products were not competitively priced in either Ontario or British Columbia, and did not differ from brands already listed for sale in these provinces. This negatively affected Ignite's sales.

19. When purchase orders were placed by a provincial board retailer, Ignite repeatedly failed to fulfill and/or delayed these orders. This occurred on several occasions, and led provincial retail boards to seek assurances from Noya that Ignite's orders would be fulfilled as Ignite could not otherwise be trusted to fulfill orders. This, in turn, negatively affected Noya's relationship with provincial retail boards.

20. Noya repeatedly attempted to assist Ignite to stimulate product sales by recommending that Ignite hire dedicated sales representatives to liaise with retailers and provide price drops for their products, as well as ensure that product purchase orders were fulfilled promptly. Rarely did Ignite heed to Noya's advice. In fact, Ignite repeatedly refused to lower its prices for their products notwithstanding Noya's suggestions to do so which were based on, among other things, feedback Noya received from provincial retail boards as well as Noya's experience as a licenced producer, all of which was communicated to Ignite.

21. In or around June or July, 2021, the BCLDB warned Noya that certain of Ignite's products remained unsold, and would be returned to Noya by the applicable month unsellable dates established by the BCLDB. This was communicated to Ignite. Noya was nevertheless able to negotiate an extension of time for Ignite's products to remain listed with the BCLDB in order to provide retailers in British Columbia with additional time to purchase products from the BCLDB.

22. In or around mid-July, 2021, Ignite received complaints from Health Canada regarding Ignite's website and its marketing practices. Thereafter, and as a result, Ignite attempted to

renegotiate the Agreement and Ignite wanted Noya to assume the role of maintaining Ignite's website to promote and market their products, among other things.

23. Ignite subsequently attempted to engage World Wide Brands, Inc. ("**World Wide**"), an online company that connects wholesalers with online retailers for various products, as a sales agent for Ignite's cannabis products. In doing so, Ignite requested Noya provide written approval authorizing World Wide to speak on Ignite's behalf with provincial board retailers. However, World Wide did not have a cannabis marketing license in order to legally promote Ignite's products, which Ignite and World Wide alike were unaware was required in order to legally market cannabis.

24. On or around August 11, 2021, Noya and Ignite participated in a telephone discussion with the OCS, whereby the OCS advised Ignite that it would not list Ignite's products due to poor performance and a lack of product variety. The OCS advised Ignite that Ignite's products were generally of the same strains of cannabis as more than 50 other brands listed with the OCS, and at a higher price point. The OCS also expressed concerns regarding Ignite's misogynistic branding, and the overall negative public perception of its brand.

25. As of August 15, 2021, Ignite had four products identified as possible return to vendor (RTV) products by the BCLDB. The potential monetary impact of the RTV products was approximately $505,000. Given that the receipts collected by Noya for June and July, 2021 totaled $537,000.00, and approximately $57,606.95 of those receipts were due to be paid by September 10, 2021 to Ignite, Noya advised Ignite that the remainder of the June and July receivables were going to be held back to be applied against RTV products as they occurred, as there were no future anticipated sales with the BCLDB.

26. Nevertheless, the BCLDB issued another purchase order for Ignite's products on or around August 26, 2021 in the amount of $62,700.00, although this purchase order was never fulfilled by Ignite through no fault of Noya.

27. ~~25.~~ In addition, ~~O~~on or around September 15, 2021, Noya's wholesaler partner in Saskatchewan issued a purchase order for Ignite's products in the amount of $34,272.00. However, this purchase order was never fulfilled by Ignite, again through no fault of Noya.

28. ~~26.~~ On or around September 27, 2021, the OCS participated in another telephone call with Ignite facilitated by Noya, during which it was reiterated to Ignite that the OCS would not list Ignite's products for sale for the same reasons as indicated during the August 11th call.

29. On or around October 5, 2021, Ignite delivered a Notice of Material Breach in which Ignite alleged that Noya contravened Section 6(b) of the Agreement for not having remitted the $537,000.00 Ignite received for the BCLDB RTV products.

30. ~~27.~~ On or around October 12, 2021, Ignite advised Noya that Ignite was ceasing its cannabis operations in Canada altogether. This came as a surprise to Noya, as Ignite never made any mention of its intention to leave the Canadian cannabis market to Noya beforehand.

31. ~~28.~~ In a news release dated October 13, 2021, Ignite International Brands, Ltd.'s CEO, Dan Bilzerian, cited Canada's many barriers to building a successful cannabis business as the reason for Ignite's exit from the Canadian cannabis market. Mr. Bilzerian stated that the Canadian government's excessive restrictions of the marketing, sales and distribution of products had diminished Ignite's business opportunity while simultaneously making the consumer experience less than optimal. Mr. Bilzerian further stated that Ignite would consider returning to the Canadian

cannabis market when the Canadian government decided to remove and/or reduce the restrictions in marketing, sales and distribution, and allow the business community to properly serve consumers.

32. ~~29.~~ Shortly thereafter, the BCLDB advised Noya that it was returning Ignite's products to Noya ("**Returned Products**"). This was communicated to Ignite by Noya the following day on October 14, 2021, the same day Noya disputed Ignite's Notice of Material Breach, and after Noya had previously warned Ignite that the June and July 2021 receivables would be held back to be applied against the Returned Products as they occurred. As a result, Noya was obligated to, and did, provide a refund to the BCLDB on account of the Returned Products.

33. ~~30.~~ Following Ignite's announced departure from Canada, Ignite terminated the Agreement by way of letter dated October 25, 2021, asserting Noya had committed a material breach of the Agreement which it failed to rectify by not making payment to Ignite for the Returned Products, notwithstanding that Noya was under an obligation to refund these amounts to the BCLDB, and the Agreement stipulated that any payments to Ignite would be less returns, sales taxes, excise taxes, and other similar regulatory fees related to the sales of Ignite's products.

34. ~~31.~~ Subsequent to Ignite's termination of the Agreement, Noya made repeated efforts in order to facilitate the release and retrieval of Ignite's products in Canada, including the Returned Products. However, and notwithstanding these efforts, Ignite has been non-responsive to Noya's repeated requests, which has further delayed the release and sale of Ignite's products.

Noya is not liable to Ignite

~~32.~~ Noya denies that it breached any obligation to Ignite, in contract or otherwise. At all material times, Noya acted in good faith and in accordance with the Agreement to market and solicit orders for Ignite's products, and remitted all payments to Ignite in compliance with the Agreement.

35. ~~33.~~ Through no fault of Noya, Ignite failed to fulfill purchase orders from provincial retail boards in the approximate amount of $97,000, to the detriment of Noya's relationship with provincial retail boards. Noya further pleads that Ignite's termination of the Agreement was precipitated by Ignite's business decision to exit the Canadian cannabis market, and was in no way related to Noya's performance of the Agreement, or alleged breach thereto.

36. ~~34.~~ Noya denies Ignite's interpretation of the terms of the Agreement as referenced in the Statement of Claim, and pleads that the terms of the Agreement speak for themselves.

37. ~~35.~~ Noya denies that Ignite is entitled to damages on account of the Advance Payment or the Outstanding Cash Payment (as that term is defined in the Statement of Claim), or any other amounts from Noya. Noya further denies that it is in any way responsible for any alleged diminished value of Ignite's products, given Ignite's failure to provide timely responses to Noya's requests to facilitate the delivery of the products to Ignite.

38. Noya denies it ever alleged that it had insufficient working capital and significant debt that could be called as a result of Noya working with Ignite. Noya further denies that the Advance Payment was made by Ignite to ensure that Noya was able to make payments as is alleged, and in

particular, excise payments, which were outside of the scope of Noya's contractual responsibility under the Agreement.

39. Noya further denies that (i) it ever misrepresented what the Advance Payment was for and how the Advance Payment was to be used; (ii) that there exists a basis in law upon which Ignite is entitled to recission of the Agreement, and (iii) that Ignite is entitled to a finding that the Agreement is void *ab initio*. As pleaded herein, it was Ignite that induced Noya to enter into the Agreement by way of the Advance Payment. The Advanced Payment represented additional consideration for Noya to enter into the Agreement with Ignite, as doing so required a significant expenditure of time and effort on Noya's part to, among other things, repair Ignite's deteriorated relationships with provincial retail boards, and obtain listings for Ignite's products as pleaded herein. Doing so detracted from Noya's other operational activities and opportunities to work with other brands.

40. ~~36.~~ Noya further denies that Ignite has any interest whatsoever in Noya's leased premises, by way of constructive trust, or otherwise. Noya pleads that this Honourable Court should not grant Ignite leave to issue a Certificate of Pending Litigation against the leased premises.

41. ~~37.~~ Noya further denies that it has been unjustly enriched. Noya was not enriched to Ignite's corresponding deprivation. Noya pleads that the Agreement constitutes a juristic reason for all amounts received by Noya.

42. ~~38.~~ Noya further denies that Ignite has sustained any damages, and that Ignite is entitled to punitive, exemplary, or aggravated damages. If Ignite has sustained damages, those damages are excessive, unmitigated, too remote or are otherwise not recoverable at law.

43. ~~39.~~ In the further alternative, and if Ignite has sustained damages, which is denied, Noya pleads that it is entitled to set off the full amount of damages suffered in relation to the costs and expenses incurred for the work Noya performed under the Agreement, the harm to its business reputation, and for the promised sales commissions Noya would receive during the term of the Agreement against the amount otherwise alleged to be owing to Ignite under the Agreement. After set-off, no amount remains owing to Ignite. Noya pleads and relies upon the equitable doctrine of set-off, as well as section 111 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

44. ~~40.~~ Noya asks that this action be dismissed with costs.

COUNTERCLAIM

45. ~~41.~~ The Defendant/Plaintiff by Counterclaim, Noya Cannabis Inc., formerly Radicle Medical Marijuana Inc. a.k.a. Radical Medical Marijuana Inc. ("**Noya**") claims:

(a) a declaration that Noya is entitled to retain the balance of the Advance Payment (as that term is defined in the Statement of Defence);

(b) in addition, damages in the sum of $4,600,000.00 for breach of contract;

(c) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;

(d) postjudgment interest in accordance with section 129 of the *Courts of Justice Act*;

(e) the costs of this proceeding, plus all applicable taxes; and,

(f) such further and other Relief as to this Honourable Court may deem just.

46. ~~42.~~ Noya repeats and relies upon the allegations in the Statement of Defence in support of the Counterclaim.

47. ~~43.~~ Noya further pleads that in addition to the balance of the Advance Payment, Noya is entitled to damages on account of the promised sales commissions Noya would receive during the term of the Agreement. Noya requests that this Counterclaim be tried with the main action.

~~February 28, 2022~~
February 28, 2023

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Lawyers for the Plaintiff/Defendant by Counterclaim

IGNITE INTERNATIONAL BRANDS (CANADA) LTD.

Plaintiff

-and-

NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC. a.k.a. RADICAL MEDICAL MARIJUANA INC.
Defendant

Court File No. CV-21-00673047-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

AMENDED STATEMENT OF DEFENCE AND COUNTERCLAIM

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This is Exhibit "K" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

LOOPSTRA NIXON LLP
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DELIVERED VIA EMAIL (jbunting@tryllp.com)
File Code: 06325-0016

December 6, 2024

TYR LLP
488 Wellington Street West
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Toronto, ON M5V 1E3
Attn: James Bunting

Dear Mr. Bunting:

Re: In the Matter of the *Companies' Creditors Arrangement Act*, R.C.V. 1985, c. C-36, As Amended, and in the Matter of a Plan of Compromise or Arrangement of Noya Holdings Inc. and Noya Cabanis Inc. Court File No.:

Court File No. CV-24-00730120-00CL

We are counsel to the Monitor in the above-noted proceedings.

We are in receipt of your letter of November 19, 2024, wherein you advance the position that your client, Ignite International Brands (Canada) Ltd. ("**Ignite**"), is entitled to a constructive trust over certain funds advanced to Applicants by Ignite and over any assets to which the funds trace. Moreover, in your letter you assert that as a result of this constructive trust claim and that the assets subject to the trust claim cannot be sold or distributed as part of these CCAA proceedings.

It is unclear why this position was not put to the Court at the Comeback Hearing, at which hearing counsel to Ignite appeared.

Regardless, thank you for bringing it to the Monitor's attention. We have considered the same.

As you are aware, the Monitor is not the arbiter of any claim advanced by Ignite. The Monitor has, however, undertaken a preliminary review of Ignite's pleadings and the applicable law, and we can advise that it is not clear to us based on the claim that a court would conclude that Ignite is entitled to a constructive trust, nor that any claim would impede the sale process approved by the CCAA Court.

We also made inquires with counsel to the Applicants. Not surprisingly, the Applicants' position is dismissive of Ignite's claim and rejects the claim for constructive trust claim.

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We are happy to discuss this further but, as noted, the Monitor is not to arbiter of this issue. The Monitor will, of course, report on this issue in a future report to the CCAA Court. However, to the extent Ignite wishes to address this matter, we urge you to consider a motion to the CCAA Court, pursuant the Amended & Restated Initial Order.

Please do not hesitate to contact the undersigned should you wish to discuss this further.

Yours truly,

LOOPSTRA NIXON LLP
Per:

R. Graham Phoenix
Partner

cc: *Jason Wadden and Maria Naimark – Tyr LLP*
(jwadden@tyrllp.com | mnaimark@tyrllp.com)
Robyn Duwyn and David Flett – BDO Canada Limited, as Court-appointed Monitor
(rduwyn@bdoc.ca | dflett@bdo.ca)

This is Exhibit “L” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

NOTICE OF MOTION

Ignite International Brands (Canada) Ltd. will make a motion to the Court on a date to be set by the Commercial List or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard

☐ In writing under subrule 37.12.1 (1)

☐ In writing as an opposed motion under subrule 37.12.1 (4);

☒ In person;

☐ By telephone conference;

☐ By video conference.

at the following location: at 330 University Avenue, M5G 1R7, Toronto, Ontario.

THE MOTION IS FOR:

1. An Order if necessary, abridging the time for service, validating service, and dispensing with further service of the Motion Record and other materials filed in support of this Motion;

2. An Order declaring that Ignite International Brands (Canada) Ltd. ("**Ignite**") has a constructive or resulting trust (together, a "**Constructive Trust**") over the assets of the Applicants to the extent of $957,537.39 as a result of Noya's wrongful conduct related to the Sales and Distribution Agreement, dated November 5, 2020;

3. An Order that the Constructive Trust shall not be subject to any proposed sale of assets and shall be treated separately from the remainder of the Applicants' assets, and in the alternative, and Order directing the Applicants' to not distribute proceeds from the sale of the assets subject to the Constructive Trust to any person other than Ignite;

4. To the extent necessary, a tracing of the amounts owed to Ignite by the Applicants, including in relation to any transfers of funds improperly made to the principals or affiliates of the Applicants;

5. To the extent necessary, an Order granting Ignite a Constructive Trust in any assets on which the Trust funds have been spent by the Applicants;

6. Costs of the Motion; and

7. Such further and other relief as Counsel may request and this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. Ignite is a consumer goods company incorporated pursuant to the laws of the Province of British Columbia with its head office in Vaughan, Ontario.

2. The Applicants, Noya Holdings Inc. and Noya Cannabis Inc. (together, "**Noya**" or the "**Applicants**") are corporations incorporated under the laws of Ontario with their head office in Hamilton, Ontario.

3. On November 6, 2024, the Applicants sought creditor protection under the *Companies Creditors' Arrangement Act*, R.S.C. 1985, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Justice Cavanagh granted an Initial Order substantially on the terms sought by the Applicants.

4. Ignite has brought a claim against the Applicants bearing Court File No. CV-21-00673047-000 (the "**Claim**"). The Statement of Claim was issued on December 2, 2021 and was most recently amended on February 9, 2024. The Statement of Defence and Counterclaim in this matter was served on February 28, 2022 and was amended on September 1, 2023.

5. Examinations for Discovery in this matter have concluded, and prior to the commencement of these CCAA Proceedings, the parties were scheduled to attend mediation in February 2025.

6. In the Claim, Ignite seeks from Noya the return of the remainder of the $1,000,0000 retainer (the "**Retainer**") being $957,537.39, provided by Ignite to Noya pursuant to s. 4(c) of the Sales and Distribution Agreement dated November 5, 2020 (the "**Sales and Distribution Agreement**").

7. Pursuant to the Sales and Distribution Agreement, Ignite granted Noya the non-exclusive right to market and solicit orders for various Ignite-branded cannabis products

(the "**Cannabis Products**"), and Noya agreed to: (i) market and promote the Cannabis Products; and (ii) work with third party processors to manufacture and distribute the Cannabis Products. Under the Sales and Distribution Agreement, Noya would earn a commission for the work that it undertook pursuant to the agreement, and that Noya could account for the commission against the Retainer.

8. The Sales and Distribution Agreement was terminated on or about October 25, 2021 (the "**Termination Date**"). The only work that Noya undertook pursuant to the agreement before it was terminated entitled it receive $42,462.61 from the Retainer, nothing more. There was no juristic reason entitling Noya to keep or use any other portion of the Retainer from the Termination Date forward.

9. As pleaded by Ignite in the Claim, the Applicants engaged in improper conduct that resulted in the termination of the Sales and Distribution Agreement. The Applicants became unjustly enriched as of the Termination Date as a result of their wrongful retention of the Retainer. From that date forward, the balance of the Retainer was subject to constructive or resulting trust (together, a "**Constructive Trust**") in favour of Ignite. Accordingly, the Applicants' assets as at the date of the commencement of the CCAA proceedings did not include the balance of the Retainer or its proceeds and the Applicants' assets were subject to a constructive or resulting trust in favour of Ignite to the extent that the Applicants had used or commingled any portion of the Retainer that they did not earn.

10. On November 19, 2024, counsel for Ignite informed BDO Canada Limited (the "**Monitor**") of Ignite's position regarding the Constructive Trust, specifically, that the

assets subject to the Constructive Trust does not form part of Noya's assets and, therefore, does not, and cannot, form part of the assets that are the subject of the proposed sale of assets nor can they be distributed to Noya's creditors.

11. The Monitor responded by letter on December 6, 2024, rejecting Ignite's position and their claim for a Constructive Trust

12. Such further and other grounds as counsel may advise and this Honourable Court may consider.

13. Rules 1.04(1) and (1.1), 1.05, 2.03, 3.02(1) and 37 of the *Rules of Civil Procedure*, R.R.0. 1990, Reg. 194, as amended.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. An affidavit to be affirmed; and
2. Such further and other evidence as counsel may advise and this Honourable Court may permit.

January 31, 2025

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Lawyers for the Moving Party, Ignite International Brands (Canada) Ltd.

TO: THE SERVICE LIST

SERVICE LIST

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AND TO:	**1955185 ONTARIO INC. also known as 1000593616 ONTARIO INC.** 19 Thoroughbred Boulevard Hamilton, ON L9K 1L2 **Attention: Mohamed Reda** Email: mikereda@hotmail.com
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AND TO:	**ALTERNA SAVINGS AND CREDIT UNION LIMITED** 319 McRae Avenue Ottawa, ON K1Z 0B9
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AND TO:	**HIS MAJESTY THE KING IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE** Insolvency Unit 6th Floor, 33 King Street West Oshawa, Ontario L1H 8H5 **Insolvency Unit** Email: insolvency.unit@ontario.ca Tel: (905) 433-5657 Fax: (905) 436-4510
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AND TO:	**2138825 ONTARIO INC** 2129 Barber Drive Port Colborne, ON L3K 5X7

AND TO:	**OFFICE OF THE SUPERINTENDENT OF BANKRUPTCY** 25 St. Clair Avenue – East (6th Floor) Toronto, ON M4T 1M2 Tel: (416) 973-6441 Fax: (416) 973-7440 Email: osbservice-bsfservice@ised-isde.gc.ca
AND TO:	**HEALTH CANADA** Controlled Substances and Cannabis Branch 150 Tunney's Pasture Driveway Ottawa, ON K1A 0K9 Email: Info@hc-sc.gc.ca
AND TO:	**CHOKEY REAL ESTATE LIMITED** 1818 Burlington St. East Hamilton, ON L8H 3L4
AND TO:	**DENTONS CANADA LLP** 77 King Street West Suite 400 Toronto, ON M5K 0A1 **John Salmas** Tel: (416) 864-4737 Email: john.salmas@dentons.com Lawyers for Kronos Capital Partners Inc.

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

NOTICE OF MOTION

Tyr LLP
488 Wellington Street West
Suite 300-302
Toronto, ON M5V 1E3
Fax: 416-987-2370

Maria Naimark (LSO#: 82651H)
Email: mnaimark@tyrllp.com
Tel: 437.225.583

Lawyers for the Moving Party, Ignite International Brands (Canada) Ltd.

This is Exhibit "M" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

Cassels

January 16, 2025

Via E-Mail (gphoenix@LN.Law and shamraz@LN.Law)

cpendrith@cassels.com
tel: +1 416 860 6765
File: 053448-00016

R. Graham Phoenix and Shahrzad Hamraz
Loopstra Nixon LLP
130 Adelaide Street West
Suite 2800
Toronto, ON M5H 3P5 *Counsel for the Monitor*

Dear Counsel:

Re: Plan of Compromise or Arrangement of Noya Holdings Inc. and Noya Cannabis Inc. (CV-24-00730120-00CL)

We are counsel to TerrAscend Corp., the owner of Gage Growth Corp., a significant secured creditor of the Applicants Noya Holdings Inc. and Noya Cannabis Inc. ("**NCI**").

We write to you in your capacity as counsel for the Monitor in the Applicants' CCAA. We write to express our client's concern regarding the stalking horse bid which contemplates Lending Stream Inc. ("**Lending Stream**") or its nominee acquiring ownership of NCI via a reverse vesting order. As noted in the application materials filed in the CCAA, the ultimate owner of Lending Stream is Rami Reda, the brother of Zaid Reda, the ultimate owner of the Applicants. In this respect the stalking horse bid is not an arm's length transaction, and may therefore be subject to additional scrutiny under the CCAA.

By way of relevant background, Gage Growth Corp. (presently known as TerrAscend Growth Corp.) was co-founded by Rami Reda. When Gage was acquired by TerrAscend, there was no disclosure that the Applicants' debt to Gage was subordinate to debt in favour of Riv Capital Inc. (formerly known as Canopy Rivers Inc.). Our client has recently learned that Lending Stream, under the direction of Rami Reda, acquired the Riv Capital debt. It appears that Rami Reda, through his interest in Lending Stream, is using the CCAA process to both acquire NCI and obtain payment of the Riv Capital debt (through a credit bid), all to the detriment of Gage as creditor of the Applicants.

With that in mind, our client requests that the monitor investigate the pre-filing transactions amongst the Applicants, Lending Stream and any other business interests that are not arm's length from the Applicants or their shareholders (and in particular, members of the Reda family), and to evaluate whether the CCAA proceeding (including entering into the stalking horse transaction) is being undertaken in accordance with the good faith obligations contained in the Act. We also request that the Monitor investigate whether there are any transfers at undervalue,

preferences actions or other actions that may be brought against these related parties for the benefit of creditors of the Applicants.

We would be pleased to meet with you at your convenience to discuss this matter in more detail.

Yours truly,

Cassels Brock & Blackwell LLP

Colin Pendrith
Partner
Services provided through a professional corporation

cc: Vern W. DaRe (Fogler, Rubinoff LLP), counsel for the Applicants
cc: Jeremy Bornstein (Cassels), counsel for TerrAscend Corp.

LEGAL*67143463.4

This is Exhibit "N" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

AMENDING AGREEMENT

THIS AMENDING AGREEMENT is entered into by and among Lending Stream Inc. (the **"Purchaser**"), Noya Holdings Inc. (the "**Vendor**") and Noya Cannabis Inc. (the "**Company**") on the 24th day of February, 2025.

WHEREAS, the Purchaser, the Vendor and the Company have entered into a stalking horse share purchase agreement dated November 11, 2024 (the "**SPA**").

AND WHEREAS, the Parties hereto wish to amend certain provisions of the SPA.

AND WHEREAS, pursuant to Section 11.7 of the SPA, the SPA may only be amended or modified in writing and signed by the Vendor and the Purchaser.

NOW THEREORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **Recitals**. The foregoing recitals are true and correct in all material respects and are a material part of this Amending Agreement.

2. **Definitions**. All capitalized terms not defined herein shall have the terms ascribed to them in the SPA.

3. **Amendments**.

   (a) Section 1.1 of the SPA is amended as follows:

      (i) The definition of Outside Date shall be deleted in its entirety and replaced with "*means 11:59 pm (Toronto time) on Tuesday, April 1, 2025 or such later date and time as the Company and the Purchaser may agree to in writing.*".

   (b) Section 4.1 of the SPA is amended as follows:

      (i) The first sentence of this section shall be deleted in its entirety and replaced with "*At Closing, the Company shall retain all of the assets owned by it on the Effective Date of this Agreement, including but not limited to all assets located at the Manufacturing Premises and any storage facilities rented by the Company, and any assets acquired by it up to and including Closing, including the Transferred Assets, the Company's equipment, its Assumed Contracts, Permits and Licences, Books and Records, Business and undertakings (the "Retained Assets"), excluding inventory sold or consumed in the ordinary course of Business in the Interim Period and amounts paid in the Interim Period in accordance with the Initial Order, the DIP Term Sheet and the approval of the Monitor.*".

   (c) Section 9.2(a) of the SPA is deleted in its entirety and replaced with the following:

(i) "*Landlord Approval: The Purchaser shall have obtained the Landlord Approval in a form and on terms and conditions satisfactory to the Purchaser, acting reasonably*.".

(d) Schedule A (Excluded Assets) of the SPA is deleted in its entirety and replaced with the schedule attached to this Amending Agreement as Schedule "A".

(e) Schedule B (Excluded Contracts) of the SPA is deleted in its entirety and replaced with the schedule attached to this Amending Agreement as Schedule "B".

(f) Schedule C (Excluded Liabilities) of the SPA is deleted in its entirety and replaced with the schedule attached to this Amending Agreement as Schedule "C".

(g) Schedule D (Transferred Assets) of the SPA is deleted in its entirety and replaced with the schedule attached to this Amending Agreement as Schedule "D".

(h) Schedule H (Assumed Liabilities) of the SPA is deleted in its entirety and replaced with the schedule attached to this Amending Agreement as Schedule "H".

(i) Schedule I (Assumed Contracts) of the SPA is deleted in its entirety and replaced with the schedule attached to this Amending Agreement as Schedule "I".

(j) Unless specifically amended by this Amending Agreement, all other terms of the SPA shall remain in full force and effect. Time shall remain of the essence.

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

5. **Amendment and Modification; Waiver.** This Amending Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Amending Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

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

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

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

[Signature Page Follows]

LENDING STREAM INC.

Per: DocuSigned by: 983043BA14DF47C...
Name: Rami Reda
Title: President

NOYA HOLDINGS INC.

Per: Signed by: Ziad Reda 3819B45A0D0646D...
Name: Ziad Reda
Title: President

NOYA CANNABIS INC.

Per: Signed by: Ziad Reda 3819B45A0D0646D...
Name: Ziad Reda
Title: President

SCHEDULE A

EXCLUDED ASSETS

1. Inventory sold in the ordinary course of Business in the Interim Period.

2. Excluded Contracts.

SCHEDULE B

EXCLUDED CONTRACTS

Contracts and other agreements of the Company that are not Assumed Contracts.

SCHEDULE C

EXCLUDED LIABILITIES

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

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.

2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein.

3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.

4. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law.

5. All Liabilities related to any amounts of any nature or kind owing to any Employees or Persons who have performed work for the Company as at the Closing Time.

6. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.

7. Any Liabilities relating or arising from any litigation, known or unknown, including, without limitation, the Arbitration claim in British Columbia by Pure Sunfarms Corp. against the Company, Action by Ignite International Brands Canada Ltd. against the Company and the Vendor, and Arbitration by 10805696 Canada Inc. o/a Mauve & Herbes against the Company in Ontario.

8. The Lending Stream Debenture Debt, the 195 Debt, and the Wolverine Debt.

9. Any and all Liabilities that are not Assumed Liabilities.

SCHEDULE D

TRANSFERRED ASSETS

None.

SCHEDULE “H”

ASSUMED LIABILITIES

N/A

SCHEDULE "I"

ASSUMED CONTRACTS

1. Software Proposal between Ample Organics and Radicle Medical Marijuana Inc. dated April 26, 2016.
2. Standard Rental Service Agreement between Noya Cannabis Inc. and Cintas Canada Limited dated February 10, 2023, and all pricing addendums thereto.
3. Rental Agreement between Noya Cannabis Inc. and Toromont Power Systems dated June 10, 2021.
4. Mutual Non-Disclosure Agreement between Pathogenia Inc. and Noya Cannabis Inc. and all related service agreements thereto.
5. All agreements between High North Laboratories and Noya Cannabis Inc.
6. Reciprocal Non-Disclosure Agreement between A&L Canada Laboratories Inc. and Noya Cannabis Inc. dated June 22, 2021 and all related service agreements thereto.
7. Cannabis Supply Agreement between SNDL Inc. and Noya Cannabis Inc. dated January 1, 2024.
8. Lease Agreement between Chokey Real Estate Limited and Radicle Medical Marijuana Inc. dated November 1, 2016, as amended by an amending agreement dated July 18, 2018, as further amended by an amending agreement dated July 28, 2017, and as further amended by an amending agreement dated June 1, 2018.
9. Lease Agreement between Chokey Real Estate Limited and Radicle Medical Marijuana Inc. dated June 1, 2018.
10. Service Proposal between Abell Pest Control Inc. and RMMI – Ziad Reda (Radical Medical Marijuana Inc.) dated December 1, 2017.
11. Agreement between Advanced Alarm Systems, Division of Leeds Electric Ltd. and Radicle Medical Marijuana Inc.
12. Account Agreement between Noya Cannabis Inc. and Linde Canada Inc. dated August 17, 2021.
13. Group Benefits Policy between Noya Cannabis Inc. and Sun Life Financial (Contract Number 187361) effective as of December 1, 2021, as renewed pursuant to the Renewal Letter dated September 1, 2024.
14. Service Agreement between White Pine Waste Services Inc. and Noya Cannabis Inc. dated July 22, 2024.

15. Rental Agreement between Noya Cannabis Inc. and Green Storage Hamilton Partnership dated September 16, 2021.

This is Exhibit "O" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on February 25, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

Ontario

Ministry of Public and Business Service Delivery
Ministère des Services au public et aux entreprises

Certificate of Incorporation

Business Corporations Act

Certificat de constitution

Loi sur les sociétés par actions

1001155163 ONTARIO INC.

Corporation Name / Dénomination sociale

1001155163

Ontario Corporation Number / Numéro de société de l'Ontario

This is to certify that these articles are effective on

La présente vise à attester que ces statuts entreront en vigueur le

February 24, 2025 / 24 février 2025

V. Quintanilla W.

Director / Directeur
Business Corporations Act / Loi sur les sociétés par actions

The Certificate of Incorporation is not complete without the Articles of Incorporation.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

Le certificat de constitution n'est pas complet s'il ne contient pas les statuts constitutifs.

Copie certifiée conforme du dossier du ministère des Services au public et aux entreprises.

V. Quintanilla W.

Directeur ou registrateur

Ontario

Ministry of Public and
Business Service Delivery

Articles of Incorporation

Business Corporations Act

1. Corporation Name
1001155163 ONTARIO INC.

2. Registered Office Address
40 King Street West, Suite 2400, Toronto, Ontario, M5H 3Y2, Canada

3. Number of Directors

Minimum/Maximum	Min 1 / Max 10

4. The first director(s) is/are:

Full Name	ZIAD REDA
Resident Canadian	Yes
Address for Service	60 Citation Crescent, Ancaster, Ontario, L9K 1H8, Canada

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise. If none, enter "None":

None.

6. The classes and any maximum number of shares that the corporation is authorized to issue:

An unlimited number of Common Shares.

The endorsed Articles of Incorporation are not complete without the Certificate of Incorporation.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar, Ministry of Public and Business Service Delivery

7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors' authority with respect to any class of shares which may be issued in series. If there is only one class of shares, enter "Not Applicable":

1.1 Voting Rights

The holders of the Common Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to 1 vote in respect of each Common Share held at all such meetings.

1.2 Payment of Dividends

The holders of the Common Shares shall be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the Common Shares, the board of directors may in its sole discretion declare dividends on the Common Shares to the exclusion of any other class of shares of the Corporation.

1.3 Participation upon Liquidation, Dissolution, Winding-Up

In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the Common Shares, be entitled to participate in the distribution. Such distribution shall be made in equal amounts per share on all the Common Shares at the time outstanding without preference or distinction.

8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows. If none, enter "None":

No securities of the Corporation, other than non-convertible debt securities, if any, shall be transferred without (i) the express approval of the board of directors of the Corporation, to be signified by a resolution duly passed at a meeting of the board of directors or by instrument or instruments in writing signed by all of the directors, or (ii) the express approval of the shareholders of the Corporation entitled to vote at a meeting to be signified by an ordinary resolution duly passed at a meeting of the shareholders or by instrument or instruments in writing signed by the holders of at least a majority of the shares of the Corporation entitled to vote on the resolution at a meeting of the shareholders.

9. Other provisions, if any. Enter other provisions, or if no other provisions enter “None”:

None.

10. The name(s) and address(es) of incorporator(s) are:

Full Name	ZIAD REDA
Address for Service	60 Citation Crescent, Ancaster, Ontario, L9K 1H8, Canada

The endorsed Articles of Incorporation are not complete without the Certificate of Incorporation.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar, Ministry of Public and Business Service Delivery

The articles have been properly executed by the required person(s).

The endorsed Articles of Incorporation are not complete without the Certificate of Incorporation.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar, Ministry of Public and Business Service Delivery

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF ZIAD REDA

FOGLER, RUBINOFF LLP
Lawyers
Scotia Plaza
40 King Street West, Suite 2400
P.O. Box #215
Toronto, ON M5H 3Y2

Vern W. DaRe
Tel: 416.941.8842
Fax: 416.941.8852
Email: vdare@foglers.com

Lawyers for the Applicants, Noya Holdings Inc. and Noya Cannabis Inc.

TAB 3

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 5TH
	)	
JUSTICE CAVANAGH	)	DAY OF MARCH, 2025

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

APPROVAL AND REVERSE VESTING ORDER

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, among other things: (i) approving the transactions (collectively, the "**Transaction**") contemplated by the stalking horse purchase agreement dated November 11, 2024, as amended (the "**SPA**"), entered into among Noya Holdings Inc. (the "**Vendor**"), Noya Cannabis Inc. (the "**Company**") and Lending Stream Inc. (the "**Purchaser**") for the purchase and sale of all of the issued and outstanding shares of the Company ("**Purchased Shares**") and the Company Property (defined below); (ii) adding 1001155163 Ontario Inc. ("**ResidualCo**") as an Applicant to these CCAA Proceedings in order to carry out the Transaction; (iii) vesting in the Company all of the Vendor's right, title and interest in and to the Transferred Assets, if any, free and clear from any Encumbrances; (iv) transferring and vesting absolutely and exclusively in ResidualCo all Excluded Liabilities, Excluded Assets, and Excluded Contracts; (v) vesting all of the Vendor's

right, title and interest in and to the Purchased Shares in the Purchaser, free and clear of any Encumbrances; (vi) discharging all Encumbrances against the Company and the Company Property other than Permitted Encumbrances; (vii) approving releases in favour of the current and former directors, officers, employees, legal counsel and advisors of the Applicants, Monitor and Purchaser; (viii) approving the first and second report of BDO Canada Limited ("**BDO**"), in its capacity as Monitor of the Applicants (the "**Monitor**"), respectively dated November 13, 2024 (the "**First Report**") and February 26, 2025 (the "**Second Report**"), including activities, fees and disbursements; and (ix) extending the stay of proceedings to April 11, 2025 (the "**Stay Period**"), was heard this day by judicial video conference via Zoom.

ON READING the Applicants' notice of motion dated February 26, 2025, the Affidavit of Ziad Reda sworn February 25, 2025, and the Second Report, to be filed, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor and counsel for those other parties appearing as indicated by the counsel slip or participant information form, no one appearing for any other party although duly served as appears from the Affidavit of Service of Michelle Pham sworn February 26, 2025, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record be and 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 capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the SPA.

RESIDUALCO

3. **THIS COURT ORDERS AND DECLARES** that, as of the Effective Time:

   (a) ResidualCo shall be a company to which the CCAA applies; and

   (b) ResidualCo shall be added as an Applicant in these CCAA Proceedings and all references in any Order of this Court in respect of these CCAA Proceedings to: (i) an "Applicant" or the "Applicants" shall refer to and include ResidualCo; and (ii) "Property" shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of ResidualCo (the "**ResidualCo Property**"), and, for greater certainty, each of the Charges (as defined in the Initial Order), shall constitute a charge on the ResidualCo Property

APPROVAL OF SPA, TRANSACTION AND PRE-CLOSING REORGANIZATION

4. **THIS COURT ORDERS AND DECLARES** that the SPA is approved as the Successful Bid (as that term is defined in the Order of Justice Cavanagh dated November 15, 2024 in these CCAA Proceedings), and the Transaction and the Pre-Closing Reorganization are hereby approved. The Applicants are hereby authorized and directed to perform their obligations under the SPA and to take such additional steps and execute

such additional documents as may be necessary or desirable to effect the completion of the Transaction and for the conveyance of the Purchased Shares to the Purchaser, including the Pre-Closing Reorganization steps.

5. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Applicants to proceed with the Transaction and that no shareholder or other approval shall be required in connection therewith.

VESTING & PRE-CLOSING REORGANIZATION

6. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a copy of the Monitor's certificate (the "**Monitor's Certificate**") to the Purchaser (the time of such delivery being referred to herein as the "**Effective Time**"), substantially in the form attached as Schedule "A" hereto, the following shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

(a) First, all of the Vendor's right, title and interest in and to the Transferred Assets, if any, shall vest absolutely and exclusively in the Company, free and clear of and from any and all Claims and Encumbrances (each as defined below) and, for greater certainty, this Court orders that all of the Encumbrances in respect of the Transferred Assets are hereby expunged and discharged as against the Transferred Assets;

(b) Second, all of the right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined below) shall continue to attach to the Excluded Assets and to the

Proceeds (defined below) in accordance with paragraph 9 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;

(c) Third, all Excluded Contracts and Excluded Liabilities (which for certainty includes, without limitation, all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) of the Company (other than the Assumed Liabilities) shall be channeled to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Contracts and Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Company, and the Company and all of its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situated (including, for certainty, the Transferred Assets and the Retained Assets) (collectively, the "**Company Property**") shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities and all related Claims and all Encumbrances affecting or relating to the Company Property are hereby expunged and discharged as against the Company Property;

(d) Fourth, in consideration for the Purchase Price, all of the right, title and interest in and to the Purchased Shares 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, including without limitation the constructive trust asserted by Ignite International Brands (Canada) Ltd.), 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 (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order or any other orders in these CCAA Proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry systems; and (iii) those Claims listed on Schedule "B" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the Permitted Encumbrances listed on Schedule "C" hereto with respect to the SPA) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Shares are hereby expunged and discharged as against the Purchased Shares;

(e) Fifth, all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (as defined below) and are convertible or exchangeable for any securities of the Company, or which require the issuance, sale or transfer by the Company of any shares or other securities of the Company and/or the share capital of the Company, or otherwise relating thereto, shall be deemed terminated and cancelled; and

(f) Sixth, the Company shall, and shall be deemed to, cease being an Applicant in these CCAA Proceedings, and shall be deemed to be released from the purview of the Initial Order and all other orders of this Court granted in respect of these CCAA Proceedings, save and except for this Order, the provisions of which (as they relate to the Company and ResidualCo) shall continue to apply in all respects.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof in connection with the Transaction.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendor and the Purchaser regarding the fulfilment of conditions to closing under the SPA and shall have no liability with respect to delivery of the Monitor's Certificate.

9. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Shares, if any (the "**Proceeds**") and the Excluded Assets, if any, shall be allocated to ResidualCo, and that from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances shall attach to the Proceeds, with the same priority as they had with respect to the Purchased Shares and the Company Property immediately prior to the sale, as if: (i) the Company Property and Purchased Shares had not been sold and remained owned by and in the possession or control of the Person who owned and had possession or control immediately prior to the sale; and (ii) the Excluded Contracts and Excluded Liabilities had not been transferred to

and vested in ResidualCo and had remained liabilities of the Company immediately prior to the transfer.

10. **THIS COURT ORDERS** that, upon the delivery of the Monitor's Certificate, the Purchaser and its counsel and/or their respective agents shall be authorized to take all steps to file or register, as applicable, all such financing change statements and other instruments as may be necessary to cancel and discharge all registrations against the Company pursuant to the *Personal Property Security Act* (Ontario) or any similar legislation.

11. **THIS COURT ORDERS** that, for greater certainty, upon delivery of the Monitor's Certificate, and upon filing of a copy of this Order together with any applicable registration fees, all governmental authorities and any other applicable registrar or government ministries or authorities exercising jurisdiction with respect to the Applicants or the Applicants' Property, business or operations (collectively, the "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of a copy of the Monitor's Certificate and a copy of this Order as though they were originals and to enter into records, make, amend or discharge such registrations and transfers of interests as the Purchaser, the Company, ResidualCo or the Monitor may require to give effect to the terms of this Order and the Share Purchase Agreement. Presentment of a copy of this Order and a copy of the Monitor's Certificate shall be the sole and sufficient authority for the Governmental Authorities to enter into records, make, amend or discharge registrations and transfers of interests as required by this paragraph, including, without limitation, to effect the discharge of the Claims and Encumbrances as against the Company Property.

12. **THIS COURT ORDERS** that pursuant to section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Applicants or the Monitor, as the case may be, is authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in the Company's records pertaining to past and current employees of the Company. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Company.

13. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time and without limiting the provisions of paragraph 6 hereof, the Purchaser and the Company shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent) or obligations with respect to any taxes (including penalties and interest thereon) of, or that relate to, the Applicants or the Company Property (provided as it relates to the Company, such release shall not apply to taxes in respect of the business and operations conducted by the Company after the Effective Time), including, without limiting the generality of the foregoing, all taxes that could be assessed against the Purchaser or the Company (including any predecessor corporations) pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), or any provincial equivalent, in connection with the Applicants.

14. **THIS COURT ORDERS** that except to the extent expressly contemplated by the SPA, all contracts to which the Applicants are parties upon delivery of the Monitor's Certificate will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no individual, firm, corporation, governmental body or agency, or any

other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

(a) any event that occurred on or prior to the delivery of the Monitor's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of any Applicant);

(b) the insolvency of any Applicant or the fact that the Applicants sought or obtained relief under the CCAA;

(c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transaction or the provisions of this Order, or any other Order of the Court in these CCAA Proceedings; or

(d) any transfer or assignment, or any change of control of the Company arising from the implementation of the SPA, the Transaction or the provisions of this Order.

15. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Company then existing or previously committed by the Company, or caused by the Company, directly or indirectly, or non-

compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any Contract existing between such Person and the Company arising directly or indirectly from the filing of the Company under the CCAA and the implementation of the Transaction and Pre-Closing Reorganization, including without limitation any of the matters or events listed in paragraph 14 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Company from performing its obligations under the SPA or be a waiver of defaults by the Company under the SPA and the related documents.

16. **THIS COURT ORDERS** that from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, indirectly, derivatively or otherwise, and including without limitation, administrative hearings, arbitrations, mediations, and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Company or the Company Property relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

17. **THIS COURT ORDERS** that from and after the Effective Time:

(a) the nature of the Assumed Liabilities retained by the Company, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this Order;

(b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;

(c) any Person that prior to the Effective Time had a valid right, Claim or Encumbrance against the Company under or in respect of any Excluded Contract or Excluded Liability (each an "**Excluded Liability Claim**") shall no longer have such right, Claim or Encumbrance against the Company but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and

(d) the Excluded Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Company prior to the Effective Time.

RELEASES

18. **THIS COURT ORDERS** that effective upon the filing of the Monitor's Certificate: (i) the current directors, officers, employees, legal counsel and advisors of the Applicants; (ii) the Monitor and its legal counsel; and (iii) the Purchaser and its legal counsel,

(collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the filing of the Monitor's Certificate: (a) undertaken or completed pursuant to the terms of this Order; (b) arising in connection with or relating to the SPA or the completion of the Transaction; (c) arising in connection with or relating to the within CCAA Proceedings; or (d) related to the management, operations or administration of the Applicants (collectively, the "**Released Claims**"), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

19. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 195, c. B-3, as amended (the "**BIA**"), in

respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Applicants; the SPA, the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo, the transfer and vesting of the Transferred Assets in and to the Company, and the transfer and vesting of the Purchased Shares in and to the Purchaser) and any payments by or to the Purchaser, the Applicants or the Monitor authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and/or ResidualCo and shall not be void or voidable by creditors of the Applicants or ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

MONITOR'S ENHANCED POWERS

20. **THIS COURT ORDERS** that in addition to the powers and duties of the Monitor set out in the Initial Order or any other Order of this Court in these CCAA Proceedings, and without altering in any way the limitations and obligations of ResidualCo as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not required to:

(a) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of ResidualCo in order to facilitate the performance of any ongoing obligations of ResidualCo, including with respect to any Excluded Liability Claim, and to carry out the Monitor's duties under this Order or any other Order of this Court in these CCAA Proceedings;

(b) exercise any powers which may be properly exercised by a board of directors of ResidualCo;

(c) cause ResidualCo to retain the services of any person as an employee, consultant, or other similar capacity all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;

(d) open one or more new accounts (the "**ResidualCo Accounts**") into which all funds, monies, cheques, instruments and other forms of payment payable to ResidualCo shall be deposited from and after the making of this Order from any source whatsoever and to operate and control, as applicable, on behalf of ResidualCo, the ResidualCo Accounts in such manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor's powers and duties;

(e) cause ResidualCo to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the winding-down of ResidualCo or the distribution of the proceeds of the ResidualCo Property or any other related activities, including in connection with bringing these CCAA Proceedings to an end;

(f) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of ResidualCo (including any governmental authority) in the name of or on behalf of ResidualCo;

(g) claim or cause ResidualCo to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which ResidualCo is entitled;

(h) have access to all books and records that are the property of ResidualCo in ResidualCo's possession or control, in addition to the books and records of the Applicants in accordance with the terms of the SPA;

(i) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Monitor shall be entitled but not obligated to act as trustee in bankruptcy thereof;

(j) consult with Canada Revenue Agency or Health Canada with respect to any issues arising in respect of these CCAA Proceedings; and

(k) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

GENERAL

21. **THIS COURT ORDERS** that, following the Effective Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the Purchased Shares and the Company Property.

22. **THIS COURT ORDERS** that, following the Effective Time, the title of these proceedings is hereby changed to:

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 NOYA HOLDINGS INC. AND 1001155163 ONTARIO INC.

STAY PERIOD

23. **THIS COURT ORDERS** that the Stay Period referred to in the Amended and Restated Initial Order be and is hereby extended to April 11, 2025.

OTHER

24. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, 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, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

25. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or

administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

26. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing, provided that counsel to the Applicants shall have issued and entered this Order with the Court Office and circulate a copy of the issued and entered Order to the Service List.

SCHEDULE "A" – FORM OF MONITOR'S CERTIFICATE

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

RECITALS

1. Pursuant to the Amended and Restated Initial Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) dated November 15, 2024, the Applicants were granted protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and BDO Canada Limited was appointed as the monitor ("**Monitor**") of the Applicants.

2. Pursuant to the Approval and Reverse Vesting Order of the Court, dated March 5, 2025 (the "**Order**"), the court approved the transaction (the "**Transaction**") contemplated by the Stalking Horse Purchase Agreement dated November 11, 2024, as amended (the "**SPA**"), among Noya Holdings Inc. (the "**Vendor**"), Noya Cannabis Inc. (the "**Company**") and Lending Stream Inc. (the "**Purchaser**") and ordered, *inter alia*, that: (i) 1001155163 Ontario Inc. ("**ResidualCo**") be added as an Applicant to these CCAA Proceedings; (ii) all of the Vendor's right, title and interest in and to the Transferred Assets be vested in the Company, free and clear from any Encumbrances; (iii) the Excluded Assets, Excluded Liabilities and Excluded Contracts be vested absolutely and exclusively in ResidualCo; (iv) all of the Vendor's right, title and interest in and to the Purchased Shares be vested absolutely and exclusively in the Purchaser, free and clear from any Encumbrances, except for the Permitted Encumbrances, which vesting is, in

each case, to be effective upon the delivery by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation in form and substance satisfactory to the Monitor from the Purchaser and the Vendor that all conditions to closing have been satisfied or waived by the parties to the SPA.

3. Capitalized terms not defined herein shall have the meaning given to them in the Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and from the Vendor, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the SPA.

2. This Monitor's certificate was delivered by the Monitor at ▶ on ▶, 2025.

BDO CANADA LIMITED, IN ITS CAPACITY AS MONITOR OF THE APPLICANTS, AND NOT IN ITS PERSONAL CAPACITY

Per: _____

Name: Name
Title: Title
I have authority to bind the Corporation

SCHEDULE "B"
SPECIFIC CLAIMS OR ENCUMBRANCES TO BE DISCHARGED

(A)Personal Property Security Interests

1. Ontario

(i) *Personal Property Security Act (Ontario)*

Debtor Name	Secured Party Name	File Number	Expiry Date
Noya Holdings Inc.	**Lending Stream Inc.**	**730150461**	**July 25, 2042**
Noya Cannabis Inc.	**Lending Stream Inc.**	**730149462**	**July 25, 2042**
Noya Holdings Inc.	**1000593616 Ontario Inc.**	**748600272**	**February 26, 2026**
Noya Holdings Inc.	**1000593616 Ontario Inc.**	**751191768**	**May 14, 2026**
Radicle Medical Marijuana Inc. (now Noya Cannabis Inc.)	**Alterna Savings and Credit Union Limited**	**793239372**	**May 11, 2028**

(B)Litigation

1. Ontario

Plaintiff/Appellant	Defendant/Respondent	Jurisdiction/Court File No.	Case Status
Ignite International Brands (Canada) Ltd.	**Noya Cannabis Inc. and Noya Holdings Inc.**	**SCJ – Toronto (CV-21-00673047-0000)**	**Prior to the commencement of these CCAA proceedings, the parties were scheduled to attend mediation on or about February, 2025**
10805696 Canada Inc., o/a Mauve &	**Noya Cannabis Inc.**	**Arbitration pursuant to the**	**Notice of Arbitration dated**

Herbes		***Arbitration Act,* 1991 SO 1991, c. 17**	**September 23, 2024**

2. British Columbia

Plaintiff/Appellant	Defendant/Respondent	Jurisdiction/Court File No.	Case Status
Pure Sunfarms Corp.	**Noya Cannabis Inc.**	**Arbitration pursuant to the *Arbitration Act,* S.B.C. 2020, c. 2**	**Before the commencement of these CCAA proceedings, the parties were scheduled to attend an arbitration hearing in mid-December, 2024 pursuant to Procedural Order No. 1 – Procedural Timetable dated October 8, 2024**

(C) Real Property Registrations

Ontario-nil

British Columbia-nil

SCHEDULE "C"
PERMITTED ENCUMBRANCES

NIL

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

APPROVAL AND REVERSE VESTING ORDER

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Lawyers for the Applicants, Noya Holdings Inc. and Noya Cannabis Inc.

TAB 4

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 5TH
	)	
JUSTICE CAVANAGH	)	DAY OF MARCH, 2025

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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

ANCILLARY ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day by way of judicial video conference.

ON READING the Applicants' notice of motion dated February 26, 2025, the Affidavit of Ziad Reda dated February 25, 2025 (the "**Third Reda Affidavit**"), and the Second Report dated February 26, 2025 ("**Second Report**") of BDO Canada Limited, in its capacity as the monitor (the "**Monitor**"), including the First Report of the Monitor dated November 13, 2024 ("**First Report**"), and on hearing the submissions of counsel for the Applicants and counsel for the Monitor and counsel for those other parties appearing as indicated by the counsel slip or participant information form, no one appearing for any other party although duly served as appears from the Affidavit of Service of Michelle Pham sworn February 26, 2025, 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 capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Third Reda Affidavit.

MONITOR'S REPORTS AND ACTIVITIES APPROVAL

3. **THIS COURT ORDERS** that the First Report and Second Report of the Monitor and the activities and conduct of the Monitor described therein are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

APPROVAL OF FEES OF THE MONITOR AND ITS COUNSEL

4. **THIS COURT ORDERS** that the professional fees of the Monitor for the period from on or about the commencement of these CCAA Proceedings to February 14, 2025, in the amount of $103,832.50, plus disbursements of $6,065.27 and Harmonized Sales Tax ("**HST**") of $14,286.72, for a total of $124,184.49, as set out in the Second Report and the Affidavit of Robyn Duwyn sworn February 26, 2025, attached as Appendix "I" to the Second Report, are hereby approved.

5. **THIS COURT ORDERS** that the professional fees of Loopstra Nixon LLP, counsel to the Monitor, for the period from on or about the commencement of these CCAA Proceedings to on or about February 25, 2025, plus disbursements and HST, as set out in the Second Report and the Affidavit of Graham Phoenix sworn February 26, 2025, attached as Appendix "J" to the Second Report, are hereby approved.

GENERAL

6. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing, provided that counsel to the Applicants shall have issued and entered this Order with the Court Office and circulate a copy of the issued and entered Order to the Service 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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.
Applicants

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ANCILLARY ORDER

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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 NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD
(MOTION RETURNABLE MARCH 5, 2025)

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