

Court File No: CV-25-00735482-00CL

**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**

THE VANCOR GROUP INC.

Applicant

and

**2744364 ONTARIO LIMITED o/a TRUE NORTH CANNABIS CO, 2668905 ONTARIO
INC. o/a BAMBOO BLAZE, AND 2767888 ONTARIO INC.**

Respondents (Debtors)

FOURTH REPORT OF THE MONITOR, DELOITTE RESTRUCTURING INC.

DATED MAY 15, 2025

TABLE OF CONTENTS

INTRODUCTION.....	1
PURPOSE.....	3
TERMS OF REFERENCE	4
THE OUTCOME OF THE SISP	5
THE STALKING HORSE AGREEMENT.....	8
RELEASES BEING SOUGHT IN CONNECTION WITH THE CLOSING OF THE TRANSACTION.....	21
DISCHARGE OF THE CRO	24
ADDING RESIDUALCO TO THE CCAA PROCEEDINGS	25
STATUS OF THE FORBEARANCE AGREEMENT.....	26
EXTENSION OF THE STAY PERIOD.....	26
RECOMMENDATIONS.....	27

APPENDICES

Appendix “A” – Stalking Horse Agreement

Appendix “B” – SISP

Appendix “C” – Promissory Note

Appendix “D” – Notice

Appendix “E” – Claims transferred to ResidualCo

Confidential Appendix "1" - Received Bid

INTRODUCTION

1. On January 24, 2025 (the “**Filing Date**”), the Vancor Group Inc. (“**Vancor**” or the “**Applicant**”) commenced proceedings (the “**CCAA Proceedings**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for the purpose of obtaining an order (the “**Initial Order**”) in respect of 2744364 Ontario Inc. (o/a True North Cannabis Co.) (“**TNCC**”), 2668905 Ontario Inc. (o/a Bamboo Blaze) (“**Bamboo Blaze**”) and 2767888 Ontario Inc. (“**888**” and together with TNCC and Bamboo Blaze, the “**Debtors**”).
2. The relief sought by Vancor, which was granted by the Court, included the following:
 - a. declaring that the Debtors were companies to which the CCAA applies and ordering a stay of proceedings in favour of the Debtors until February 3, 2025 (as subsequently extended, the “**Stay Period**”);
 - b. appointing Deloitte Restructuring Inc. as monitor of the Debtors (the “**Monitor**”);
 - c. appointing Mr. Shawn Dym as chief restructuring officer of the Debtors (the “**CRO**”);
 - d. approving the Debtors’ ability to borrow up to a principal amount of \$900,000 under a debtor in possession term sheet (the “**DIP Term Sheet**”) from Vancor, as lender (in such capacity, the “**DIP Lender**”), to finance, among other things, the Debtors’ working capital requirements and post-filing expenses (the “**DIP Facility**”);
 - e. approving a charge on the Debtors’ assets in the amount of \$900,000, plus interest, fees and expenses, to secure amounts advance under the DIP Facility (the “**DIP Charge**”);
 - f. granting a charge on the Debtors’ assets in the amount of \$350,000 (the “**Administration Charge**” and together with the DIP Charge, the “**Charges**”) for the

- benefit of the Monitor and its counsel, the CRO, counsel to Vancor, and counsel to the Debtors (together the “**Professionals Group**”);
- g. authorizing the Debtors to pay certain pre-filing liabilities with the consent of the Monitor;
 - h. authorizing the Debtors to pay pre- and post-filing interest to the Debtors’ eight secured creditors, in accordance with the cash flow forecast (the “**Original Cash Flow Forecast**”) attached to the Monitor’s pre-filing report dated January 23, 2025 (the “**Pre-Filing Report**”); and
 - i. other ancillary relief related to the CCAA Proceedings.
3. At a further hearing on February 3, 2025 (the “**Comeback Hearing**”), the Court granted the following relief pursuant to an amended and restated Initial Order (the “**ARIO**”):
- a. extending the Stay Period to May 2, 2025;
 - b. increasing permitted borrowings under the DIP Facility to \$2.0 million (plus interest and costs);
 - c. increasing the Administration Charge and the DIP Charge to \$600,000 and \$2.0 million (plus interest, fees and expenses), respectively;
 - d. authorizing the Debtors to file a plan of arrangement pursuant to the CCAA and certain ancillary relief related thereto; and
 - e. authorizing the Debtors to undertake certain steps related to a potential restructuring.
4. On March 3, 2025 the Court issued:
- a. an order (the “**SISP Order**”) authorizing and directing the Monitor to conduct a sale

- and investment solicitation process (the “**SISP**”). The SISP Order directed that the Monitor administer the SISP and granted to the Monitor the authority to bring the motion to approve a transaction which resulted from the process;
- b. an order (the “**Claims Procedure Order**”) establishing a claims procedure to call for, identify and quantify claims from certain of the Debtors’ creditors (the “**Claims Procedure**”).
5. On May 1, 2025, the Court issued an Order extending the Stay Period up to and including June 6, 2025.

PURPOSE

6. The purpose of this fourth report of the Monitor (the “**Fourth Report**”) is to provide the Court with information related to:
- a. the proposed approval of the share subscription agreement (the “**Stalking Horse Agreement**”) and the transaction contemplated thereby (the “**Transaction**”). A copy of the Stalking Horse Agreement is attached hereto as **Appendix “A”** and all capitalized terms in this Fourth Report that are not otherwise defined have the meanings ascribed to them in the Stalking Horse Agreement. As previously reported by the Monitor in its third report dated April 29, 2025 (the “**Third Report**”), Vancor is the Successful Bidder (as defined in the SISP) in the SISP;
- b. requested Releases (as defined herein) for certain Released Parties (as defined herein);
- c. a request to discharge the CRO;
- d. the proposed addition of 1001235542 Ontario Inc. (“**ResidualCo**”) as a debtor company in these CCAA Proceedings, along with the corresponding change to the style

of cause in these CCAA Proceedings, and contemporaneously discharging TNCC, Bamboo Blaze and 888 from these CCAA Proceedings. This will result in ResidualCo being the only debtor company subject to these CCAA Proceedings;

- e. the Monitor's preliminary review of security held by 888's secured lenders;
- f. the implementation of a forbearance agreement (the "**Forbearance Agreement**") with one of the Debtors' lenders, Firm Capital Mortgage Fund Inc. ("**Firm Capital**"); and
- g. an extension of the Stay Period from June 6, 2025 to September 5, 2025.

TERMS OF REFERENCE

7. In preparing this Fourth Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Debtors, discussions with and information from Vancor's and the Debtors' management ("**Management**") and other third-party sources (collectively, the "**Information**"). Except as described in this Fourth Report the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *CPA Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
8. Future oriented financial information referred to in this Fourth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the

actual results will vary from the projections, even if the assumptions materialize and the variations could be significant.

9. The Monitor has prepared this Fourth Report in connection with the CCAA Proceedings and it should not be relied on for any other purpose.
10. Unless otherwise stated, all dollar amounts contained in this Fourth Report are expressed in Canadian dollars.
11. Background relating to these CCAA Proceedings is found in: (a) the affidavits sworn by Corry Van Iersel on January 23, 2025 (the “**First Van Iersel Affidavit**”), January 30, 2025, February 24, 2025, and April 29, 2025; and (b) the Monitor’s prior three reports.

THE OUTCOME OF THE SISP

12. Undefined capitalized terms in this section of this Fourth Report have the meanings ascribed to them in the SISP, which is attached hereto as **Appendix “B”**.
13. As described in greater detail in the Monitor’s second report dated February 27, 2025 (the “**Second Report**”), the Stalking Horse Bid established a baseline price and commercial terms for a transaction involving the business and assets of the Debtors.
14. In the Monitor’s view, the SISP provided an opportunity for prospective purchasers and investors to present a bid that was superior to the Transaction contemplated by the Stalking Horse Bid. The SISP was designed to canvass the market widely and provided for flexibility by, among other things: (a) allowing Potential Bidders to submit a Bid to: (i) acquire all or a portion of the Debtors’ Property; (ii) make an investment in or refinance the Business or the Debtors; or (iii) a combination of (i) and (ii); (b) granting the Monitor the ability to combine two non-overlapping independent Bids into one Bid with the consent of each Bidder; (c)

providing for an Auction to be conducted by the Monitor if the Monitor receives at least one additional Qualified Bid.

15. As reported in the Third Report and pursuant to the SISP Order, the Monitor:

- a. prepared a list of Known Potential Bidders related to the Opportunity after consulting with the Debtors and the CRO and sent notice of the SISP to approximately 57 parties;
- b. posted a copy of the SISP on its website at www.insolvencies.deloitte.ca/tnc (the “**Monitor’s Website**”);
- c. undertook a SISP notice process which included advertising the SISP in the Insolvency Insider, which is a well-known resource for distressed acquisition opportunities;
- d. developed a non-confidential summary of the Opportunity (the “**Teaser**”) in consultation with the Debtors and the CRO, and provided it to Known Potential Bidders along with an NDA to be executed if they were interested in the Opportunity;
- e. in consultation with the Debtors and the CRO, prepared a summary of the Debtors’ business and assets (the “**Confidential Information Summary**”) that was provided to parties that executed an NDA;
- f. executed 11 NDAs with Potential Bidders and provided them access to a virtual data room that contained additional information regarding the Debtors and their business;
- g. liaised with and facilitated information requests from Potential Bidders, in consultation with the CRO and its counsel;
- h. provided interested parties before the bid deadline, via a posting in the Monitor’s virtual data room, with a summary of claims arising from the Claims Procedure, to allow them to compare their potential bid against the bid from the Stalking Horse Bid in order that

they might become a Qualified Bidder, as required by the SISP;

- i. kept the CRO apprised on the status of the SISP; and
- j. administered the balance of the SISP in accordance with the terms of the SISP and the SISP Order.

16. The SISP's original Bid Deadline was April 17, 2025. As permitted by the SISP, the Monitor, in consultation with the CRO, extended the Bid Deadline to April 22, 2025. The Monitor was of the view that such an extension was desirable due to certain diligence requests made by participants in the SISP who the Monitor and the CRO believed might credibly make a Bid.

17. The SISP provided that any Participating Insider, including the Stalking Horse Bidder, was precluded from participating in the Monitor's review and consideration of the Bids. Throughout the SISP, the Monitor ensured that no confidential information regarding the terms of potential competing Bids was shared with the Stalking Horse Bidder. The Stalking Horse Bidder was made aware of the outcome of the SISP only after the Stalking Horse Bidder was selected by the Monitor (in consultation with the Debtors and the CRO) as the Successful Bidder.

18. Ultimately, the Monitor received one Bid at the Bid Deadline (the "**Received Bid**"), a summary of which is included as **Confidential Appendix "1"** to this Fourth Report. A summary of the non-commercially sensitive terms of the Received Bid are as follows:

- a. the Received Bid was for only a select group of TNCC's retail locations and did not contemplate acquiring any real estate assets owned by 888, although certain leases would have been assumed;
- b. the value of the Received Bid was materially less than the secured mortgage debt

registered against the Debtors;

- c. the majority of the consideration for the Received Bid was not in cash, but in liquid marketable securities whose value may have fluctuated either up or down pending closing; and
- d. the Monitor reviewed the Received Bid with the Debtors and the CRO. Given that the Received Bid was the only Bid received and it was only for a portion of the Debtors' assets, the Monitor, after consultation with the Debtors and the CRO, approached the Stalking Horse Bidder to inquire, without disclosing specifics, whether it would be interested in combining its bid with a bid for specific assets. The Stalking Horse Bidder advised it was not interested in pursuing such a transaction at that time.

19. As a result, the Monitor advised counsel for the Stalking Horse Bidder that the Stalking Horse Bid was the Successful Bid under the SISP, subject to approval of the Court.

20. Pursuant to paragraph 42 of the SISP, the Monitor has the authority to bring a motion to seek approval from the Court to consummate any Successful Bid through a reverse vesting order.

THE STALKING HORSE AGREEMENT

Summary of the Stalking Horse Agreement

21. The Second Report contained, at **Appendix "B"**, a copy of the Stalking Horse Agreement. A summary is provided below:

Item	Details
Assets acquired	<ul style="list-style-type: none"> • 100 new shares of each of TNCC, Bamboo Blaze and 888 • Existing shares and other equity interests (e.g. option agreements that may exist) in each of the Debtors shall be cancelled in accordance with the Implementation Steps contemplated by the Stalking Horse Agreement and included thereto at Appendix “A”
Purchase price	<ul style="list-style-type: none"> • The sum of the value of: <ul style="list-style-type: none"> A. the outstanding indebtedness under the DIP Facility as at the Closing Date (currently \$1.99 million as at the date of this Fourth Report); B. the secured indebtedness of the Debtors, including interest and fees accrued to the Closing Date (approximately \$13.6 million as at the date of this Fourth Report); C. Proven Unsecured Claims, being unsecured claim proven through the Claims Procedure (which the Monitor estimates to be approximately \$34.9 million); and D. the Closing Payment, which is essentially the professional fees necessary to close the Transaction and complete the Debtors’ restructuring (unknown as at the date of this Fourth Report)
Retained liabilities	<ul style="list-style-type: none"> • The Secured Indebtedness and the DIP Indebtedness • Proven Unsecured Claims (to be paid within 12 months of the date that each such claim is conclusively determined and proven in the Claims Procedure) • Any accrued and unpaid professional fees secured by the Administration Charge, to the extent that such amounts are not satisfied by the Closing Payment • Those additional Retained Liabilities designated by the Purchaser prior to the closing of the Transaction, if any, to be set out in Schedule “F” of the Stalking Horse Agreement
Excluded liabilities	<ul style="list-style-type: none"> • Any and all Liabilities that are not Retained Liabilities, including those identified in Schedule “C” of the Stalking Horse Agreement • Outstanding claims arising from the Claims Procedure which are under dispute or have not yet been finally resolved or accepted by the Monitor • Excluded Liabilities shall be transferred to ResidualCo pursuant to a “reverse vesting order”

Permitted encumbrances	<ul style="list-style-type: none"> • As set out in Schedule “D” of the Stalking Horse Agreement including, without limitation, encumbrances related to the Secured Indebtedness
Retained contracts	<ul style="list-style-type: none"> • Those contracts listed in Schedule “G” to the Stalking Horse Agreement, which are generally those necessary for the running of TNCC’s retail operations and include cannabis licenses and contracts with various payment processors
Retained assets	<ul style="list-style-type: none"> • All assets owned by the Debtors at the date of the Stalking Horse Agreement and any assets that are subsequently acquired by the Debtors up to the closing of the Transaction
Satisfaction of claims identified in the Claims Procedure	<ul style="list-style-type: none"> • Each of the Proven Unsecured Claims will receive as payment an unsecured promissory note in the amount of their Proven Unsecured Claim, payable within 12 months of issuance (which is either upon closing of the Transaction or, for claims proven post-closing, within five days following the date that such claim is proven) • The form of promissory note that will be issued to creditors with Proven Unsecured Claims is appended to this Fourth Report as Appendix “C”
Closing payment	<ul style="list-style-type: none"> • At Closing, the Purchaser shall pay to the Monitor, on behalf of TNCC, Bamboo Blaze and 888, an amount equal to the sum of: <ul style="list-style-type: none"> A. the Priority Payments (which are primarily amounts withheld from employee pay); B. the Administration Charge Amount (amounts to pay professionals pursuant to the Administration Charge); and C. the Administrative Wind-down Amount (which will fund professional fees to complete the CCAA Proceedings)
Closing certificate	<ul style="list-style-type: none"> • The Transaction will close when the Monitor files a certificate with the Court (the “Closing Certificate”)
Representations and warranties	<ul style="list-style-type: none"> • Representations and warranties from the Debtors are very limited and generally address issues of corporate authority • The Transaction is on an “as is, where is” basis

22. As noted in the table above, the Transaction is structured to close pursuant to a reverse vesting order. As is common with reverse vesting orders, the Retained Assets and Retained Liabilities will remain in the debtor companies, while the Excluded Liabilities and Excluded Assets (if any) will be transferred into a new residual corporation. The residual corporation (i.e.

1001235542 Ontario Inc., or ResidualCo) becomes the debtor company under the CCAA and the existing debtors are discharged from the CCAA Proceedings.

23. The Monitor notes the following aspects of the reverse vesting order structure:

- a. as described in the First Van Iersel Affidavit, the Debtors' Business requires two forms of government-issued license: a Cannabis Retail Operator License and a Cannabis Retail Store Authorization (for each store). TNCC holds one Cannabis Retail Operator License and 48 Cannabis Retail Store Authorizations (together, the "**Licenses**"). In a conventional asset sale transaction, some of the Licenses would be cumbersome or time-consuming to transfer to a third-party purchaser, and the procedures necessary to affect such a transfer would likely result in additional risk, delays, and costs even if it were possible to transfer them without having to make new applications. In the Monitor's view the Debtors may not have sufficient liquidity to afford such delays and costs. The reverse vesting structure ensures the preservation of the Permits and Licenses without the additional cost, delay, complexity, and uncertainty involved in the Purchaser obtaining new Licenses;
- b. the reverse vesting order structure, which preserves the Licences and the going concern business, creates greater value for the Debtors' creditors than a bankruptcy liquidation overall. Indeed a trustee's ability to liquidate would be hampered as the sale of cannabis requires governmental authority that would be difficult, or impossible, to negotiate;
- c. the Debtors are party to credit facilities with eight different secured creditors. The reverse vesting order avoids the need to negotiate assumption agreements or change of control waivers for each which, even if available from all eight lenders, could

add significant delay to the Closing of the Transaction;

- d. the Debtors are party to numerous operating agreements that will not need to be assigned or renegotiated as a result of employing a reverse vesting order structure;
- e. the Stalking Horse Agreement is structured to close pursuant to a reverse vesting order, and contains conditions that cannot be satisfied without a reverse vesting order, and the Monitor understands that the Purchaser is not prepared to acquire the business under an alternative structure; and
- f. the reverse vesting order structure allows the Purchaser to assume the obligations to pay the unsecured creditors who continue to be contractually connected to the entity emerging from restructuring. In a traditional vesting order transaction, these parties would simply be unsecured creditors who would be required to share in the remaining proceeds, if any, and their business agreements would be terminated.

24. In addition to the above factors, the Monitor is not aware of any stakeholder or creditor that would suffer prejudice under the reverse vesting order structure. All other unsecured creditors with Proven Unsecured Claims will have their claims assumed in full and paid in accordance with the Proven Unsecured Claim Promissory Notes, with no reduction in the amounts owing or to be paid by the Debtors. In the Monitor's view, the Transaction offers a superior economic outcome compared to any viable alternative, as unsecured creditors with Proven Claims are expected to recover the full value of their claims and the Secured Indebtedness is Retained Liability.

25. Based on the foregoing, the Monitor believes that a reverse vesting order structure is appropriate in the circumstances.

Monitor's views on the consideration provided by the Stalking Horse Bid

26. The Monitor has considered the following factors, which are set out in subsection 36(3) of the CCAA. Specifically, in deciding whether to recommend that the Court approve the Stalking Horse Bid, the Monitor considered:

Factor	Considerations
a. Whether the process leading to the proposed sale was reasonable in the circumstances	<ul style="list-style-type: none"> • The SISP was commercially reasonable. It was designed to afford the Monitor an appropriate amount of time to market the Debtors' business and assets given the liquidity constraints facing them. As set out herein, 57 parties were contacted by the Monitor as part of the SISP and the Debtors' business and assets were widely marketed
b. Whether the Monitor approved the process leading to the proposed sale or disposition	<ul style="list-style-type: none"> • The Monitor administered the SISP and recommended the SISP be approved in the Second Report • The SISP was approved by the Court
c. Whether the Monitor filed with the Court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy	<ul style="list-style-type: none"> • The Transaction is more beneficial to creditors than a bankruptcy liquidation. Further, as set out in Confidential Appendix "1", the consideration in the one Received Bid was less than the consideration contained in the Stalking Horse Bid, and lower than the quantum of the Debtors' secured debt (and therefore would result in no recovery for unsecured creditors)
d. The extent to which the creditors were consulted	<ul style="list-style-type: none"> • The SISP was approved by the Court and no creditor objected to same. The Monitor also consulted the Stalking Horse Bidder and other stakeholders in designing the SISP. As noted, during the SISP the Monitor did not consult with the Applicant (who is the Debtors' largest unsecured creditor) because the Applicant was the Stalking Horse Bidder
e. The effects of the proposed sale on the creditors and other interested parties	<ul style="list-style-type: none"> • As part of the Transaction, all employees (approximately 285 according to the First Van Iersel Affidavit) retain their jobs and the Debtors continue to operate in the normal course

	<ul style="list-style-type: none"> • In the Monitor's view, the Stalking Horse Bid is a substantially superior outcome to that contemplated by the Received Bid given the recovery through the Proven Unsecured Promissory Note • The Stalking Horse Bid also provides a better recovery to unsecured creditors than they would realize in a liquidation proceeding • Based on the Monitor's assessment, it is not clear that any other party would receive a distribution in a liquidation proceeding
f. Whether the consideration to be received for the assets is reasonable and fair, taking into account their market value	<ul style="list-style-type: none"> • Based on the overall administration of the SISP and the factors listed above, the consideration received as part of the Stalking Horse Bid is reasonable in the circumstances

27. The Stalking Horse Bid is the highest value Bid received in the SISP and provides better recovery to unsecured creditors than an assumed, illustrative liquidation of the Debtors' assets. The assumption of the Secured Indebtedness under the Stalking Horse Bid is itself greater consideration than the only other Bid submitted in the SISP, being the Received Bid. In addition, under the Stalking Horse Bid, all unsecured Creditors with Proven Claims will receive Proven Unsecured Promissory Notes equal to 100% of the value of their Proven Claims, issued at Closing and payable 12 months thereafter for those claims that are proven prior the Closing of the Transaction. For claims resolved after Closing, Proven Unsecured Promissory Notes will be issued within 5 days of the date that such claims are proven, and payable 12 months thereafter.

28. The Monitor notes that the Proven Unsecured Promissory Notes are unsecured and there is a risk that the amounts owing may ultimately not be paid if the business fails before the Proven Unsecured Promissory Notes mature. However, this risk reflects the current priority and exposure of these unsecured creditors. Additionally, the substitution of existing debts with

Proven Unsecured Promissory Notes, which are not payable for 12 months, may result in certain creditors receiving payment, or the right to pursue payment, later than they otherwise would be entitled to. Given the 12-month deferral, it may also be appropriate to discount the value of the Proven Unsecured Promissory Notes to account for the time value of money. However, given the significant difference in forecast recoveries between those contemplated by the Proven Unsecured Promissory Notes and other alternative methods of recovery, the Monitor does not view this as a relevant factor in assessing relative value.

29. However, even considering these risk factors, creditors with Proven Unsecured Claims are still receiving greater overall consideration than would be the case if the Debtors' assets were liquidated. In a liquidation scenario, given the high amount of Secured Indebtedness and the assumed asset value, the unsecured creditors overall would likely receive substantially less than the consideration provided under the Stalking Horse Agreement.
30. The Monitor performed a high level consolidated estimated realizable value analysis of the Debtors' assets as at March 31, 2025 (the "**ERV**"). The result of the ERV is that unsecured creditors are assumed to recover less overall than the consideration provided by the Proven Unsecured Promissory Notes upon closing of the Transaction. The ERV was performed on a standalone basis for each of TNCC and 888.
31. The Monitor notes the following with respect to the ERV:
 - a. The Debtors' inventory is liquidated over a period of five weeks for between 75% and 100% of its book value;
 - b. 888's real estate assets are sold, and the proceeds are used to pay the secured debt related to each property and a portion of the DIP Facility with the surplus being

available for liquidation costs, costs to realize upon 888's assets, professional fees and 888's unsecured creditors that filed claims in the Claims Procedure. The Monitor notes that realizing upon 888's real estate assets would take a considerable amount of time given that there are 38 owned properties in numerous jurisdictions in Ontario. Furthermore, the ERV assumes, on the low end, that there is a discount to the value that would otherwise be available were TNCC's stores occupying the owned properties given that, in a liquidation scenario, all such stores are assumed to be closed after inventory is liquidated;

- c. There are limited recoveries for furniture, fixtures, and fixed assets at TNCC's retail locations; and
- d. Loans to shareholders receive minimal recovery given difficulty collecting same.

The Debtors are involved in litigation with certain of such parties.

32. Had the Monitor accepted the Received Bid, the consideration offered thereby would not be as significant as that contemplated by the Stalking Horse Bid.

33. The rights of each beneficiary of the Proven Unsecured Promissory Notes will be identical to those that currently exist in terms of priority, and the only change is the date by which each creditor's claim is payable. The Proven Unsecured Promissory Notes may be prepaid, and there are no prohibitions on which Proven Unsecured Promissory Notes are to be paid back first in a prepayment scenario.

34. The Monitor's counsel has completed a preliminary review of the security held by the eight secured lenders given that the validity of this security is the foundation of the quantum of recoveries to unsecured creditors. The Monitor's counsel has reviewed the relevant parcel

registers for the 38 properties owned by 888, and PPSA searches in respect of the Debtors, and has confirmed the secured creditors have registered their interests. In addition, the Monitor's counsel has reviewed an example of a mortgage held by Firm Capital as well as the recent forbearance agreement between Firm Capital, 888, Vancor Corporation and Corry Van Iersel, dated May 1, 2025 (the "**Forbearance Agreement**") under which the indebtedness due to Firm Capital by 888 and the security held by Firm Capital was affirmed as good and valid by the counterparties. The Monitor has not conducted a review of each individual security as there are 38 such registrations and to undertake such a review in the absence of any concern or challenge from any creditor or the debtor with respect to the security seemed an extreme expense relative to its use. The Monitor can undertake formal opinions should the Court so direct.

35. As part of the Claims Procedure, the Monitor undertook a review of the books and records of the debtors in order to identify creditors. As per the Claims Process order, creditors with debts below \$10,000 were not required to file claims and their claims were deemed admitted in the amounts set out in the books and records. These creditors were able to object to the value of their claim by filing a proof of claim with the Monitor by the Claims Bar Date. If no such proof of claim was received by the Claims Bar Date, the relevant creditors' claim was deemed to be as set out on the Monitor's Website. There were approximately 48 such creditors.
36. Accordingly, these creditors have had relatively limited need for direct involvement in these CCAA Proceedings to date and generally are not on the service list. They did receive notice of the Claims Procedure by way of a direct notice pursuant to the Claims Procedure Order. Additional notice was provided as described below.
37. In order to try to ensure that all creditors, including those whose claims were deemed filed and

accepted, are aware of their entitlements under the Transaction, and in particular the impact of the Proven Unsecured Promissory Notes on their claims, the Monitor, on May 13, 2025, sent each unrepresented (i.e. without counsel on the service list) proven creditor a notice and an unexecuted draft version of their promissory note. An anonymized sample of such notice is attached hereto as **Appendix “D”** (the “**Notice**”). The Notice was sent to approximately 58 parties via email, courier or express mail.

38. Where possible, Notice was sent by email or courier. Given that certain of the mailing addresses of the Debtors’ creditors contain post office boxes, Notices were sent to those creditors by regular mail if the Monitor was not able to identify an address to which a courier package could be sent. Pursuant to the Claims Procedure Order, notices of the Claims Procedure were sent by express mail to the latest address in the Debtors’ books and records.
39. The Notice invited creditors to attend the sale approval hearing scheduled for May 21, 2025 and advised creditors that the Monitor would be providing the Court with a summary of any concerns made known to it prior to such hearing.
40. The Monitor notes the following with respect to unsecured creditors that have Proven Unsecured Claims through the Claims Procedure:
 - a. other than litigation claims that were received by the Monitor, most of the Debtors’ creditors are utility providers or municipalities in which their retail locations are located;

- b. other than shareholder loans and claims from related entities, the average claim value in the Claims Procedure that the Monitor expects to accept is approximately \$916 per creditor; and
 - c. the assumption of debts, and in particular the payment of debts for Proven Unsecured Promissory Notes, was set out in the Stalking Horse Agreement, which was provided to the service list and has been available for review on the Monitor's Website since the date of the Second Report. The Monitor has not received any feedback related to same.
41. The Monitor notes that the exchange of the unsecured claims due at different times for promissory notes payable in 12 months constitutes a restructuring of the debts of these unsecured claims. This is taking place in this transaction without the creditors being assembled to vote for any compromise and without a plan of arrangement.
42. The Proven Unsecured Promissory Notes are similar to future consideration promises, some times referred to as "hope notes", arising from a sale of an ongoing business to an operator who promises to share a percentage of future profit or revenue with the creditors, which is not uncommon in insolvency proceedings.
43. The unsecured creditors are not being asked to compromise the quantum the debt owed to them, just the timeline on which they will be paid. They are being given a promise of future payment provided the purchaser remains a viable entity. There is clearly an element of risk here, as set out above, although the Monitor notes that most creditors whose claims the Monitor expects to be proven are owed relatively small amounts. However, if the purchaser defaults in the future and does not honour the Proven Unsecured Promissory Note, or even if the Debtors fall into insolvency, the creditors will still at that point have their unsecured claim against the

business of the Debtors. From this perspective the claim has not been compromised, it has been deferred, along with a promise to pay.

44. In the Monitor's view, the overall outcome, even with the 12-month delay considered, is still better result for unsecured creditors than other potential scenarios.
45. The Monitor is further of the view that the factors listed above affect the commercial realities of presenting and voting on a CCAA plan of arrangement.
46. Junior creditors are often paid nothing at all or a small percentage of their debt when an insolvent business is sold.
47. The creditors retain the right which all creditors have, which is to object to the transaction. If they do not, they are deemed to accept the consideration under it as it relates to them.
48. In addition, the promise to pay is being provided to the creditors immediately upon Closing and it is in an amount equal to 100% of their debts.
49. In the Monitor's view the arrangement proposed between the Debtors and their creditors is fair and reasonable.

RELEASES BEING SOUGHT IN CONNECTION WITH THE CLOSING OF THE TRANSACTION

50. As set out in its motion materials dated May 15, 2025, the Monitor is currently seeking releases (each a "**Release**") for the following (collectively, the "**Released Parties**"):
- a. the CRO, Corry Van Iersel (in his capacity as director and officer of the Debtors), and Heithem Dahrouj, Vice President of Finance, in such capacity;

- b. legal counsel to the (i) Purchased Entities as defined in the Stalking Horse Agreement and (ii) the CRO;
- c. Vancor in its capacity as Purchaser and its counsel under the Stalking Horse Agreement;
- d. Vancor in its capacity as the DIP Lender and its counsel; and
- e. the Monitor and its legal counsel and its respective current directors, officers, partners, employees, consultants and advisors.

51. The Releases explicitly do not include a release for any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA. Such releases also do not include those that are being litigated pursuant to court files CV-24-00001414-0000 (“**Garas Litigation**”) and CV-24-00000669-0000 (collectively, the “**Assumed Litigation**”). The Assumed Litigation involves actions between the Debtors, Mr. Corry Van Iersel, Garas Family Holdings Inc. (“**Garas**”), and others, in various combinations.

52. The Releases are critical to the closing of the Transaction as they give the relevant Released Parties certainty with respect to claims that may be brought against them. In the cases of the directors and officers, the Monitor notes that it did not receive any director or officer claims in the Claims Procedure.

53. The Released Parties have materially contributed to these CCAA Proceedings. The Monitor notes the following with respect to each party benefitting from a Release:

Party	Rational for Release
The CRO, Heithem Dahrouj, Corry Van Iersel, legal counsel and advisors of the Debtors	<ul style="list-style-type: none"> • Heithem Dahrouj, whom the Monitor understands is not an officer of any of the Debtors, provided support to the Monitor throughout these CCAA Proceedings in developing cash flow forecasts, dealing with the Ontario Cannabis Store, providing information to the Monitor in the SISP and responding to due diligence requests • The CRO assisted in identifying buyers during the SISP and assisted the Monitor in dealing with cannabis specific issues related to the CCAA Proceedings • While Corry Van Iersel, the controlling shareholder of Vancor, recused himself as management of the Debtors during the CCAA Proceedings, he remained available to the Monitor and CRO and provided information and assistance that enhanced the SISP. Mr. Van Iersel also led the negotiation of the Forbearance Agreement with Firm Capital, which was essential to the completion of these CCAA Proceedings. At all times, Mr. Van Iersel acted in good faith and with due diligence during the SISP and provided information reasonably required during its administration
Vancor in its capacity as Purchaser related to the Transaction	<ul style="list-style-type: none"> • Vancor provided the Stalking Horse Bid in the SISP • The Stalking Horse Bid provided significant value to the SISP in that there was a certain outcome which provided certainty to ongoing suppliers and other stakeholders • The Monitor is not aware of any job losses that will result from the closing of the Transaction
DIP Lender (i.e. Vancor) and its counsel	<ul style="list-style-type: none"> • Absent the liquidity provided by the DIP Facility, it is unlikely that the Debtors would have been unable to finance the CCAA Proceedings • The liquidity provided allowed for the SISP to be administered by the Monitor
Monitor and its counsel	<ul style="list-style-type: none"> • The Monitor administered the SISP in accordance with its terms • The Monitor is not aware of any objections relating to its conduct during the course of the CCAA Proceedings

54. In summarizing the Monitor's view, the expertise, knowledge, and the continuing participation of the Released Parties provided significant benefits to the CCAA Proceedings and the

outcome of the SISP. The Transaction would likely not have been possible without each Released Party's efforts. Additionally:

- a. releases for the directors and officers who are Released Parties are directly related to their activities as directors and officers of the Debtors and are directly connected to these CCAA Proceedings;
- b. it is a requirement of the Stalking Horse Agreement that Releases be provided, and the presence of these releases benefit the Debtors, its advisors and officers and directors, all or most of whom will continue to work in the restructured entity. This obviously is of value to the Purchaser and factors into the consideration offered for the Transaction.
- c. the participation of the Released Parties enhanced overall stakeholder recoveries via the negotiation and expected consummation of the Stalking Horse Transaction; and
- d. accordingly, the Monitor is of the view that the proposed Releases are reasonable, proportionate given the contributions of the Released Parties to these CCAA Proceedings, and not overly broad in the circumstances.

55. The Monitor recommends that the Court grant the requested Releases.

DISCHARGE OF THE CRO

56. As detailed in the First Van Iersel Affidavit, the appointment of the CRO was necessary in order to assist the Debtors with the management of their affairs during these CCAA Proceedings, as Mr. Van Iersel recused himself from day-to-day management to avoid conflict with his role as the Stalking Horse Bidder.

57. Once the Transaction closes, there will be no ongoing need for the CRO's services as the Purchaser will be directing the Debtors' affairs. As such, the Monitor is currently seeking the CRO's discharge upon the filing of the Closing Certificate by the Monitor.

ADDING RESIDUALCO TO THE CCAA PROCEEDINGS

58. As set out in its motion materials dated May 15, 2025, the Monitor is seeking to have ResidualCo added as a debtor company subject to these CCAA Proceedings and amending the style of cause to the following:

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF 1001235542 ONTARIO INC.

59. At the same time, the Monitor is seeking the Court's approval to terminate the CCAA Proceedings against TNCC, Bamboo Blaze and 888 upon the closing of the Transaction. This will result in ResidualCo being the only Debtor in these CCAA Proceedings.

60. Once the Transaction closes, each of TNCC, Bamboo Blaze and 888 will no longer require the stay of proceedings afforded by the CCAA as all Proven Unsecured Claims will have been dealt with via the issuance of Proven Unsecured Promissory Notes as detailed earlier in this Fourth Report. ResidualCo will hold the liabilities not assumed in the Transaction.

61. ResidualCo will assume the \$50 million litigation claim noted earlier and, if the Monitor's request is granted by the Court, be the only debtor in these CCAA Proceedings. The litigation claim involves litigation between shareholders of the Debtors and Vancor, among others, and bears the court file number CV-24-00000669-000. A summary of claims which will be transferred to ResidualCo is set out in **Appendix "E"**.

62. The Purchaser is obligated under the Stalking Horse Agreement to assume any claim proven in the Claims Procedure through the issuance of a Proven Unsecured Promissory Note. The Stalking Horse Agreement expressly provides that this obligation includes claims which are transferred to ResidualCo pending resolution and are only resolved post closing.
63. With respect to the Garas Litigation, discussions are underway between the Purchaser, the Monitor and Garas about the possibility of Garas' claim in respect of the Garas Litigation being withdrawn on a "without prejudice" basis in exchange for the Purchaser assuming the claim. This would be beneficial to simplify the administration of the CCAA Proceedings, and would not prejudice Garas since no determination has yet been finalized with respect to its claim and no disallowance has been issued by the Monitor.

STATUS OF THE FORBEARANCE AGREEMENT

64. As further set out in the First Van Iersel Affidavit, 888 had outstanding mortgages with Firm Capital secured a March 2022 credit facility in the aggregate amount of \$10 million (the "**Firm Capital Loan**"). The Firm Capital Loan matured on May 1, 2025, without being repaid. Firm Capital and 888 entered into the Forbearance Agreement on May 1, 2025.
65. As a result of entering into the Forbearance Agreement, 888 agreed to pay certain fees and amend the interest rate paid to Firm Capital.
66. The Monitor has been advised that all required payments have been made out of available cash on hand. The Forbearance Agreement remains in place.

EXTENSION OF THE STAY PERIOD

67. The Stay Period currently expires on June 6, 2025.
68. Subject to Court approval, counsel to the Purchaser has advised the Monitor that it is prepared

to close the Transaction prior to the end of May 2025.

69. Given the complexity of certain of the claims received in the Claims Procedure, it is unlikely that all of the claims will be fully adjudicated before the Stay Period expires. As such, an extension of the Stay Period to September 5, 2025 to conclude the Claims Procedure.

70. Once the Transaction closes, the only ongoing costs related to these CCAA Proceedings will be professional fees of the Monitor and its counsel. Such fees will be addressed by the Stalking Horse Bidder making the Closing Payment immediately prior to Closing. As such, the Debtors have not prepared an updated cash flow at this time given they are generally performing in accordance with the cash flow forecast included in the Third Report and with the terms of the Forbearance Agreement.

RECOMMENDATIONS

71. The Monitor's requested relief, if granted by the Court, will largely complete the Debtors' restructuring with all proven claims being paid in full within a 12-month period on the assumption that the Proven Unsecured Promissory Notes are satisfied.

72. The Monitor is not aware of any objections to its requested relief.

73. For the reasons set out above the Monitor recommends that the Court grant its request to:

- a. approve the Stalking Horse Agreement and the related Transaction;
- b. approve the Releases related to the Released Parties;
- c. discharge the CRO upon filing of the Closing Certificate;
- d. discharge each of TNCC, Bamboo Blaze and 888 as Debtors in these CCAA Proceedings upon the filing of the Closing Certificate and, at the same time, add

ResidualCo as a Debtor; and

- e. extend the Stay Period to September 5, 2025.

All of which is respectfully submitted this 15th day of May, 2025.

DELOITTE RESTRUCTURING INC.

Solely in its capacity as Monitor of
the Debtors, and not in its personal or corporate capacity

Per:

A handwritten signature in blue ink, appearing to read "Todd Ambachtsheer", is written over a horizontal line.

Todd Ambachtsheer, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “A”**Stalking Horse Purchase Agreement**

STALKING HORSE SUBSCRIPTION AGREEMENT

THIS STALKING HORSE SUBSCRIPTION AGREEMENT is made as of the ____ day of February, 2025 (the “Effective Date”)

AMONG:

2744364 ONTARIO LIMITED o/a TRUE NORTH CANNABIS CO., a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as “TNCC”)

- and -

2767888 ONTARIO INC., a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as “888”)

- and -

2668905 ONTARIO INC. o/a BAMBOO BLAZE, a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as “Bamboo Blaze” and together with TNCC and 888, collectively, the “TNCC Group”)

- and -

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

RECITALS:

A. Pursuant to the Order of the Honourable Justice Penny of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued January 24, 2025 (as amended and restated on February 3, 2025, and as may be further amended or amended and restated, the “**Initial Order**”) the Purchaser commenced proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) in respect of the TNCC Group, and Deloitte Restructuring Inc. was appointed as Monitor of the TNCC Group (in such capacity, the “**Monitor**”).

B. In connection with the CCAA Proceedings, the TNCC Group intends to return to Court on March 3, 2025 to seek an order of the Court (as may be amended or amended and restated from time to time, the “**SISP Order**”), among other things: (i) approving, and authorizing the Monitor to conduct, a Court-supervised sale and investment solicitation process (as further described in Schedule “E”, attached hereto, the “**SISP**”); and (ii) approving this Agreement as a Stalking Horse Bid (as defined herein) for the Purchased Shares (as defined herein).

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

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

“818876 Debt” means the aggregate outstanding indebtedness owing by 888 to 818876 Ontario Ltd. under the mortgage registered as Instrument No. OC2342254 on PIN 04036-0124.

“Administration Charge” has the meaning set out in the Initial Order.

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

“Administrative Wind-down Amount” means cash in an amount to be determined by the Purchaser and the Monitor, to be used to satisfy costs incurred by the Monitor and its professional advisors after Closing to: (a) administer the completion of the Claims Procedure; (b) administer ResidualCo and the Excluded Assets and Excluded Liabilities; and (c) wind-down and/or dissolve ResidualCo.

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

“Agreement” means this stalking horse subscription 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.

“Anastadiadis Debt” means the aggregate outstanding indebtedness owing by 888 to Venizelos Anastadiadis under the mortgage registered as Instrument No. PC211268 on PIN 53099-0015.

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

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

“Articles of Reorganization” means articles of reorganization in respect of each member of the TNCC Group’s authorized and issued share capital immediately prior to the Closing of the Transaction, authorizing the issuance of the Purchased Shares and the cancellation of the Existing Shares for no consideration on Closing; such articles of reorganization to be in a form and substance satisfactory to the Purchaser, acting reasonably.

“**Auction**” has the meaning set out in the SISP.

“**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.

“**Back-up Bidder**” has the meaning set out in the SISP.

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

“**BMO Debt**” means the aggregate outstanding indebtedness owing by 888 to Bank of Montreal under the mortgage registered as Instrument No. WR1304183 on PIN 03816-0033.

“**Books and Records**” means: (a) all of the TNCC Group’s files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records; and (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 TNCC Group or any member thereof or any member’s respective Affiliates, including information, documents and records relating to the Retained Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

“**Break Fee**” has the meaning set out in Section 4.1(b).

“**Business**” means the business conducted by the TNCC Group, being a cannabis retailer operating from owned and leased real property across Ontario, and a supplier of personal protective equipment and cannabis accessories, with its head office located in Cambridge, 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.

“**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 cross-claim or counterclaim), demand, investigation, audit, chose in action or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Claims Procedure**” means the procedure established by the Claims Procedure Order for determining the validity and quantum of Claims against the TNCC Group.

“Claims Procedure Order” means an order of the Court, to be sought by the TNCC Group, establishing the procedure for determining the validity and quantum of Claims against the TNCC Group, as may be amended or amended and restated from time to time.

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

“Closing Date” means the date that is ten (10) days, or such shorter period as the Purchaser may determine by notice in writing to the TNCC Group, after the date upon which the conditions set forth in Article 8 have been satisfied or waived, other than any conditions set forth in Article 8 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Parties 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.

“Closing Payment” has the meaning set out in Section 3.3(a).

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

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

“CRO” means Shawn Dym, in his capacity as Chief Restructuring Officer of the TNCC Group.

“DIP Indebtedness” means all amounts outstanding and obligations payable by the TNCC Group under or in connection with the DIP Term Sheet, including principal, interest, fees and expenses.

“DIP Term Sheet” means the debtor-in-possession term sheet dated as of January 23, 2025, among the Purchaser, as lender, and the TNCC Group, as borrowers, as the same may be amended, restated, supplemented and/or modified from time to time.

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

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

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

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

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

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

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

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

“**Excluded Liabilities**” has the meaning set out in Section 2.3.

“**Existing Shares**” means: (a) all of the common shares of each member of the TNCC Group that are issued and outstanding immediately prior to the Closing Time; and (b) any other Equity Interests of any nature or kind of each member of the TNCC Group, whether voting or non-voting, whether preferred, common or otherwise, whether convertible or otherwise, including any Contract, plan, indenture, deed, certificate, subscription rights, conversion rights, pre-emptive rights, options (including stock option or share purchase or equivalent plans), or other documents or instruments governing and/or having been created or granted in connection with any such equity interests; provided, however, that Existing Shares shall not include the Purchased Shares.

“**Firm Capital Debt**” means the aggregate outstanding indebtedness owing by 888, as borrower, and TNCC, as guarantor, to Firm Capital Mortgage Fund Inc., as assignee of Firm Capital Corporation, as lender, under the mortgage commitment agreement dated March 16, 2022, as amended.

“**Garas Debt**” means the aggregate outstanding indebtedness owing by 888 to Garas Family Holdings Inc., Manal Garas Pharmacy Professional Corporation, and Nashaat Garas under the mortgage commitment agreement dated November 5, 2020, as amended.

“**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*.

“**Higgins Debt**” means the aggregate outstanding indebtedness owing by 888 to M. Higgins & Associates Inc. under the mortgage registered as Instrument No. ND212965 on PIN 51194-0843.

“**Implementation Steps**” means the transactions, acts and 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 Vesting Order.

“**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 beginning on the Effective Date and ending at the Closing Time.

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

“Metal Tree Debt” means the aggregate outstanding indebtedness owing by 888 to Metal Tree Inc. under the mortgage registered as Instrument No. GB155923 on PIN 52109-0169.

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

“Monitor’s Certificate” has the meaning set out in Section 8.1(e).

“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 May 30th, 2025 or such later date and time as the Parties may agree to in writing.

“Parties” means TNCC, 888, Bamboo Blaze and the Purchaser, and **“Party”** means any one of them.

“Permits and Licenses” means the orders, permits, licenses, Authorizations, approvals, registrations, consents, waivers or other evidence of authority issued to, granted to, conferred upon, or otherwise created for, any member of the TNCC Group, by any Governmental Authority, including those related to the Business, the Retained Assets and the Retained Contracts, and including Authorizations to sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law.

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

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

“Priority Payments” means those priority payments prescribed under subsections 6(3), 6(5) and 6(6) of the CCAA.

“Proven Unsecured Claim” means a Claim that has been finally determined and accepted by the Monitor in the Claims Procedure in accordance with the Claims Procedure Order.

“Proven Unsecured Claim Acceptance Date” has the meaning set out in Section 3.4.

“Proven Unsecured Claim Promissory Note” has the meaning set out in Section 3.4.

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

“Purchased Shares” has the meaning set out in Section 2.1(a).

“Purchaser” has the meaning set out in the preamble hereto.

“Qualified Bidders” has the meaning set out in the SISP.

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

“Retained Assets” has the meaning set out in Section 2.2.

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

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

“Seavale Debt” means the aggregate outstanding indebtedness owing by 888 to Seavale Incorporated under the mortgage registered as Instrument No. BS195468 on PIN 49157-0021.

“Secured Indebtedness” means, collectively, the Firm Capital Debt, the Garas Debt, the Anastadiadis Debt, the BMO Debt, the Seavale Debt, the Higgins Debt, the 818876 Debt, and the Metal Tree Debt.

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

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

“Stalking Horse Bid” has the meaning set out in Section 4.1(a).

“Successful Bid” and **“Successful Bidder”** have the meanings set out in the SISP.

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

this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“**Terminated Employees**” means those Employees whose employment will be terminated at or prior to Closing, pursuant to Section 8.2(d), as determined by the Purchaser by written notice to the TNCC Group at least three (3) days prior to the Closing Date.

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

“**Transaction**” means, collectively, all of the transactions contemplated by this Agreement which will take place at Closing in accordance with the Implementation Steps, including the subscription for, and issuance of, the Purchased Shares.

“**Unsecured Indebtedness**” means the aggregate amount of all Proven Unsecured Claims.

1.2 Interpretation Not Affected by Headings, etc.

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

1.3 General Construction

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

1.4 Extended Meanings

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

1.5 Currency

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

1.6 Statutes

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

1.7 Schedules & Amendments to Schedules

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

EXHIBITS

Exhibit A - Implementation Steps

SCHEDULES

Schedule A	-	Excluded Assets
Schedule B	-	Excluded Contracts
Schedule C	-	Excluded Liabilities
Schedule D	-	Permitted Encumbrances
Schedule E	-	SISP
Schedule F	-	Retained Liabilities
Schedule G	-	Retained Contracts

The Parties acknowledge that as of the Effective Date, with the exception of Schedule E, the Schedules are not complete. The incomplete 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 TNCC Group with a copy to the Monitor. Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 SUBSCRIPTION FOR SHARES

2.1 Agreement to Subscribe for and Issue Purchased Shares

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

2.2 Retained Assets; Transfer of Excluded Assets to ResidualCo

At Closing, each member of the TNCC Group shall retain all of the assets owned by it on the Effective Date of this Agreement and any assets acquired by it up to and including Closing, including, without limitation, the shares of all subsidiaries, equipment and other personal property, Retained Contracts, Books and Records, business and undertakings, trade names and intellectual property, Permits and Licences, Tax losses, receivables and any cash on hand (collectively, the “**Retained Assets**”). The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts; which shall be transferred to

ResidualCo, in accordance with the Implementation Steps, and same shall be vested in ResidualCo pursuant to the Approval and Vesting Order. The Purchaser shall retain the right to designate assets as Retained Assets or Excluded Assets up to one (1) Business Day prior to Closing.

2.3 Excluded Liabilities; Transfer of Excluded Liabilities to ResidualCo

Pursuant to the Approval and Vesting Order, save and except for the Retained Liabilities, all debts, obligations, Liabilities, Encumbrances (other than Permitted Encumbrances), indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the TNCC Group or the Purchased Shares or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule “C”, (collectively, the “**Excluded Liabilities**”) shall be transferred to, vested in and assumed in full by ResidualCo in accordance with the Implementation Steps and the Approval and Vesting Order, and the TNCC Group, the Purchased Shares, the Retained Assets and the TNCC Group’s undertakings, Business, property and Books and Records shall be Discharged of such Excluded Liabilities at the Closing Time. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo only and the Excluded Assets, if any, shall be available to satisfy such Claims. Notwithstanding any other provision of this Agreement, the Purchaser and the TNCC Group shall not assume and shall have no liability for any of the Excluded Liabilities and all Excluded Liabilities shall be fully and finally discharged from the TNCC Group, the Purchased Shares and the Retained Assets at the Closing Time.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The total aggregate consideration payable by the Purchaser for the Purchased Shares (the “**Purchase Price**”) shall be equal to:

- (a) the DIP Indebtedness, including principal and interest accrued through to and including the Closing Date, plus any and all fees and expenses associated therewith;
- (b) the Secured Indebtedness, including principal and interest accrued through to and including the Closing Date;
- (c) the Unsecured Indebtedness; and
- (d) the Closing Payment.

The Purchase Price is expected to fall within the range of \$42,000,000 - \$52,000,000; provided that the Purchase Price shall not exceed \$52,000,000, which amount, for certainty, shall constitute the maximum Purchase Price payable under this Agreement. The Monitor will provide an estimate of the Purchase Price to Qualified Bidders prior to the Bid Deadline.

3.2 Payment of Purchase Price

The Purchase Price shall be paid and satisfied on the Closing Date in accordance with the following:

- (a) the DIP Indebtedness and the Secured Indebtedness shall constitute Retained Liabilities and shall continue as valid outstanding obligations of the applicable member of the TNCC Group from and after, and notwithstanding, Closing, to be paid and satisfied in accordance with the terms of the loan and security documents establishing the Secured Indebtedness;
- (b) the Proven Unsecured Claims comprising the Unsecured Indebtedness shall constitute Retained Liabilities and shall continue as valid outstanding obligations of the applicable member of the TNCC Group from and after, and notwithstanding, Closing, and each Proven Unsecured Claim shall be paid and satisfied within twelve (12) months of the date that it is finally determined in the Claims Procedure in accordance with Section 3.4;
- (c) the Closing Payment shall be paid by the Purchaser to the Monitor, on behalf of the TNCC Group, on the Closing Date, by wire transfer of immediately available funds, to be utilized and distributed in accordance with Section 3.3.

3.3 Closing Payment

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

3.4 Retention of Proven Unsecured Claims

The Purchaser hereby covenants and agrees to accept any and all Proven Unsecured Claims as Retained Liabilities from and after the day that such Claims are accepted by the Monitor as Proven Unsecured Claims in accordance with the Claims Procedure (for each such Claim, the **“Proven Unsecured Claim Acceptance Date”**); notwithstanding that the Proven Unsecured Claim Acceptance Date for some or all of the Proven Unsecured Claims may occur after the Closing Date. The Purchaser shall cause the applicable member of the TNCC Group to issue a non-interest bearing unsecured term promissory note (each, a **“Proven**

Unsecured Claim Promissory Note”), in form and substance satisfactory to the Purchaser and the Monitor, to each creditor holding a Proven Unsecured Claim:

- (a) at Closing, for all Claims that have been accepted as Proven Unsecured Claims prior to the Closing Date; and
- (b) within five (5) days of the Proven Unsecured Claim Acceptance Date, for Claims that are accepted as Proven Unsecured Claims after the Closing Date.

The Proven Unsecured Claim Promissory Notes shall be payable by the applicable member of the TNCC Group within twelve (12) months of the Proven Unsecured Claim Acceptance Date for such Proven Unsecured Claim.

3.5 Tax Matters

To the extent permitted by the CCAA and Applicable Law, pursuant to the Implementation Steps and the Approval and Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by any member of the TNCC Group shall be transferred to, vested in and assumed by ResidualCo, including any Taxes related to debt forgiveness arising from or in connection with the consummation of the Transaction and the transfer of the Excluded Assets and Excluded Liabilities to ResidualCo. Any and all obligations and Liabilities arising from 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 of when such audit was commenced or completed, shall be transferred to and vest in ResidualCo.

ARTICLE 4 SISP, BIDDING PROCEDURES

4.1 SISP

- (a) The SISP shall be conducted in accordance with the terms of the SISP Order. The Purchaser shall bring a motion for the SISP Order to be heard on or before March 3, 2025. The SISP Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or “stalking horse bid” in respect of the Purchased Shares (the “**Stalking Horse Bid**”); and (ii) as a deemed “Qualified Bid”, with an attendant right on the part of the Purchaser to participate as a bidder in any Auction (as defined below). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained for the Purchased Shares and the Retained Assets, and that the within Stalking Horse Bid may or may not be the Successful Bid for the Purchased Shares and the Retained Assets.
- (b) In consideration for the Purchaser’s expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to a break fee in the amount of \$400,000 (the “**Break Fee**”), which Break Fee shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid.
- (c) The payment of the Break Fee shall be approved in the SISP Order and shall, if payable pursuant to Section 4.1(b), be payable to the Purchaser within two (2) Business Days of the closing of the transaction contemplated by the Successful Bid.
- (d) The Parties acknowledge and agree that the aggregate foregoing Break Fee amount represents a fair and reasonable estimate of the costs and damages that will be incurred by

the Purchaser as a result of preparing and entering into, and not completing the Transactions contemplated by this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Shares or the Retained Assets. For certainty, the Break Fee does not form part of the Purchase Price.

- (e) 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 Successful Bid (or, in the event that the Stalking Horse Bid is selected as the Back-up Bid, upon the closing of the transaction contemplated by the Successful Bid): (i) this Agreement shall be terminated (subject to Article 9 and the Purchaser's entitlement to the Break-Fee); (ii) the Purchaser shall be entitled to the Break Fee; and (iii) neither Party hereto shall have any further Liability or obligation hereunder, except as expressly provided for in this Agreement.
- (f) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), the TNCC Group shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the Transaction forthwith.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the TNCC Group

Each member of the TNCC Group 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. Each member of the TNCC Group is a corporation incorporated and existing under the *Business Corporations Act* (Ontario) and, subject to the obtaining of the Approval and Vesting Order, has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Execution and Binding Obligation. This Agreement has been duly executed and delivered by each member of the TNCC Group and constitutes a legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.
- (c) Residency. No member of the TNCC Group is a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.

5.2 Representations and Warranties of the Purchaser

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

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.

- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms.

5.3 As is, Where is

The representations and warranties of the TNCC Group shall not survive the Closing Time. 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 6 COVENANTS

6.1 Closing Date

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

6.2 Application for Approval and Vesting Order

As soon as practicable following the selection of this Agreement as the Successful Bid in the SISP, the Monitor shall serve and file with the Court an application for the issuance of the Approval and Vesting Order, seeking relief that will, *inter alia*, approve this Agreement and the Transaction, and release the officers and directors of the TNCC Group, its advisors, the CRO, the Monitor and the Monitor’s counsel. The Monitor shall use its best efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Monitor in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

6.3 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order and the Implementation Steps), the TNCC Group shall comply with the terms of the DIP Term Sheet and continue to maintain the Business and operations of the TNCC Group and the Retained Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws and Permits and Licences.

6.4 Access during Interim Period

During the Interim Period, the TNCC Group shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information

scheduled or required to be disclosed under this Agreement and to the Employees, provided that the Purchaser shall provide the Monitor and the CRO with no less than 24 hours advance notice of any on-site inspection or investigation; and (b) the Purchaser and its representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the customers and contractual counterparties of the TNCC Group. Such 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 operations of the TNCC Group, and the TNCC Group 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. The Purchaser acknowledges that the foregoing access rights are not exclusive, and the same rights shall be granted to other Qualified Bidders in the SISP.

6.5 Insurance Matters

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

ARTICLE 7 CLOSING ARRANGEMENTS

7.1 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.

7.2 Implementation Steps

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

7.3 Closing Deliverables of the TNCC Group

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

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) evidence of the completion of the Implementation Steps, including: (i) confirmation of the due incorporation and organization of ResidualCo; and (ii) evidence of the filing of the Articles of Reorganization, as set out in Section 2.1;
- (c) share certificates representing the Purchased Shares;
- (d) a certificate of an officer of each member of the TNCC Group dated as of the Closing Date confirming that all of the representations and warranties of the TNCC Group contained in

this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the TNCC Group has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time;

- (e) the Organizational Documents of each of the TNCC Group and the corporate Books and Records;
- (f) 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.

7.4 Closing Deliverables of the Purchaser

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

- (a) the Closing Payment, in accordance with Section 3.3;
- (b) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time; and
- (c) such other agreements, documents and instruments as may be reasonably required by the TNCC Group to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 8 CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of the Parties

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

- (a) Successful Bid. This Agreement shall have been designated as the Successful Bid in accordance with the terms of the SISP.
- (b) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, vacated, subject to appeal, or leave to appeal and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (c) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction.

- (d) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.
- (e) Monitor's Certificate. The Monitor shall have delivered an executed certificate of the Monitor substantially in the form attached to the Approval and Vesting Order (the "**Monitor's Certificate**") confirming that all conditions to Closing have either been satisfied or waived by the Purchaser and the TNCC Group.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in this Section 8.1 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.

8.2 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) TNCC Group's Deliverables. The TNCC Group 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 7.3.
- (b) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 5.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The TNCC Group shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the TNCC Group on or before the Closing Date.
- (d) Employees. Each member of the TNCC Group, as applicable, 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 Vesting Order.
- (e) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets, if any; and (iii) the TNCC Group, its Business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than Retained Liabilities, if any) such that, from and after Closing the Business and property of the TNCC Group shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.
- (f) Partial Termination of CCAA Proceedings. Upon Closing, the CCAA Proceedings shall have been terminated in respect of each member of the TNCC Group, its Business and property, as set out in the Approval and Vesting Order, but, for greater certainty, shall

continue in respect of ResidualCo, which shall be added to the CCAA Proceedings as an applicant in accordance with the Implementation Steps.

- (g) Disclaimer of Excluded Contracts. The TNCC Group shall have sent notices of disclaimer for all known Excluded Contracts, and such known Excluded Contracts shall form part of the Excluded Assets.
- (h) Permits and Licenses. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that remains unremedied and such Permits and Licenses shall remain in good standing immediately following and notwithstanding Closing.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 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 8.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the TNCC Group to terminate this Agreement.

8.3 Conditions Precedent in favour of the TNCC Group

The obligation of the TNCC Group 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 TNCC Group at the Closing all the documents and payments contemplated in Section 7.4.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 5.2 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the TNCC Group. Any condition in this Section 8.3 may be waived by the TNCC Group in whole or in part, without prejudice to any of their 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 TNCC Group only if made in writing. If any condition set forth in this Section 8.3 is not satisfied or performed on or prior to the Outside Date, the TNCC Group may elect on written notice to the Purchaser to terminate the Agreement.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

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

- (a) Automatically upon: (i) the selection of a Successful Bidder by the Monitor in accordance with the SISF in the event that the Purchaser is not the Successful Bidder or the Back-up

Bidder; and (ii) in the event that the Purchaser is selected as the Backup Bidder, upon the completion of the transaction contemplated by the Successful Bid;

- (b) by the mutual written agreement of the TNCC Group (with the consent of the Monitor) and the Purchaser;
- (c) by the TNCC Group (with the consent of the Monitor) or the Purchaser, if the conditions set forth in Section 8.1 are not satisfied or waived on or before the Outside Date; provided that the failure to satisfy such conditions by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement;
- (d) by the Purchaser, if there has been a material violation or breach by the TNCC Group of any agreement, covenant, representation or warranty of the TNCC Group in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Section 8.1 or 8.2, by the Outside Date and such violation or breach has not been waived by the TNCC Group or cured within five (5) Business Days after written notice thereof from the Purchaser to the TNCC Group;
- (e) by the Purchaser, if the TNCC Group fails to satisfy any of the conditions set forth in Section 8.2 on or before the Outside Date, and such conditions are not waived by the Purchaser;
- (f) by the TNCC Group (with the consent of the Monitor), if there has been a material violation or breach by the Purchaser of any agreement, covenant, representation or warranty of the Purchaser in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Section 8.1 or 8.3 by the Outside Date and such violation or breach has not been waived by the TNCC Group or cured within five (5) Business Days after written notice thereof from the TNCC Group to the Purchaser; or
- (g) by the TNCC Group (with the consent of the Monitor), if the Purchaser fails to satisfy any of the conditions set forth in Section 8.3 on or before the Outside Date, and such conditions are not waived by the TNCC Group.

9.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of: (a) this Section 9.2; and (b) Section 4.1 with respect to the Purchaser's entitlement to the Break Fee. Notwithstanding the foregoing, if this Agreement is terminated by the TNCC Group pursuant to Section 9.1(b), (c), (f) or (g), the Purchaser shall not be entitled to receive the Break Fee and nothing in this Agreement shall absolve the Purchaser of liability for the violation or breach giving rise to such termination.

ARTICLE 10 GENERAL

10.1 Access to Books and Records

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

10.2 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:

The Vancor Group Inc.
697 Coronation Blvd., Unit 5
Cambridge, ON N1R 3G5

Attention: Corry Van Iersel
Email: corry@vancorgroup.com

with a copy to:

Miller Thomson LLP
40 King Street West, Suite 6600
Toronto, ON M5H 4A9

Attention: Sam Massie / Harrison Fox
Email: smassie@millerthomson.com / hfox@millerthomson.com

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

c/o 2744364 Ontario Limited o/a True North Cannabis Co.
960 King Street East
Toronto, ON N3H 3P3

Attention: Shawn Dym, Chief Restructuring Officer
Email: sdym@yorkplains.com

with a copy to:

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West #3400
Toronto, ON M5H 4E3

Attention: Jasmine Lothian
Email: jlothian@blg.com

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

Deloitte Restructuring Inc.
Bay Adelaide East
8 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9

Attention: Todd Ambachtsheer
Email: tambachtsheer@deloitte.ca

with a copy to:

Blaney McMurtry LLP
2 Queen Street East #1500
Toronto, ON M5C 3G7

Attention: David T. Ullmann / Alexandra Teodorescu
Email: dullmann@blaney.com / ateodorescu@blaney.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.

10.3 Public Announcements

The TNCC Group 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 TNCC Group in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings, and the virtual data room established in connection with the SISF. 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 TNCC Group or any of its Affiliates under Applicable Law or stock exchange rules, the Parties 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.

10.4 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.

10.5 Survival

None of the representations, warranties or covenants of any of the Parties set forth in this Agreement or in any document executed in connection with this Agreement shall survive the Closing; save and except for the covenants in Article 2, Article 3, Section 11.1, Section 11.3, and any covenant that, by its terms, is to be performed after Closing).

10.6 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.

10.7 Entire Agreement

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

10.8 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.

10.9 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.

10.10 Assignment

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

10.11 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.

10.12 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.

10.13 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.

10.14 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.

10.15 Monitor's Capacity

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

[Signature Page Follows]

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

For the Purchaser:

THE VANCOR GROUP INC.

By: _____

Name: Corry Van Iersel

Title: Authorized Signatory

I have authority to bind the Corporation.

For the TNCC Group:

**2744364 ONTARIO LIMITED o/a TRUE
NORTH CANNABIS CO.**

By: _____

Name: Shawn Dym

Title: Chief Restructuring Officer

I have authority to bind the Corporation.

2767888 ONTARIO INC.

By: _____

Name: Shawn Dym

Title: Chief Restructuring Officer

I have authority to bind the Corporation.

**2668905 ONTARIO INC. o/a BAMBOO
BLAZE**

By: _____

Name: Shawn Dym

Title: Chief Restructuring Officer

I have authority to bind the Corporation.

**EXHIBIT “A”
IMPLEMENTATION STEPS**

The Parties agree that this Exhibit “A” remains subject to further revision no less than two (2) days prior to Closing.

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

SCHEDULE "A"
EXCLUDED ASSETS

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

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

**SCHEDULE “B”
EXCLUDED CONTRACTS**

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

SCHEDULE "C"
EXCLUDED LIABILITIES

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

SCHEDULE "D"
PERMITTED ENCUMBRANCES

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

SCHEDULE "E"
SISP AND BIDDING PROCEDURES

[NTD: To be completed]

SCHEDULE "F"
RETAINED LIABILITIES

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

SCHEDULE "G"
RETAINED CONTRACTS

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

Appendix “B”
SISP



Court File No. CV-25-00735482-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

MONDAY, THE 3RD

JUSTICE PENNY

)

DAY OF MARCH, 2025

)

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

B E T W E E N:

THE VANCOR GROUP INC.

Applicant

- and -

2744364 ONTARIO LIMITED o/a TRUE NORTH CANNABIS CO.,
2668905 ONTARIO INC. o/a BAMBOO BLAZE, AND 2767888 ONTARIO
INC.

Respondents (Debtors)

SISP ORDER

THIS MOTION, made by the applicant, The Vancor Group Inc. ("**Vancor**"), seeking, among other relief, an Order (i) approving the sale and investment solicitation process ("**SISP**") attached hereto as Schedule "A"; and (ii) authorizing and directing the Monitor (defined below) to conduct the SISP, was heard this day at 330 University Ave., Toronto.

ON READING the affidavit of Corry Van Iersel sworn February 24, 2025 and the exhibits thereto ("**Van Iersel Affidavit**"), the second report to the Court of Deloitte Restructuring Inc. ("**Second Report**"), in its capacity as monitor ("**Monitor**") of the 2744364 Ontario Limited, 2668905 Ontario Inc., and 2767888 Ontario Inc. ("**Debtors**"), dated February

27, 2025, and on hearing the submissions of counsel for Vancor, counsel for the Monitor, and counsel for such other parties listed on the participant information sheet, with no one else appearing for any other party although duly served as appears from the affidavit of service of Mryam Sarkis affirmed February 24, 2025, filed,

DEFINED TERMS

1. **THIS COURT ORDERS** that capitalized terms used in this order and not otherwise defined herein have the meaning ascribed to them under the SISP.

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 SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to such amendments as may be agreed to by the Monitor, the Debtors and Vancor, in its capacity as interim lender, in accordance with the terms of the SISP) appended hereto as Schedule “A” is hereby approved.

4. **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 SISP.

5. **THIS COURT ORDERS** that the Monitor and its respective 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 SISP, except to the extent such losses, claims, damages or liabilities result from the

gross negligence or willful misconduct of the Monitor in performing its obligations under the SISP as determined by this Court.

6. **THIS COURT ORDERS** that the Monitor and the Debtors and their respective counsel be and are hereby authorized but not obligated, to serve or distribute this SISP Order, any other materials, orders, communication, correspondence or other information as may be necessary or desirable in connection with the SISP to any Person (as defined in the Initial Order dated January 24, 2025, as amended and restated) that the Monitor or the Debtors 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).

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Monitor and the Debtors are hereby authorized and permitted to disclose and transfer to each Potential Bidder and to thier advisors, if requested by such Potential Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Debtors' 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 investment in the Business ("**Investment**") or a combination thereof. Each Potential 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 or Investment, and if it does not complete a Sale or Investment, shall return all such information to the Monitor and the Debtors, 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 of Business acquired pursuant to the Sale or invested in pursuant to the Investment in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Monitor and the Debtors, and otherwise ensure that all other personal information in their possession is destroyed.

APPROVAL OF STALKING HORSE AGREEMENT

8. **THIS COURT ORDERS** that the Debtors (through the CRO) are hereby authorized and empowered to enter into the stalking horse subscription agreement (“**Stalking Horse Agreement**”) between Vancor (as “**Stalking Horse Bidder**”) and the Debtors substantially in the form attached as Appendix “B” the Second Report, with such minor amendments as may be acceptable to the Monitor, the Debtors, and the Stalking Horse Bidder, provided that nothing herein approves the sale of any Property to the Stalking Horse Bidder. The approval of any sale of any Property to the Stalking Horse Bidder shall be considered by this Court on a subsequent motion if the Stalking Horse Agreement is the Successful Bid pursuant to the SISP.

9. **THIS COURT ORDERS** that the Stalking Horse Agreement is hereby approved and accepted as the “Stalking Horse Agreement” for the purposes of being the “Stalking Horse Bid” under the SISP, and subject to further order of the Court referred to in paragraph 8 above.

GENERAL


10. **THIS COURT ORDERS AND DECLARES** that Firm Capital Mortgage Fund Inc. (“**Firm Capital**”) remains entirely outside and continues to be unaffected by this CCAA proceeding.

11. **THIS COURT ORDERS** that the Debtors 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.

12. **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 Debtors, 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 Debtors 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 Debtors and the Monitor and their respective agents in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that each of the Debtors 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.

14. **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”
SALE AND INVESTMENT SOLICITATION PROCESS

Sale and Investment Solicitation Process

2744364 Ontario Limited (o/a True North Cannabis Co., “TNCC”), 2668905 Ontario Inc. (o/a Bamboo Blaze, “Bamboo Blaze”) and 2767888 Ontario Inc. (“888”, and together with TNCC, and Bamboo Blaze, the “Debtors”)

Introduction

1. On January 24, 2025, the Debtors were granted an initial order (as 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 “**CCAA Court**”). The Initial Order, among other things:
 - a. stayed all proceedings against the Debtors, their assets and their respective directors and officers; and
 - b. appointed Deloitte Restructuring Inc. as the monitor of the Debtors (in such capacity, the “**Monitor**”);
2. Further to the Debtors’ restructuring efforts, the Monitor will conduct the sale and investment solicitation process (the “**SISP**”) described herein, with the assistance of the Debtors and their chief restructuring officer, Mr. Shawn Dym (the “**CRO**”), and pursuant to the Order of the CCAA Court dated March 3, 2025 (the “**SISP Order**”). The SISP is intended to solicit interest in an acquisition or refinancing of the business or a sale of the assets and/or the business of the Debtors by way of merger, reorganization, recapitalization, primary equity issuance or other similar transactions. The Monitor intends to provide all Potential Bidders (as defined herein) an opportunity to participate in the SISP.
3. The SISP Order also approves the stalking horse agreement between the Debtors and The Vancor Group Inc. or its nominee (in such capacity, the “**Stalking Horse Bidder**”) dated on or about March 3, 2025 (as may be amended from time to time, the “**Stalking Horse Purchase Agreement**”), under which the Stalking Horse Bidder agreed to purchase substantially all of the Debtors’ assets and business operations, and act as the stalking horse bid in the SISP (the “**Stalking Horse Bid**”). The Stalking Horse Bid shall automatically be considered a Qualified Bid (as defined herein) for the purposes of the Auction (as defined herein).

Opportunity

4. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Debtors’ assets and business operations (the “**Opportunity**”). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Debtors as a going concern or a sale of all, substantially all or one or more components of the Debtors’ assets (the “**Property**”) and business operations (the “**Business**”) as a going concern or otherwise, or some combination thereof (each, a “**Transaction**”).
5. This document describes the SISP, including the manner in which individuals, corporations,

limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a “**Person**”) may gain access to, or continue to have access to due diligence materials concerning the Debtors, the Property and the Business, how bids involving the Debtors, the Property or the Business will be submitted to, and dealt with by the Monitor, and how Court approval will be obtained in respect of a Transaction.

6. The SISP contemplates a one-stage process that involves the submission by interested parties of Bids by the Bid Deadline (as defined below).
7. Any sale (or sales) of the Property or the Business or portions thereof will be on an “**as is, where is**” basis except for, as the case may be, (i) the representations and warranties in the Stalking Horse Purchase Agreement; or (ii) representations and warranties that are customarily provided in purchase agreements for a company subject to CCAA proceedings.
8. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Debtors in and to the Property or the Business to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the “**Claims and Interests**”), except for retained Claims and Interests, pursuant to section 36(6) of the CCAA, such Claims and Interests will attach to the net proceeds of the sale of such Property or Business and/or excluded assets, as applicable (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant Transaction documents with a Successful Bidder (as defined below) or the Sale Approval Order.
9. In the SISP, (i) “**Business Day**” means any day (other than Saturday or Sunday) that banks are open for business in Toronto, Ontario. If any deadline date referred to in the SISP falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase, “without limitation”.

Timeline

10. The following table sets out the key milestones under the SISP:

Milestone	Deadline
Commencement date	Immediately following the granting of the SISP Order
Bid Deadline	45 days after the granting of the SISP Order
Auction Date	3 business days after the Bid Deadline
Sale Approval Motion (as defined below) in CCAA Court	Forthwith
Closing of the Transaction	10 days after the granting of the Sale Approval Order

11. Subject to any order of the Court, the dates set out in the SISP may be extended by the Monitor with the consent and approval of the Debtors and the CRO.

Solicitation of Interest: Notice of the SISP

12. As soon as is reasonably practicable:

- a. the Monitor, in consultation with the Debtors and the CRO, will prepare a list of potential bidders, including (i) parties that have approached the CRO, the Debtors or the Monitor indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties who the Debtors and CRO, in consultation with the Monitor, believe may be interested in a Transaction pursuant to the SISP, 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 SISP (and such other relevant information which the Monitor, in consultation with the Debtors and CRO, considers appropriate) (the “**Notice**”) to be published in Insolvency Insider, the Monitor’s website, and any other newspaper, journal, website or media outlet as the Debtors and CRO, in consultation with the Monitor, consider appropriate, if any; and
 - c. the Monitor, in consultation with the Debtors and CRO, will prepare: (i) a letter (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) enclosing a non-disclosure agreement in form and substance satisfactory to the Debtors and the Monitor, and their respective counsel (an “**NDA**”).
13. The Monitor will send the Teaser Letter and NDA to each Known Potential Bidder and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Debtors, CRO 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

14. Any party who wishes to participate in the SISP (a “**Potential Bidder**”), other than the Stalking Horse Bidder, must provide to the Monitor 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.
15. The Monitor, in consultation with the Debtors and the CRO, 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 Debtors or the Monitor deem appropriate. Due diligence shall include access to the virtual data room (“**VDR**”) containing documentary materials reasonably likely to be relevant to Potential Bidders in their assessment of the Opportunity, and may also include other information which a Potential Bidder may reasonably request and as to which the Debtors and CRO, in their reasonable

business judgment and after consulting with the Monitor, may agree. The Monitor 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 Debtors nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Neither the Debtors 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.

16. The Monitor may, in consultation with the CRO, limit the access of any Potential Bidder to any confidential information in the VDR where the Monitor, in consultation with the CRO, reasonably determines that such access could negatively impact the SISP, the ability to maintain the confidentiality of the information, the Business, the Property or their value.
17. The Debtors, the CRO, the Monitor and their respective advisors make no representation or warranty as to the information contained in the VDR, Teaser Letter, or otherwise made available pursuant to the SISP. Potential Bidders must rely solely on their own independent review, due diligence, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any Transaction and/or investment they enter into with one or more of the entities comprising the Debtors.
18. At any time during the SISP, the Monitor may, in its reasonable judgment, and in consultation with the CRO, eliminate a Participating Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a "Potential Bidder" for the purposes of the SISP.

Protective Steps for Insider Involvement

19. No later than 10 days after the date on which the SISP Order is granted, if any officer, director, employee, or equity holder of the Debtors (each, an "**Insider**") intends to become, support, partner with, or acquire a direct or indirect equity interest in a Potential Bidder, or has or wishes to have any direct or indirect involvement or participation in any Qualified Bid ("**Insider Involvement**"), such Insider shall disclose in writing to the Monitor its Insider Involvement.
20. Any Insider that has Insider Involvement (a "**Participating Insider**") shall undertake and certify in writing to the Monitor (in the form required by the Monitor) that the Participating Insider will not take any steps to affect or impair the integrity of the SISP, including by providing inaccurate or incomplete information to Potential Bidders or by discouraging Potential Bidders from participating fully in the SISP.
21. The Vancor Group Inc., in its capacity as Stalking Horse Bidder, is a Participating Insider for the purpose of the SISP, without further act or formality.
22. To the extent that any Participating Insider is required to communicate with, provide information to, or answer questions from other Potential Bidders, the Monitor may implement other protective steps to ensure that other Potential Bidders can effectively participate in the SISP.

23. Until a Successful Bid and Back-up Bid (as defined below), if any, are selected, Participating Insiders shall not be provided with information about:
- a. the identities of other Potential Bidders;
 - b. the identities of parties that submit a Bid; and
 - c. the terms of any Bid or Qualified Bid.
24. Further, any Participating Insider that submits a Bid shall not participate in the Monitor's review or consideration of any Qualified Bid, the selection of a Successful Bid or Back-Up Bid, or the negotiation of final Transaction document(s).
25. Despite the restrictions on Participating Insiders contained above, the Monitor may communicate with, disclose necessary information to, or seek information from Participating Insiders for the purposes of overseeing the SISP, evaluating Qualified Bids and bids by Auction Bidders (as defined below), selecting a Successful Bid and Back-Up Bid, and finalizing the final Transaction document(s).
26. If a Participating Insider, other than the Stalking Horse Bidder, wishes to irrevocably cease Insider Involvement and entirely withdraw from the SISP, it may deliver written notice of such intention to the Monitor, at which time the Insider shall cease to be a Participating Insider and shall (subject to the Monitor's consent and the other terms of this SISP) be permitted to receive the information described in Paragraph 23.

Formal Bids

27. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Debtors or their Property or Business (a "**Bidder**") shall submit a Bid (a "**Bid**") that complies with all of the following requirements to the Monitor (and its counsel) and Debtors' counsel at the addresses specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than **5:00 PM (EST)** on April 17, 2025 or as may be modified in the Bid process letter that may be circulated by the Monitor to Potential Bidders, with the approval of the Debtors and the CRO (the "**Bid Deadline**"):
- a. the Bid must be either a Bid to:
 - i. acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"); and/or
 - ii. make an investment in, restructure, reorganize or refinance the Business or the Debtors (an "**Investment Proposal**"); or
 - iii. carry out any combination of a Sale Proposal and an Investment Proposal by one or more parties acting together or separately;
 - b. the Bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Debtors or their

Property or Business and is consistent with any necessary terms and conditions established by the Debtors and the Monitor and communicated to Bidders;

- c. the Bid includes 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;
- d. the Bid includes duly authorized and executed Transaction agreements, including the purchase price, investment amount (the "**Purchase Price**"), together with all exhibits and schedules thereto;
- e. the Bid is accompanied by a deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to ten percent (10%) of the Purchase Price, investment amount or other consideration to be paid in respect of the Bid, to be held and dealt with in accordance with this SISP;
- f. the Bid includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed Transaction, that will allow the Debtors (after consulting with the CRO) and the Monitor to make a determination as to the Bidder's financial and other capabilities to consummate the proposed Transaction;
- g. the Bid is not conditioned on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing;
- h. the Bid fully discloses the identity of each entity that will be entering into the Transaction or the financing, or that is otherwise participating or benefiting, directly or indirectly, from such Bid;
- i. for a Sale Proposal, the Bid includes:
 - i. 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;
 - ii. a description of the Property that is expected to be subject to the Transaction and any of the Property expected to be excluded;
 - iii. a specific indication of the financial capability of the Bidder and the expected structure and financing of the Transaction;
 - iv. a description of the conditions and approvals required to complete the closing of the Transaction;
 - v. 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; and

- vi. any other terms or conditions of the Sale Proposal that the Bidder believes are material to the Transaction.
- j. for an Investment Proposal, the Bid includes:
 - i. a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;
 - ii. the aggregate amount of the equity and/or debt investment to be made in the Business or the Debtors in Canadian dollars.
 - iii. the underlying assumptions regarding the *pro forma* capital structure;
 - iv. a specific indication of the sources of capital for the Bidder and the structure and financing of the Transaction;
 - v. a description of the conditions and approvals required for the Bidder to complete the closing of the Transaction;
 - 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; and
 - vii. any other terms or conditions of the Investment Proposal.
- k. the Bid includes acknowledgements and representations of the Bidder that the Bidder:
 - i. is completing the Transaction on an “as is, where is” basis;
 - ii. has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Debtors prior to making its Bid;
 - iii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and
 - iv. 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 Debtors and CRO or the completeness of any information provided in connection therewith, except as expressly stated in the definitive Transaction agreement(s) signed by the Debtors;
- l. the Bid is received by the Bid Deadline; and
- m. the Bid contemplates closing the Transaction set out therein 10 days following the granting of the Sale Approval Order.

28. Following the Bid Deadline, the Monitor will assess the Bids received. The Monitor, in consultation with the Debtors and the CRO, will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Bids received shall be deemed to be Qualified Bids without the approval of the Monitor. Only Bidders whose Bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
29. The Stalking Horse Bid is deemed to be a Qualified Bid.
30. 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, and includes a cash purchase price in an amount equal to or greater than the Stalking Horse Bid, plus CAD\$400,000.
31. The Monitor, in consultation with the Debtors and the CRO, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Bids to be a Qualified Bid. The Monitor, nor the Debtors, nor CRO will be under any obligation to negotiate identical terms with, or extend identical terms to, each Bidder.
32. The Monitor shall notify each Bidder in writing as to whether its Bid constitutes a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate.
33. The Monitor may, in consultation with the Debtors, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

Evaluation of Qualified Bids

34. A Qualified Bid will be evaluated by the Monitor, in consultation with the Debtors and the CRO, 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, (vii) the likelihood and timing of consummating such Transaction, and (viii) any other factor deemed relevant by the Monitor in consultation with the Debtors and CRO.
35. If no Qualified Bids are received by the Monitor, the Stalking Horse Bid shall be the Successful Bid (as defined below).

Auction

36. If the Monitor receives at least one additional Qualified Bid in addition to the Stalking Horse Bid, the Monitor will conduct and administer an Auction in accordance with the terms of this SISP (the “**Auction**”). Instructions to participate in the Auction, which will take place via video conference, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.
37. 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**”), shall be eligible to

participate in the Auction. No later than **5:00 p.m. (EST)** on the day prior to the Auction, each Qualified Party must inform the Monitor whether it intends to participate in the Auction. 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 (as defined below).

Auction Procedure

38. The Auction shall be governed by the following procedures:

- a. **Participation at the Auction.** Only the Debtors, the Qualified Parties, including the Stalking Horse Bidder, 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 (EST), one (1) Business Day after the Bid Deadline. Each Qualified Party must inform the Monitor whether it intends to participate in the Auction no later than 5:00 PM (EST) on the Business Day prior to the Auction;
- 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 Debtors and the CRO (the “**Initial Bid**”), and any Bid made at the Auction by a Qualified Party subsequent to the Monitor’s announcement of the Initial Bid (each, an “**Overbid**”), must proceed in minimum additional cash increments of CAD\$400,000 for the first Bid and then in cash increments of CAD\$50,000 for each subsequent Bid.
- d. **Bidding Order.** Prior to the first Overbid, the Monitor in its sole discretion will announce the order in which each remaining Qualified Party shall present its Overbid. A Qualified Party may not abstain from participating in an Auction bidding round. Failure to submit an Overbid at the designated time will result in an automatic disqualification from the Auction and immediate removal from the videoconference. The Monitor shall use its discretion in providing Bidders with an interval between Auction bidding rounds;
- e. **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 by video conference room, or such other method of communication the Monitor advises; 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;

- f. **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 Overbids with full knowledge and written confirmation of the then-existing highest Overbid(s);
 - g. **Successful Bid.** Each Qualified Party will be given reasonable opportunity to submit an Overbid at the Auction to any then-existing Overbids. The Auction will continue until the bidding has concluded and there is one remaining Qualified Party. The Monitor shall determine, with reference to the factors set out in paragraph 34 herein, and another factors the Monitor may reasonably deem relevant, which Qualified Party has submitted (i) the highest and best Bid of the Auction (the “**Successful Bid**”, and the Qualified Party making such Successful Bid, the “**Successful Bidder**”), and (ii) the next highest and otherwise second-best Overbid of the Auction (the “**Back-Up Bid**”, and the Bidder making such Back-Up Bid, the “**Back-Up Bidder**”);
 - h. **Non-Cash Consideration.** Non-cash consideration may be offered by an Auction bidder, however, the Monitor is under no obligation to accept such non-cash consideration and has absolute discretion to determine the value of same;
 - i. **No Post-Auction Bids.** No Bids will be considered for any purpose after the Auction has concluded.
39. **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules at the Auction as it sees fit.

Credit Bidding

40. The Stalking Horse Bidder will be entitled pursuant to the Stalking Horse Agreement, including for greater certainty as part of the Auction, as the case may be, to credit bid or retain as retained liabilities all or part of the existing obligations owing to it pursuant to the DIP Facility, including all interest, costs and fees to which the Stalking Horse Bidder is entitled to under the DIP Term Sheet.

Transaction Documents

41. Completion and execution of definitive documentation in respect of such Successful Bid and Back-Up Bid, as applicable, must be finalized and executed as soon as possible after the close of the Auction, and in any event within five (5) calendar days after the close of the Auction, which definitive documentation will provide that the Successful Bidder will use all reasonable efforts to close the proposed Transaction by no later than ten (10) calendar days after granting of the Sale Approval Order, or such other period as may be agreed to by the

Monitor, in consultation with the CRO, the DIP Lender, and the Successful Bidder, subject to the terms hereof. In any event, such Successful Bid must be closed by no later than May 30, 2025 (the “**Outside Date**”). If a Back-Up Bid is identified in accordance with the SISP, then such Back-Up Bid shall remain open until the date (the “**Back-Up Bid Outside Date**”) on which the Transaction contemplated by the applicable Successful Bid is consummated or such earlier date as the Monitor, in consultation with the CRO, determines. If the Transactions contemplated by the applicable Successful Bid have not closed by the Outside Date, or the applicable Successful Bid is terminated for any reason prior to the Outside Date, the Monitor, in consultation with the CRO and the DIP Lender, may elect to seek to complete the Transactions contemplated by the applicable Back-Up Bid, and will promptly seek to close the Transaction contemplated by such Back-Up Bid, which will be deemed to be a Successful Bid. The Debtors will be deemed to have accepted such Back-Up Bid only when the CRO has made such election, with the Monitor’s consent.

Sale Approval Motion Hearing

42. At the hearing of the motion to approve any Transaction with a Successful Party (the “**Sale Approval Motion**”), the Monitor or the Debtors shall seek, among other things, approval from the Court to consummate any Successful Bid, through a vesting order and/or reverse vesting order (the “**Sale Approval Order**”). All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Debtors on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

43. All discussions regarding a Sale Proposal, Investment Proposal, or Bid should be directed through the Monitor. Under no circumstances should the management of the Debtors 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 SISP process.
44. Participants and prospective participants in the SISP 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 Debtors, the Monitor and such other Bidders or Potential Bidders in connection with the SISP, except to the extent the Debtors, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Qualified Parties. The Monitor shall obtain the consent of the Qualified Parties prior to aggregating their Bids into a Qualified Bid.

Supervision of the SISP

45. The Monitor shall oversee and conduct the SISP, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the SISP.

46. This SISP does not, and will not be interpreted to create any contractual or other legal

relationship between the Debtors and/or the Monitor and any Potential Bidder, any Qualified Party, or any other Person, other than as specifically set forth in the NDA, or any other definitive agreement that may be entered into with the Debtors.

47. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Back-Up Bidder, the Debtors, the DIP Lender, or any other creditor or other stakeholder of the Debtors, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Monitor. By submitting a Bid, each Bidder, including the Successful Bidder and Back-Up 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 willful misconduct of the Monitor.
48. The Monitor, in consultation with the Debtors and the CRO, shall have the right to modify the SISP (including, without limitation, pursuant to the Bid process letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the service list in these CCAA proceedings shall be advised of any material modification to the procedures set forth herein.

Deposits

49. The Deposit(s):

- a. will, upon receipt from the Qualified Party, be retained by the Monitor and deposited in a non-interest-bearing trust account, and subsequently dealt with in accordance with subsections (b) and (c), below;
 - b. received from the Successful Bidder(s) and the Back-Up Bidder(s), if any, will: (i) be applied to the purchase price to be paid by the applicable Successful Bidder or Back-Up Bidder whose Successful Bid or Back-Up Bid, as applicable, is the subject of the Sale Approval Order(s), upon closing of the approved Transaction; and (ii) otherwise be held and refunded in accordance with the terms of the definitive documentation in respect of the applicable Successful Bid or Back-Up Bid, provided that (i) all such documentation will provide that the Deposit will be fully refunded to the Back-Up Bidder on the Back-Up Bid Outside Date; and (ii) all such documentation will provide that the Deposit will be retained by the Galaxie Group and forfeited by the Successful Bidder, if its Successful Bid fails to close by the Outside Date and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of its Successful Bid; and
 - c. received from the Qualified Party that is not the Successful Bidder or the Back-Up Bidder will be fully refunded to the Qualified Party that paid the Deposit as soon as practicable following the selection of the Successful Bidder and the Back-Up Bidder.
50. Notwithstanding anything to the contrary herein, the Stalking Horse Bidder will not be required to provide a Deposit.

Additional Terms

51. In addition to any other requirement of the SISP, any consent, approval or confirmation to be provided by the Stalking Horse Bidder, the DIP Lender, the CRO and/or the Monitor is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the CCAA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email will be deemed to have been provided in writing for the purposes of this paragraph,

Further Orders

52. At any time during the SISP, the Debtors, the CRO or the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP including, but not limited to, the continuation of the SISP or with respect to the discharge of the Monitor's powers and duties hereunder.

Costs and Expenses

53. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the evaluation of the Opportunity, submission of any Bid, due diligence activities, and any other negotiations or other actions related to the SISP whether or not they lead to the consummation of a Transaction.

Schedule “1”
Address of the Monitor

To the Monitor:

Deloitte Restructuring Inc.
8 Adelaide Street West, Suite 200
Toronto, ON
M5H 0A9

Attention: Todd Ambachtsheer and Mohamed Mohamoud

Email: tambachtsheer@deloitte.ca and mmohamoud@deloitte.ca

With a copy to:

Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, ON
M5C 3G7

Attention: David Ullmann and Alex Teodorescu
dullmann@blaney.com and ateodorescu@blaney.com

THE VANCOUR GROUP INC.
Applicant

2744364 ONTARIO LIMITED, *ET AL*
Respondents (Debtors)

and

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at Toronto

**SISP Order
(March 3, 2025)**

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto ON M5H 3S1

Larry Ellis LSO# 49313K

Email: lellis@millerthomson.com
Tel: 416.595.8639

David S. Ward LSO# 33541W

Email: dward@millerthomson.com
Tel: 416.595.8625

Patrick Corney LSO# 65462N

Email: pcorney@millerthomson.com
Tel: 416.595.8555

Lawyers for the Applicant, The Vancor Group Inc.

Appendix “C”
Sample Promissory Note

PROMISSORY NOTE**DATE:** **May [23], 2025****AMOUNT:** **\$[●] CAD**

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this promissory note (this “**Note**”), the undersigned, [●] (the “**Borrower**”), hereby unconditionally promises to pay to the order of [●] (the “**Creditor**”), the principal amount of [● **CANADIAN DOLLARS**] (\$[●]) (the “**Principal Amount**”). Interest shall not accrue on the Principal Amount.

The Principal Amount of this Note shall be due and payable on ●, 2026. The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium, bonus or penalty by giving two (2) days’ notice to the Creditor.

The obligations of the Borrower under this Note are unsecured.

Neither the Borrower nor the Creditor may assign any of its rights or obligations under this Note without the prior written consent of the other party, and any purported assignment in violation of the foregoing is null and void.

This Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first noted above.

[BORROWER NAME]

Per: _____

Name: Corry Van Iersel

Title: Authorized Signatory

I have the authority to bind the Corporation.

**Appendix “D”
Notice**

Notice Re Pending Approval of Restructured Payment of your Claim

On January 24, 2025, the Vancor Group Inc. commenced proceedings (the "**CCAA Proceedings**") before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of 2744364 Ontario Inc. (o/a True North Cannabis Co.) ("**TNCC**"), 2668905 Ontario Inc. (o/a Bamboo Blaze) ("**Bamboo Blaze**") and 2767888 Ontario Inc. ("**888**" and together with TNCC and Bamboo Blaze, the "**Debtors**"). Deloitte Restructuring Inc. was appointed as monitor of the Debtors (the "**Monitor**") by the Court on the same day.

On March 3, 2025, the Court authorized and directed the Monitor to conduct a claims process to identify parties with claims against the Debtors (the "**Claims Procedure**"). You are receiving this notice because you filed a claim or you were recorded as having a claim in the CCAA Proceedings.

Also on March 3, 2025, the Court authorized and directed the Monitor to conduct a sale and investment solicitation process (the "**SISP**") to seek purchasers for the assets and/or business of the Debtors. The Monitor has completed the SISP, which has resulted in the selection of a winning purchaser (the "**Purchaser**") in accordance with the terms of the SISP. The Monitor intends to seek the approval of the Court to allow for the Debtors' business to be sold to the Purchaser, following which the Purchaser will be the sole shareholders of the Debtors.

The purchase price payable by the Purchaser for the Debtors' business is comprised, in part, of the assumption of all amounts owing to secured creditors of the Debtors, and all amounts owing to unsecured creditors of the Debtors, as proven by the Monitor in accordance with the Claims Process. As claims are proven by the Monitor, including your claim, the Purchaser will direct the relevant Debtor to issue a promissory note to each creditor with a proven claim, in the amount of their proven claim, payable 12 months after the date of issuance. A copy of the form of promissory note is attached to this notice. As set out in the form of promissory note, your claim is valued at \$•.

Please be advised that based on the offers received in the SISP, and the extent of the secured debt against the Debtors which would be paid in priority to unsecured claims, the transaction with the Purchaser represents the only available recovery for unsecured creditors. For clarity, if the Debtors were to pursue another offer from the SISP, or bankruptcy, there would be no recovery for your claim. Therefore, the proposed purchase transaction, even though it may delay recovery of amounts owed to claimants for up to 12 months, is better than the likely alternative outcomes for claimants.

The date for the sale approval hearing is May 21, 2025 at 12:00 p.m. (Toronto time), and you are free to attend if you wish. Complete information on the CCAA Proceedings, including copies of all court materials filed and orders made, can be found the Monitor's Website at www.insolvencies.deloitte.ca/tncc. The motion materials in respect of the sale approval hearing on May 21, 2025 will be posted on the same site.

Please feel free to contact the Monitor by phone (855-643-3382) or email (truenorthcc@deloitte.ca) should you have any questions or concerns.

Yours truly

Deloitte Restructuring Inc.

Solely in its capacity as Court-appointed
Monitor of the Debtors, and not in
its personal capacity

Per:

Todd Ambachtsheer, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “E”
Claims Transferred to ResidualCo

True North Cannabis Co. (TNCC), Bamboo Blaze and 2767888 Ontario Inc.	
Claims Transferred to ResidualCo	
Claimant	Amount
Individual 1	\$35,000
Individual 2	\$5,300,000
Garas Family Holdings. Inc.	\$4,023,735
Maximum Results Real Estate Services Inc.	\$100,000
Individual 3	\$100,000
The Vancor Group Inc. et al.	\$50,000,000
Individual 4	\$225,000
Total Claims	\$59,783,735

**Confidential Appendix “1”
Received Bid**

TO BE SEALED AT THE MOTION
RETURNABLE MAY 21ST 2 2