

COURT FILE NUMBER 2403-15089

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

IN THE MATTERS OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF FREEDOM CANNABIS INC.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**OSLER, HOSKIN & HARCOURT LLP**  
Barristers & Solicitors  
Suite 2700, Brookfield Place  
225 – 6th Avenue S.W.  
Calgary, AB T2P 1N2

Attention: Randal Van de Mosselaer / Stephen Kroeger  
Telephone: 403.260.7060 / 403.355.7454  
Email: [Rvandemosselaer@osler.com](mailto:Rvandemosselaer@osler.com) / [Skroeger@osler.com](mailto:Skroeger@osler.com)  
File Number: 1265437

### **AFFIDAVIT OF JOHNFRANK POTESTIO**

**Sworn on February 18, 2025**

I, JOHNFRANK POTESTIO, of the City of Edmonton, in the Province of Alberta, **SWEAR AND SAY THAT:**

1. I am the Chief Executive Officer (“**CEO**”) and a director of the applicant, Freedom Cannabis Inc. (“**Freedom**”). I have been Freedom’s CEO since January 2017, as such I have personal knowledge of the matters herein deposed to, except where stated to be based upon information and belief, in which case I verily believe same to be true.
2. I swear this Affidavit further to my Affidavits sworn August 6, 2024, August 13, 2024, September 9, 2024, October 2, 2024, December 11, 2024 and December 18, 2024.
3. Capitalized terms used but not otherwise defined herein have the meanings given to them in the Initial Order, the SISP or the Stalking Horse Agreement (as each are defined below).

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4. In preparing this Affidavit I have consulted with legal, financial and other advisors of Freedom. I have also reviewed Freedom's business records relevant to these proceedings and have satisfied myself that I am possessed of sufficient information and knowledge to swear this Affidavit.

5. I am authorized to swear this Affidavit as a corporate representative of Freedom.

**Relief Sought**

6. This Application is made within the proceedings of Freedom under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"), which were commenced by the Initial Order of the Honourable Justice Mah pronounced on August 8, 2024 (as amended by the Amended and Restated Initial Order of the Honourable Justice Mah pronounced on August 15, 2024 (the "**ARIO**"), and as further amended and restated from time to time, the "**Initial Order**").

7. I make this Affidavit in support of this Application for the following Orders:

- (a) an Order (the "**SISP Order**"), among other things:
  - (i) approving the sale investment and solicitation process attached hereto as **Exhibit "A"**, subject to any amendments thereto that may be made in accordance therewith (the "**SISP**") in order to solicit offers or proposals for a sale and/or investment in respect of all or substantially all of the assets, undertakings and property of Freedom (collectively, the "**Property**") and Freedom's business (the "**Business**");
  - (ii) authorizing and approving execution of the Stalking Horse Subscription Agreement (the "**Stalking Horse Agreement**") among Freedom, as vendor and 2644323 Alberta Ltd., or its nominee (the "**Stalking Horse Purchaser**"), as purchaser, and JL Legacy Ltd., as Guarantor (the "**DIP Lender**");

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- (iii) declaring that the Stalking Horse Agreement submitted by the Stalking Horse Purchaser is approved as the Stalking Horse Bid (the “**Stalking Horse Bid**”) pursuant to and for the purposes of the SISP;
  - (iv) approving the Break Fee (as defined below);
  - (v) authorizing and directing KPMG Inc., in its capacity as Court-appointed monitor of Freedom (“**KPMG**”, and in its capacity as Court-appointed monitor of Freedom, the “**Monitor**”) and Freedom to immediately commence the SISP; and
  - (vi) authorizing and directing the Monitor and Freedom to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with the SISP Order;
- (b) an Order (the “**Stay Extension Order**”), among other things:
- (i) extending the Stay Period (as defined in paragraph 13 of the Initial Order) up to and including April 30, 2025 (the “**Stay Period**”), or such further date as this Honourable Court may deem appropriate;
  - (ii) authorizing Freedom to borrow up to an aggregate amount of \$4,500,000 pursuant to the terms of the DIP Term Sheet (as defined below) as amended by a second amendment to the DIP Term Sheet, and granting a corresponding increase in the amount of the DIP Lender’s Charge (as defined below);
  - (iii) approving the extension of the maturity date of the DIP Term Sheet (as defined below) until and including April 30, 2025; and
  - (iv) a declaration that Osler, Hoskin & Harcourt LLP (“**Osler**”), in its capacity as counsel to Freedom in these proceedings, is entitled to the benefit of, and protection under, the Administration Charge (as defined in paragraph 30 of the Initial Order).



## **BACKGROUND OF FREEDOM AND THE CCAA PROCEEDINGS**

8. Freedom is a privately owned licensed producer of cannabis products that carries on a multi-faceted business in the Canadian cannabis industry, including cultivation, processing and sales. Freedom has been operating in the Canadian legal cannabis sector since 2017 out of an approximately 111,600 square foot facility located in Acheson, Alberta (the “**Acheson Facility**”).

9. Freedom holds cannabis licenses under the *Cannabis Act*, SC 2018, c.16 and is regulated by Health Canada (the “**Cannabis Licenses**”). Freedom also holds a cannabis license issued by the Canada Revenue Agency (the “**CRA**”) under the *Excise Act, 2001*, SC 2002, c 22 (the “**Excise License**” and together with the Cannabis Licenses, the “**Licenses**”).

10. On August 8, 2024 the Initial Order was granted. The Initial Order, among other things: (i) declared that Freedom is a company to which the *CCAA* applies; (ii) appointed KPMG as Monitor of Freedom in these proceedings; (iii) granted the Stay Period in favour of Freedom and two non-applicant subsidiaries of Freedom; (iv) extended the benefit of the Stay Period and other aspects of the Initial Order to the Non-Applicant Stay Parties (as defined in the Initial Order) and their respective Directors and Officers; (v) authorized and empowered Freedom to obtain and borrow under an interim credit facility from the DIP Lender up to the maximum principal amount of \$1,000,000 (the “**DIP Term Sheet**”, and the Court ordered super priority charge contemplated thereby, the “**DIP Lender’s Charge**”); (vi) granted the Administration Charge and the Directors’ Charge (as each are defined in the Initial Order); and (vii) established the relative priorities amongst the Administration Charge, the Directors’ Charge and the DIP Lender’s Charge.

11. On August 15, 2024 Freedom sought and obtained the ARIO which, among other things; (i) extended the Stay Period up to and including September 18, 2024; (ii) increased the maximum amount of the Administration Charge to \$500,000; and (iii) increased the availability under the DIP Term Sheet to \$1,500,000 and granted a corresponding increase to the DIP Lender’s Charge.

12. The Stay Period was subsequently extended by Orders dated September 18, 2024, October 11, 2024 (the “**October 11 Order**”) and December 18, 2024 and currently expires on February 28, 2025.

13. The October 11 Order further increased availability under the DIP Term Sheet and the corresponding DIP Lender's Charge from \$1,500,000 to \$3,000,000.

14. Pursuant to the Order of the Honourable Justice Neilson dated December 18, 2024 availability under the DIP Term Sheet, and the corresponding DIP Lender's Charge were increased to \$3,900,000 and the maturity date under the DIP Term Sheet was extended to February 28, 2025.

15. Since the Stay Period was extended on December 18, 2024 Freedom, in consultation with, and assistance of the Monitor, has continued to act in good faith and with due diligence in these *CCAA* proceedings by, among other things:

- (a) negotiating the terms of the Amended Lease (as defined below) with the Landlord (as defined below);
- (b) communicating with, providing information to and answering questions of, various stakeholders, including without limitation, the CRA;
- (c) communicating with, providing information to and answering questions of its employees;
- (d) managing key relationships with customers and suppliers and operating the Business in accordance with the terms of the Initial Order;
- (e) working with the Monitor to manage cash flows and to make payments to suppliers in accordance with the Initial Order;
- (f) working with and corresponding regularly with representatives of the Monitor regarding numerous issues in the *CCAA* proceedings including, without limitation, the Updated Cash Flow Forecast (as defined below);
- (g) engaging in discussions with the DIP Lender about the Business and next steps in the *CCAA* proceedings;
- (h) engaging in discussions with the Monitor and the DIP Lender regarding development of the SISP and finalizing same;

- (i) negotiating and finalizing the Stalking Horse Agreement; and
- (j) engaging Osler as its new counsel in these *CCAA* proceedings.

### **THE SISP ORDER**

16. Freedom is seeking approval of the proposed SISP backed by the Stalking Horse Bid. Since the Initial Order was granted, Freedom has been operating the Business as a going concern with a view to preserving and maximizing the value thereof for the benefit of its stakeholders. As set out in the Initial Order Affidavit, Freedom initially intended to develop and implement a sale process at the hearing for the Amended and Restated Initial Order; however, Freedom, the Stalking Horse Purchaser and the DIP Lender, in consultation with the Monitor, were required to undertake extensive negotiations with the Star Prebuilt Homes Ltd. (the “**Landlord**”), the landlord for the Acheson Facility in order to renegotiate the lease for same (the “**Lease**”).

17. Following the extensive negotiations, Freedom, the Stalking Horse Purchaser and the DIP Lender have come to an agreement in principle on the business terms with the Landlord on the terms of an amended lease (the “**Amended Lease**”) governing the go forward terms of the Lease which will, among other things, address rental arrears owing under the Lease by Freedom to the Landlord. As at the time of swearing this Affidavit a definitive agreement has not been executed. It is anticipated that prior to the hearing of the within Application an executed copy of the Amended Lease will be filed with the Court.

18. Accordingly, Freedom, the Stalking Horse Purchaser (which is the DIP Lender’s nominee) and the DIP Lender have entered into the Stalking Horse Agreement which ensures that Freedom will emerge from these *CCAA* proceedings on a going-concern basis. Details of the SISP and the Stalking Horse Agreement are set out below.

**THE SISP<sup>1</sup>**

19. The SISP was designed to be broad, flexible and led by the Monitor. The SISP is intended to solicit interest for a sale or investment in all or substantially all of the Business and/or Property.

**Milestones**

20. The SISP includes the following milestones, which may be extended by the Monitor, with the consent of the DIP Lender, as the Monitor deems necessary or appropriate, acting reasonably, or by order of the Court:

<b>Milestone</b>	<b>Date</b>
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA (each as defined below), access to VDR	No later than two (2) Business Days after Court Approval of the SISP (i.e. February 27, 2025)
Binding Offer Deadline	April 9, 2025 at 3:00pm MST
<i>If no Qualified Bids are received other than Stalking Horse Bid</i>	
Selection of Stalking Horse Bid as Successful Bid	April 9, 2025
Hearing of Approval Motion	April 23, 2025 or earliest date available thereafter
Closing of Stalking Horse Bid	As soon as possible but no later than June 30, 2025
<i>If Qualified Bids are received other than the Stalking Horse Bid</i>	
Deadline to notify Qualified Bidders of Auction	April 11, 2025
Auction	April 14, 2025
Selection of Successful Bid and Back-Up Bidder, if needed	April 15, 2025 or such later date immediately thereafter if the Auction is not completed in one day

<sup>1</sup> In this section capitalized terms used but not otherwise defined have the meanings given to them in the SISP. This section is intended to be a summary only. Where this section conflicts with the SISP, the SISP governs.

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Execution of Definitive Transaction Documentation reflecting changes to Qualified Bid arising from Auction	April 22, 2025
Hearing of Approval Motion	April 30, 2025 or such later date immediately thereafter if the Auction is not completed in one day
Closing of Successful Bid	As soon as possible but no later than June 30, 2025

21. A copy of the SISP is attached hereto as Exhibit "A".

22. In addition to the foregoing, the SISP prescribes certain requirements and timelines for the Monitor, in consultation with Freedom, to solicit interest and provide notice of the SISP should the SISP Order be granted. If granted, pursuant to the SISP Order, the Monitor, in consultation with Freedom, will do the following no later than two (2) Business Days thereafter:

- (a) prepare a list of potential bidders, including (i) parties that have approached Freedom, the Monitor or the DIP Lender indicating an interest in the Opportunity; and (ii) strategic and financial parties who the Monitor, in consultation with Freedom, believe may be interested in purchasing all or part of the Business and/or Property or investing in Freedom pursuant to the SISP;
- (b) cause a notice of the SISP (the "**Notice**") to be published in one or more trade industry and/or insolvency-related publication(s) as may be considered appropriate by the Monitor;
- (c) prepare, with the assistance of Freedom, a process summary (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;
- (d) issue a press release setting out the information contained in the Notice and such other relevant information which the Monitor and Freedom determine is appropriate; and



- (e) prepare, with the assistance of Freedom, a form of non-disclosure agreement (“NDA”).

23. The Monitor will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder by no later than two (2) Business Days after the granting of the SISP Order, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

24. A confidential virtual data room (“VDR”) in relation to the Opportunity will be made available by Freedom and the Monitor to Participating Bidders (as defined below). The Monitor may, in consultation with Freedom, limit the access of any Potential Bidder (as defined below) to any confidential information in the VDR where the Monitor, in consultation with Freedom, reasonably determines that such access could negatively impact the SISP, the ability to maintain confidentiality of the information, the Business, the Property of their value.

**Participating Bidders and Delivery of Confidential Information**

25. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must provide an executed NDA, written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, full disclosure of the direct and indirect principals of the Potential Bidder and documentary evidence of such Potential Bidder’s financial wherewithal and ability to consummate a sale or investment transaction pursuant to the SISP, in the form of proof of cash-on-hand and/or unconditionally committed financing. A Potential Bidder who satisfies the foregoing requirements will be deemed a “**Participating Bidder**”. All Participating Bidders will receive a confidential information memorandum and be granted access to the VDR. The Stalking Horse Purchaser is, and will be deemed to be, a Participating Bidder.

26. Participating Bidders must rely solely on their own independent review, 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 they enter into with Freedom. At any time during the SISP the Monitor may, in its reasonable judgment and in consultation with Freedom, eliminate a Participating Bidder from the SISP.

**Formal Binding Offers**

27. Any Participating Bidder (other than the Stalking Horse Purchaser) that wishes to make a formal offer to (a) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase or a combination thereof (either one, a “**Sale Proposal**”) or a portion of the Property or the Business (a “**Partial Sale Proposal**”); or (b) make an investment in, restructure, recapitalize or refinance Freedom or the Business or a portion thereof (an “**Investment Proposal**” together with a Sale Proposal and a Partial Sale Proposal, a “**Binding Offer**”) shall:

- (a) in the case of a Sale Proposal, provide its offer in the form of a template purchase agreement provided in the VDR, along with a marked version showing edits to the original form of the template provided in the VDR and a marked version compared to the Stalking Horse Agreement; or
- (b) in the case of an Investment Proposal, provide a plan or restructuring support agreement (the “**Binding Offer Bidder**”),

in each case to the Monitor by no later than 3:00 p.m. (MST) on April 9, 2025 (the “**Binding Offer Deadline**”).

28. A Binding Offer will be considered a “**Qualified Bid**”, and the Binding offer Bidder making such Binding Offer, a “**Qualified Bidder**” if it, among other things:

- (a) provides net cash proceeds on closing via provisions that meet the following requirements, that are not less than the aggregate total of: (a) the amount of cash payable under the Stalking Horse Agreement; plus (b) the “Credit Bid Consideration” (as defined in the Stalking Horse Agreement); plus (c) the “Break Fee” (as defined in the Stalking Horse Agreement), plus (d) a minimum overbid amount of \$100,000 ((a) through (d), in the aggregate, the “**Minimum Purchase Price**”); provided, however, that the Monitor may, in its reasonable judgment, and in consultation with Freedom, deem this criterion satisfied if the Binding Offer, together with one or more other non-overlapping Binding Offers, in the aggregate, meet or exceed the Minimum Purchase Price and such Minimum Purchase Price is payable in full in cash on closing;

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- (b) is submitted on or before the Binding Offer Deadline;
- (c) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder;
- (d) is not subject to any financing condition, diligence condition or internal or board approval;
- (e) contains or identifies the key terms and provisions to be included in any Approval Order, including whether such order will be a “reverse vesting order”;
- (f) contains the Binding Offer Bidder’s proposed treatment of employees of Freedom (for example, anticipated employment offers or retained employees, and treatment of post-employment benefits);
- (g) includes acknowledgments and representations of the Binding Offer Bidder that it:
  - (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property and/or the Business in making its Binding Offer; (iii) has not relied upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity, or the completeness of any information provided in connection therewith; and (iv) will promptly commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating the cannabis sector;
- (h) is accompanied by a letter that confirms that the Binding Offer: (i) may be accepted by Freedom by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) Business Days after the date of closing of the applicable Successful Bid; and (B) the Outside Date (as defined below);
- (i) provides for any anticipated corporate, licensing, securityholder, Health Canada, legal or other regulatory approvals required to close the transaction;

- (j) does not provide for any break or termination fee, expense reimbursement or similar type of payment;
- (k) is accompanied by a deposit in the amount of not less than 10% of the cash purchase price, or total new investment contemplated, as the case may be (the “Deposit”); and
- (l) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is twenty-one (21) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction (the “**Target Closing Date**”) and in any event no later than May 30, 2025 (the “**Outside Date**”).

29. Paragraphs 21(k) and 21(l) of the SISP establish specific requirements for a Sale Proposal or Partial Sale Proposal and an Investment Proposal under the SISP.

**Selection of Successful Bid**

30. The Monitor, in consultation with Freedom, will review and evaluate each Qualified Bid, taking into account various factors including factors affecting the speed and certainty of closing, the value and nature and the consideration provided for in the Binding Offer (including any assumed liabilities) and any licensing, Health Canada, regulatory or legal approvals, assignments or third party contractual arrangements required to close the transactions. The cash consideration provided in any Qualified Bid shall not be the only criteria on which Qualified Bids are evaluated and the “highest and best” Qualifying Bid may not be the Qualifying Bid with the highest cash purchase price.

31. In the event that no Qualified Bid is received (other than the Stalking Horse Bid) or any Qualified Bids received are determined by the Monitor, in consultation with Freedom, to be inferior to the Stalking Horse Bid, then the Stalking Horse Bid will be deemed the Successful Bid and Freedom will promptly seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.

32. In the event there is at least one Qualified Bid in addition to the Stalking Horse Bid and such Qualified Bid is not determined by the Monitor, in consultation with Freedom, to be inferior to the Stalking Horse Bid, then a Successful Bid will be identified through an auction (the “**Auction**”).

**The Auction**

33. If the Auction is necessary, it shall be conducted in accordance with the following procedures, among others and as more fully described in paragraph 28 of the SISP:

- (a) the Monitor shall be entitled, in consultation with Freedom, to designate some or all Qualified Bidders (in addition to the Stalking Horse Purchaser) as eligible to participate in the Auction, taking into account the relative terms of the Qualified Bidders (including but not limited to purchase price) and the factors set out in the SISP. Qualified Bidders who are invited to participate in the Auction are referred to as “**Auction Bidders**” and the Stalking Horse Purchaser shall be an Auction Bidder;
- (b) the Auction will occur on April 14, 2025 and may, in the discretion of the Monitor, be held virtually via videoconference, teleconference or other reasonable means;
- (c) prior to the Auction, the Monitor will identify the highest and best of the Qualifying Bid(s) received (which may be an Aggregate Bid) and such Qualifying Bid(s) will constitute the opening bid for the purposes of the Auction (the “**Opening Bid**”). Subsequent bidding will continue in minimum increments valued at not less than \$100,000 cash in excess of the Opening Bid;
- (d) each Auction Bidder 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 Auction Bidder. The Monitor and Freedom shall, no later than April 15, 2025 (or such later date immediately thereafter if the Auction is conducted and not competed in one day) determine which Auction Bidders have submitted (i) the highest and best Binding Offer of the Auction (the “**Successful Bid**”, and the bidder making such Successful Bid, the

“**Successful Bidder**”), and (ii) the next highest and otherwise second-best Binding Offer of the Auction (the “**Back-Up Bid**”, and the bidder making such Back-Up Bid, the “**Back-Up Bidder**”); and

- (e) upon selection of a Successful Bidder and a Back-Up Bidder if any, the Successful Bidder and the Back-Up Bidder, if any, shall each deliver to the Monitor and Freedom, an amended and executed transaction document that reflects their final bid and any other modifications submitted and agreed to during the Auction, on or before April 18, 2025.

34. On or before April 22, 2025 the Successful Bidder and the Back-Up Bidder will complete and execute definitive documentation in respect of the Successful Bid and Back-up Bid (as applicable), which definitive documentation will provide that the Successful Bidder will use all reasonable efforts to close the proposed transaction by no later than the Target Closing Date, or such longer period as may be agreed to by the Monitor, in consultation with Freedom and the Successful Bidder

35. In any event, the Successful Bid must be closed by no later than the Outside Date, being May 30, 2025. If a Back-Up Bid is identified in accordance with the SISP, then such Back-Up Bid shall remain open until the date on which the transaction contemplated by the applicable Successful Bid is consummated or such earlier date as the Monitor, in consultation with Freedom, determines.

36. 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, Freedom and the Monitor, in consultation with 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. Freedom will be deemed to have accepted such Back-Up Bid only when Freedom has made such election, with the Monitor’s consent.

37. The Monitor, in consultation with Freedom, may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the

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Court or providing notice to Participating Bidders, Binding Offer Bidders, Qualified Bidders, the Successful Bidder(s) or the Back-Up Bidder(s), provided that such modification, amendment, variation or supplement is expressly limited to changes that do not alter, amend or prejudice the rights of such bidders and is necessary or useful in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Order.

**Stalking Horse Agreement and Break Fee<sup>2</sup>**

38. The SISP is proposed to be backstopped by the Stalking Horse Bid. Key terms of the Stalking Horse Agreement include the following:

Term	Details
Vendor	Freedom Cannabis Inc. (the “Company”)
Purchaser	2644323 Alberta Ltd.
Guarantor	JL Legacy Ltd.
Transaction Structure	Reverse vesting share purchase transaction structure. At Closing, among other things: <ul style="list-style-type: none"> <li>(a) ResidualCo shall be added to the CCAA Proceeding as an applicant;</li> <li>(b) the Company shall, to the extent it has not done so already, terminate all employees deemed to be Terminated Employees pursuant to Section 10.5;</li> <li>(c) the Excluded Assets and the Excluded Liabilities shall be transferred from the Company to Residual Co.;</li> <li>(d) the Company shall file or deposit the Articles of Reorganization with the applicable Government Authority;</li> <li>(e) the Company shall issue the Purchased Shares;</li> </ul>

<sup>2</sup> In this section capitalized terms used but not otherwise defined have the meanings given to them in the Stalking Horse Agreement. This section is intended to be a summary only. Where this section conflicts with the Stalking Horse Agreement, the Stalking Horse Agreement governs.

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	<ul style="list-style-type: none"><li>(f) all outstanding Equity Interests in the Company shall be cancelled for no consideration pursuant to the Approval and Vesting Order;</li><li>(g) the Purchaser shall satisfy the Purchase Price in accordance with the terms of the Agreement;</li><li>(h) Closing shall be deemed to have occurred; and</li><li>(i) the Monitor shall deliver the Monitor's Certificate;</li></ul>
Purchase Price	<p>The aggregate consideration payable by the Purchaser for the Purchased Shares is equal to the sum of:</p> <ul style="list-style-type: none"><li>(a) an amount equivalent to (i) the amount owing under the DIP Facility plus all accrued and unpaid interest thereon through to and including the Closing Date, plus any fees and expenses associated therewith (the "<b>DIP Facility Credit Bid Amount</b>"); and (ii) the sum of \$14,200,000 owing under the Senior Loan Agreements, (the "<b>Senior Loan Credit Bid Amount</b>" and together with the DIP Facility Credit Bid Amount, the "<b>Credit Bid Consideration</b>");</li><li>(b) the amount of the Retained Liabilities;</li><li>(c) the Contract Cure Costs, if any; and</li><li>(d) the Priority Payment Amount and the CCAA Process Expense Amount (the "<b>Cash Consideration</b>").</li></ul>
Excluded Assets	<p>As of Closing, Excluded Assets includes the following assets of the Company:</p> <ul style="list-style-type: none"><li>(a) The Excluded Contracts.</li><li>(b) Any interest the Company may have in Viridis Natural Health Products Ltd. and/or 2082312 Alberta Ltd.</li><li>(c) All Tax Liabilities of the Company for any tax period or the portion thereof prior to the Filing Date including any Liabilities to which the Existing RTPs relate.</li></ul>

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Retained Liabilities	<p>As of Closing, the only obligations and liabilities of the Company (the “<b>Retained Liabilities</b>”) shall consist of the items specifically set forth below:</p> <ul style="list-style-type: none"><li>(a) All post-Filing Claims contemplated by the cash flow projections attached to any Monitor’s reports filed in the CCAA Proceedings but not paid yet on the Closing Date.</li><li>(b) All Contract Cure Costs, if any.</li><li>(c) All Liabilities under the Retained Contracts from and after the Closing Time.</li><li>(d) The amount owing under the Senior Loan Agreements after release of the Senior Loan Credit Bid Amount including any principal outstanding in connection therewith, interest accrued thereunder and other fees owing in connection therewith.</li><li>(e) All trade payables relating to the Business incurred after the Filing Date but prior to the Closing Time that remain outstanding as at the Closing Time.</li><li>(f) Any Tax Liabilities (including source deductions) of Freedom Cannabis for (i) any tax period or the portion thereof beginning on or after the Closing Date; and (ii) accrued in respect of the period after the Filing Date (other than, for certainty, all Taxes owed or owing or accrued due by the Company in respect of the period prior to the Filing Date even if assessed after the Filing Date). All Liabilities of the Company arising from and after the Closing Time.</li><li>(g) All Liabilities related to the Permitted Encumbrances.</li></ul>
Excluded Liabilities	<p>Except for the Retained Liabilities, all Claims and all debts of the Company shall be assigned to and become the sole obligation of Residual Co.</p>
As Is, Where Is	<p>The Purchaser specifically acknowledges and agrees that, except for the representations and warranties of the Company as expressly and specifically set forth in Article 4 of the Stalking Horse Agreement, the Purchaser is acquiring the Purchased Shares on an “as is, where is” basis.</p>

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Employees	<p>The Purchaser will determine which employees it will assume and employ prior to the Closing Date. In the event that no conditional offer of employment is made to an employee or an employee who receives an offer of employment rejects such offer, such employee shall be deemed to be a "Terminated Employee". All Liabilities owing to any such Terminated Employee in respect of such termination, including all amounts owing on account of statutory notice, termination payments, common law notice or pay in lieu thereof, severance, vacation pay, benefits, bonuses or other compensation or entitlements of any kind ("<b>Employee Termination Costs</b>") shall be Excluded Liabilities.</p>
Mutual Conditions to Closing	<p>The respective obligations of the Purchaser and the Company to consummate the transactions contemplated by the Stalking Horse Agreement are subject to the satisfaction of, or compliance with, at or prior to the Closing Time, each of the following conditions:</p> <ul style="list-style-type: none"><li data-bbox="646 825 1365 1056">(a) the Approval and Reverse Vesting Order shall have been issued and entered and shall not have been stayed, varied, vacated or appealed (or any such appeal shall have been dismissed with no further appeal therefrom), and all applicable appeal periods shall have passed such that the Approval and Reverse Vesting Order is a final order;</li><li data-bbox="646 1094 1365 1224">(b) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the transactions contemplated by the Stalking Horse Agreement;</li><li data-bbox="646 1262 1365 1329">(c) the Stalking Horse Agreement will be the Successful Bid (as determined pursuant to the SISP);</li><li data-bbox="646 1367 1365 1560">(d) the Parties shall have received the required Transaction Regulatory Approvals and all such Transaction Regulatory Approvals shall be in full force and effect, except for Transaction Regulatory Approvals that need not be in full force and effect prior to Closing; and</li><li data-bbox="646 1598 1365 1759">(e) 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 transactions contemplated by this Agreement;</li></ul>

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Break Fee	In consideration for the Purchaser's expenditure of time and money (including professional fees) in connection with the preparation of the preparation of the Stalking Horse Agreement, and in performing due diligence pursuant to the Stalking Horse Agreement, the purchaser shall be entitled to an Break Fee of \$400,000. The Break Fee is subject to Court approval and shall be approved in the SISP Order and shall be payable to the Purchaser out of the sale proceeds derived from, and upon completion of, a Successful Bid, other than the Stalking Horse Bid.
Closing Date	A date no later than five (5) Business Days after the conditions in Article 9 have been satisfied or waived; provided that the Closing Date shall be no later than the Outside Date.

39. A copy of the Stalking Horse Agreement is attached hereto as **Exhibit "B"**.

40. Freedom is of the view that the inclusion of the Stalking Horse Agreement as part of the SISP will maximize value for the benefit of all of its stakeholders by, among other things: (i) setting a baseline price and commercial terms for a transaction involving the shares and/or the Business and Property; (ii) helping to generate interest in Freedom among potential purchaser; (iii) creating tension in the context of an Auction; and (iv) providing a level of certainty, stability and efficiency during the SISP, both in terms of setting a baseline price and documentation for the SISP and assuring stakeholder groups that there will be a going concern sale involving the Business and Property.

41. While Freedom is optimistic that the SISP will result in a competitive bidding process with a goal of finding a value maximizing transaction, the Stalking Horse Agreement assures the preservation and continuity of the Business as a going concern.

42. The terms of the Stalking Horse Agreement have been negotiated extensively between Freedom, the Monitor and the Stalking Horse Purchaser. I believe that the consideration provided under the Stalking Horse Agreement is both fair and reasonable in the circumstances, and reflects the product of extensive, good faith negotiations.

43. I understand that the Monitor supports the approval of the Stalking Horse Agreement for the purpose of acting as the Stalking Horse Bid under the SISP.

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## AMENDMENT TO DIP TERM SHEET

44. As noted above, availability under the DIP Term Sheet was increased to in the maximum principal amount of \$3,900,000 pursuant to a first amended DIP Term Sheet dated as of December 11, 2024 (the “**First DIP Amendment**”). Under the First DIP Amendment the DIP Term Sheet matures on February 28, 2025.

45. Total borrowings under the DIP Facility (as defined in the Initial Order) since the Initial Order was granted were approximately \$2,200,000 (exclusive of accrued interest and expenses) as at February 7, 2025.

46. As appears from the Updated Cash Flow Forecast (the “**Updated Cash Flow Forecast**”), a copy of which will be attached to the Fifth Report of the Monitor to be filed in support of the within application, Freedom expects to require additional interim funding in order to maintain operations and fund these *CCAA* proceedings through the proposed extension of the Stay Period.

47. Accordingly, on or about February 13, 2025 the DIP Lender and Freedom entered into the second amendment to the DIP Term Sheet (the “**Second DIP Amendment**”). The Second DIP Amendment amends the following provisions of the DIP Term Sheet:

- (a) Loan Amount – increases availability under the DIP Term Sheet from \$3,900,000 to \$4,500,000; and
- (b) Maturity Date – extended from February 28, 2025 to April 30, 2025.

48. A copy of the Second DIP Amendment is attached hereto as **Exhibit “C”**.

49. Freedom is seeking approval of (i) the Second DIP Amendment; and (ii) amendments to paragraphs 31, 32 and 37 of the ARIO to authorize borrowings under the DIP Facility and increase the DIP Lender’s Charge to \$4,500,000 to account for the projected funding required during the forecast period. The DIP Lender’s Charge will continue to secure all obligations outstanding under the DIP Facility.

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50. I understand that the Monitor is of the view that the Second DIP Amendment and proposed amendments to paragraphs 31, 32 and 37 of the ARIO are reasonable and necessary in the circumstances and is supportive of the relief sought.

**STAY EXTENSION**

51. The current Stay Period expires on February 28, 2025. Freedom is seeking an extension of the Stay Period to April 30, 2025.

52. The extension of the Stay of Proceedings is necessary and appropriate in the circumstances to provide Freedom with continued breathing space while it attempts to maximize value for the benefit of their stakeholders through the *CCAA* proceedings and to run the SISP sought herein.

53. The Monitor and Freedom require time to properly and diligently implement and carry out the SISP in accordance with its terms and the SISP Order, to obtain the maximum value possible for all stakeholders.

54. In addition to the foregoing, should this Honourable Court grant the Stay Extension Order, Freedom anticipates carrying out the following activities, among other things:

- (a) continuing discussions with the Landlord;
- (b) continuing discussions with the CRA in relation to the Licenses;
- (c) continuing discussions with stakeholders and employees; and
- (d) ensuring payments are made to suppliers during the Stay Period.

55. Freedom has acted, and are acting, in good faith and with due diligence in advancing these *CCAA* proceedings.

56. I do not believe that any creditor will suffer material prejudice as a result of the extension of the Stay Period. Freedom's stakeholders will benefit from the extension of the Stay Period and the Monitor is supportive of the relief sought.

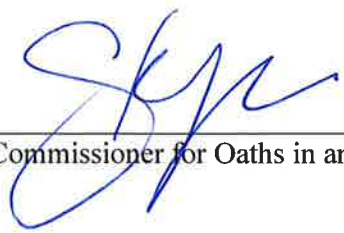
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**CONCLUSION**

57. I make this Affidavit in support of the relief sought in the within Application and for no other improper purpose.

**SWORN BEFORE ME**

A lawyer in and for the Province of Alberta at the City of Calgary, in the Province of Alberta, by two-way video conferencing with the deponent who was at Acheson in the Province of Alberta, this 18<sup>th</sup> day of February, 2025 on the basis of evidence provided to me that enabled me to verify the deponent's identity and confirm the contents of the document being executed



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Commissioner for Oaths in and for Alberta

**Stephen Kroeger**  
*Barrister & Solicitor*

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**JOHNFRANK POTESTIO**



THIS IS **EXHIBIT "A"** TO THE AFFIDAVIT OF JOHNFRANK POTESTIO

SWORN BEFORE ME THIS 18<sup>TH</sup> DAY OF FEBRUARY 2025.



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Notary Public/Commissioner for Oaths in and for Alberta

**Stephen Kroeger**  
*Barrister & Solicitor*

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## APPENDIX "A"

### Bidding Procedures for the Sale and Investment Solicitation Process

Pursuant to an order of the Court of King's Bench of Alberta (the "**Court**") made on August 8, 2024 (as amended and restated, the "**Initial Order**"), Freedom Cannabis Inc. (the "**Applicant**" or "**Freedom**") was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**" and the proceedings thereunder, the "**CCAA Proceedings**"), and KPMG Inc. ("**KPMG**") was appointed monitor of the Applicant (in such capacity, the "**Monitor**"). In connection with the CCAA Proceedings, Freedom's partially owned (51%) subsidiaries, 2563138 Alberta Ltd. and 2399751 Alberta Ltd. (collectively, the "**Non-applicant Stay Parties**" and together with Freedom the "**Freedom Group**") were granted the benefits and protections of the Initial Order.

On February 26, 2025, the Court granted an order (the "**SISP Order**"), authorizing the Monitor, in consultation with the Freedom Group, to undertake a sale and investment solicitation process ("**SISP**") for the sale of the Freedom Group's property, assets and undertakings (the "**Property**") and/or its business (the "**Business**"). The SISP will be conducted by the Monitor in the manner set forth herein and in accordance with the SISP Order.

Among other things, the SISP Order also: (a) approved the procedures set out in this Schedule (the "**Bidding Procedures**") for the solicitation of offers or proposals (each, a "**Bid**") for the acquisition of the Property and the Business or some portion thereof; and (b) approved the form of stalking horse agreement (as same may be amended from time to time pursuant to its terms and the SISP Order, the "**Stalking Horse Agreement**") to be entered into between each of Freedom and 2644323 Alberta Ltd. (in such capacity, the "**Stalking Horse Bidder**") for the purposes of serving as the stalking horse bid in the SISP (the "**Stalking Horse Bid**"). For the avoidance of doubt, the implementation of the transactions contemplated by the Stalking Horse Agreement is conditional upon the Stalking Horse Bid being selected as a Successful Bid (as defined below) in accordance with the Bidding Procedures, and Court approval of the Stalking Horse Agreement and the transactions contemplated therein on a subsequent motion to be brought by the Applicant following the completion of the SISP.

#### Defined Terms

1. Capitalized terms used in these Bidding Procedures and not otherwise defined herein have the meanings given to them in **Appendix "A"** hereto.

#### Bidding Procedures

##### *Opportunity*

2. The SISP is intended to solicit interest in and opportunities for a sale of, or investment in, all or part of the Freedom Group's Property and Business (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, refinancing, recapitalization or other form of reorganization of the business and affairs of the Freedom Group as a going concern, or a sale of all, substantially all or one or more components of the Freedom Group's Property and Business as a going concern or otherwise.
3. The Stalking Horse Agreement constitutes a Binding Offer and a Qualified Bid (each as defined below) by the Stalking Horse Bidder (which constitutes a Binding Offer Bidder and a Qualified Bidder (each as defined below)) for all purposes and at all times under this SISP and will serve as the Stalking Horse Bid for purposes of this SISP and the Bidding Procedures. The Stalking Horse Bidder shall have the right to participate in the Auction (as defined

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below), if any. Notwithstanding the Stalking Horse Agreement and proposed transactions therein, all interested parties are encouraged to submit bids based on any form of Opportunity that they may elect to advance pursuant to the SISP, including as a Sale Proposal (as defined below), a Partial Sale Proposal (as defined below), or an Investment Proposal (as defined below). A copy of the Stalking Horse Agreement will be made available to all Qualified Bidders (as defined below) and a form of such agreement, to be uploaded to the VDR (as defined below), shall be used as the basis for any Binding Offer made in the SISP.

4. The Bidding Procedures describe (a) the manner in which prospective bidders may gain access to due diligence materials concerning the Freedom Group, the Property and the Business, (b) the manner in which bidders may participate in the SISP, (c) the terms of the requirements, delivery and negotiation of bids received, (d) the ultimate selection of a Successful Bidder (as defined below), and (e) the requisite approvals to be sought from the Court in connection therewith.
5. Subject to Paragraph [22] below, the Monitor, in consultation with the Freedom Group, may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Participating Bidders, Binding Offer Bidders, Qualified Bidders, the Successful Bidder(s) or the Back-Up Bidder(s) (each as defined below), provided that such modification, amendment, variation or supplement is (a) expressly limited to changes that do not alter, amend or prejudice the rights of such bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and (b) necessary or useful in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Order. Notwithstanding the foregoing, the dates or time limits indicated in the table contained below may be extended by the Monitor, with the consent of the Freedom Group and the DIP Lender, as the Monitor deems necessary or appropriate, acting reasonably, or by order of the Court.
6. The Monitor will post on the Monitor's website and serve on the service list maintained in the CCAA Proceedings, as soon as practicable, any such modification, amendment, variation or supplement to these Bidding Procedures and inform the bidders impacted by such modifications.
7. In the event of a dispute as to the interpretation or application of the SISP Order or these Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute. For the avoidance of doubt, all bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and closing of a Successful Bid, as applicable.
8. A summary of the key dates pursuant to the SISP are set out below:<sup>1</sup>

<b>Milestone</b>	<b>Date</b>
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA (each as defined below), access to VDR	No later than two (2) Business Days after Court Approval of the SISP (i.e. February 27, 2025)

<sup>1</sup> This summary is provided for illustrative purposes only, and the terms of these Bidding Procedures other than Paragraph 8 shall govern in the case of any inconsistency between Paragraph 8 and any other section of the Bidding Procedures.

Binding Offer Deadline (as defined below)	April 9, 2025 at 3:00pm MST
<b><i>If no Qualified Bids are received other than Stalking Horse Bid</i></b>	
Selection of Stalking Horse Bid as Successful Bid	April 9, 2025
Hearing of Approval Motion (as defined below)	April 23, 2025 or earliest date available thereafter
Closing of Stalking Horse Bid	As soon as possible but no later than June 30, 2025
<b><i>If Qualified Bids are received other than the Stalking Horse Bid</i></b>	
Deadline to notify Qualified Bidders of Auction	April 11, 2025
Auction	April 14, 2025
Selection of Successful Bid and Back-Up Bidder, if needed	April 15, 2025 or such later date immediately thereafter if the Auction is not completed in one day
Execution of Definitive Transaction Documentation reflecting changes to Qualified Bid arising from Auction	April 21, 2025
Hearing of Approval Motion	April 30, 2025 or earliest date available thereafter
Closing of Successful Bid	As soon as possible but no later than June 30, 2025

***Solicitation of Interest: Notice of the SISP***

9. As soon as reasonably practicable, but, in any event, by no later than two (2) Business Days after the granting of the SISP Order:
  - a) the Monitor, in consultation with the Freedom Group, will prepare a list of potential bidders, including (i) parties that have approached the Freedom Group, the Monitor or the DIP Lender indicating an interest in the Opportunity, and (ii) strategic and financial parties who Freedom, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business or the Property or investing in Freedom pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, the “**Known Potential Bidders**”);
  - b) the Freedom Group or Freedom (as applicable) will issue a press release setting out the information contained in the Notice and such other relevant information which the Monitor, in consultation with the Freedom Group and the DIP Lender, determines is appropriate; and
  - c) the Monitor, in consultation with the Freedom Group, will prepare (i) a process summary (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) a non-disclosure agreement in form and substance satisfactory to the Freedom Group, the Monitor and their respective counsel, which shall enure to the benefit of any purchaser of the Business or Property or any part thereof (an “**NDA**”).
10. The Monitor will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder by no later than two (2) Business Days after the granting of the SISP Order, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor

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as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

11. In addition to the foregoing, within five (5) Business Days after the granting of the SISP Order, the Monitor shall cause a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Freedom Group, considers appropriate) (the “**Notice**”) to be published in one or more trade industry and/or insolvency-related publications as may be considered appropriate by Freedom and the Monitor.

### **Virtual Data Room**

12. A confidential virtual data room (the “**VDR**”) in relation to the Opportunity will be made available by the Freedom Group and the Monitor to Participating Bidders (as defined below). The VDR will include all documentary materials available to the Freedom Group or the Monitor that are reasonably likely to be relevant to Participating Bidders in their assessment of the Opportunity, and shall include the Teaser Letter, the Stalking Horse Agreement and a form of asset/share purchase agreement to be used by Participating Bidders in making bids. The VDR shall be made available as soon as practicable following the granting of the SISP Order. The Monitor, in consultation with the Freedom Group, may establish or cause the Freedom Group to establish separate VDRs, if the Monitor, in consultation with the Freedom Group, reasonably determines that doing so would further the Freedom Group and any Potential Bidder’s compliance with applicable antitrust and competition laws, or would prevent the distribution of commercially sensitive competitive information.
13. The Monitor may, in consultation with the Freedom Group, limit the access of any Potential Bidder to any confidential information in the VDR where the Monitor, in consultation with the Freedom Group, 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.

### **Participating Bidders and Delivery of Confidential Information**

14. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must provide to the Monitor and counsel to the Freedom Group, at the addresses specified in Appendix “B” hereto (including by email transmission), in form and substance acceptable to the Monitor, in consultation with the Freedom Group, (a) an NDA executed by it, (b) written confirmation of the identity of the Potential Bidder, (c) the contact information for such Potential Bidder, (d) full disclosure of the direct and indirect principals of the Potential Bidder, and (e) documentary evidence of such Potential Bidder’s financial wherewithal and ability to consummate a sale or investment pursuant to the SISP, in the form of proof of cash-on-hand and/or unconditionally committed financing.
15. A Potential Bidder who has satisfied the requirements in Paragraph 14(a) through (e) will be deemed a “**Participating Bidder**”. All Participating Bidders will be granted access to the VDR. For the avoidance of doubt, the Stalking Horse Bidder is, and will be deemed to be, a Participating Bidder.
16. The Freedom Group, 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. Participating Bidders must rely solely on their own independent review, 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 they enter into with Freedom Group.

17. At any time during the SISP, the Monitor may, in its reasonable judgment, and in consultation with Freedom, eliminate a Participating Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a "Participating Bidder" for the purposes of the SISP.

### **Due Diligence**

18. The Monitor and the Freedom Group, shall, subject to competitive and other business considerations, afford each Participating Bidder such access to due diligence materials and information relating to the Property and Business as the Monitor, in consultation with the Freedom Group, may deem appropriate. Any materials provided to a Participating Bidder at such Participating Bidder's request shall also be posted in the VDR, subject to Paragraphs 12, 13 and 19. Due diligence access may include management presentations, access to the VDR, on-site inspections, and other matters which a Participating Bidder may reasonably request and as to which the Monitor, in its reasonable judgment, and in consultation with the Freedom Group, may agree. Any access or interactions with the Freedom Group's management and personnel shall be coordinated through the Monitor.
19. The Monitor shall be solely responsible for coordinating and responding to all requests for information and due diligence access from Participating Bidders; Participating Bidders with such requests shall make them to the Monitor, in writing, at the addresses specified in Appendix "B" hereto (including by email transmission). Neither the Monitor, nor the Freedom Group through the Monitor, will be obligated to furnish any information relating to the Property or Business to any person other than to Participating Bidders. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Participating Bidders if the Monitor, in consultation with Freedom Group, determines such information to represent proprietary or sensitive competitive information.

### **Formal Binding Offers**

20. Any Participating Bidder (other than the Stalking Horse Bidder) that wishes to make a formal offer to (a) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase or a combination thereof (either one, a "**Sale Proposal**" or a portion of the Property or the Business, a "**Partial Sale Proposal**"); or (b) make an investment in, restructure, recapitalize or refinance Freedom or the Business or a portion thereof (an "**Investment Proposal**", together with a Sale Proposal and a Partial Sale Proposal, a "**Binding Offer**"); shall (i) in the case of a Sale Proposal, provide its offer in the form of a template purchase agreement provided in the VDR, along with a marked version showing edits to the original form of the template provided in the VDR, and a marked version compared to the Stalking Horse Agreement; or (ii) in the case of an Investment Proposal, provide a plan or restructuring support agreement (the "**Binding Offer Bidder**"), in each case, to the Freedom Group and Monitor at the addresses specified in Appendix "B" hereto (including by email transmission), no later than 3:00pm MST on April 9, 2025 (the "**Binding Offer Deadline**").
21. A Binding Offer will be considered a "Qualified Bid", and the Binding Offer Bidder making such Binding Offer a "Qualified Bidder", if it:

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- a) provides net cash proceeds on closing via provisions that meet the following requirements, that are not less than the aggregate total of: (a) the amount of cash payable under the Stalking Horse Agreement; plus (b) the “Credit Bid Consideration” (as defined in the Stalking Horse Agreement); plus (c) the “Break Fee” (as defined in the Stalking Horse Agreement), plus (d) a minimum overbid amount of \$100,000 ((a) through (d), in the aggregate, the “**Minimum Purchase Price**”); provided, however, that the Monitor may, in its reasonable judgment, and in consultation with the Freedom Group, deem this criterion satisfied if the Binding Offer, together with one or more other non-overlapping Binding Offers, in the aggregate, meet or exceed the Minimum Purchase Price and such Minimum Purchase Price is payable in full in cash on closing (such bids, “**Aggregated Bids**”, and each an “**Aggregated Bid**”);
- b) is submitted on or before the Binding Offer Deadline;
- c) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder;
- d) is not subject to any financing condition, diligence condition or internal or board approval;
- e) contains or identifies the key terms and provisions to be included in any Approval Order, including whether such order will be a “reverse vesting order”;
- f) contains the Binding Offer Bidder’s proposed treatment of employees of the Freedom Group (for example, anticipated employment offers or retained employees, and treatment of post-employment benefits);
- g) includes acknowledgments and representations of the Binding Offer Bidder that it: (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property and/or the Business in making its Binding Offer; (iii) has not relied upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity, or the completeness of any information provided in connection therewith; and (iv) will promptly commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating the cannabis sector;
- h) is accompanied by a letter that confirms that the Binding Offer: (i) may be accepted by Freedom by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) Business Days after the date of closing of the applicable Successful Bid; and (B) the Outside Date (as defined below);
- i) provides for any anticipated corporate, licensing, securityholder, Health Canada, legal or other regulatory approvals required to close the transaction;
- j) does not provide for any break or termination fee, expense reimbursement or similar type of payment;
- k) in the case of a Sale Proposal or Partial Sale Proposal, includes:

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- i. the specific purchase price in Canadian dollars and a description of any non-cash consideration;
  - 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 description of all executory contracts of Freedom that the Binding Offer Bidder will assume or retain, and clearly describes, for each contract or on an aggregate basis, how all monetary defaults will be remedied, as applicable; and
  - iv. a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume or retain and which such liabilities and obligations it does not intend to assume or retain, and are to be excluded as part of the transaction;
- l) the case of an Investment Proposal, includes:
- i. a description of how the Binding Offer 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 Applicant in Canadian dollars;
  - iii. a description of all executory contracts of Freedom that the Binding Offer Bidder will assume or retain, and clearly describes, for each contract or on an aggregate basis, how all monetary defaults will be remedied, as applicable;
  - iv. the underlying assumptions regarding the pro forma capital structure; and
  - v. a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume or retain and which liabilities and obligations it does not intend to assume or retain and are to be excluded as part of the transaction;
- m) is accompanied by a deposit in the amount of not less than 10% of the cash purchase price, or total new investment contemplated, as the case may be (the “**Deposit**”);
- n) is accompanied by an acknowledgement that (i) if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be held and dealt with as described in Paragraph 32 below; and (ii) if the Binding Offer Bidder is selected as a Back-Up Bidder, that the Deposit will be held and dealt with as described in Paragraph 32 below;
- o) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is twenty-one (21) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction (the “**Target Closing Date**”) and in any event no later than June 30, 2025 (the “**Outside Date**”); and

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- p) includes such other information as reasonably requested or identified in writing by the Monitor in consultation with Freedom, prior to the Binding Bid Deadline as being necessary or required by the Monitor.
22. Without limiting Paragraph 5, the Monitor, in its reasonable judgment, and in consultation with the Freedom Group, may waive strict compliance with any one or more of the requirements specified above (with the exception of the requirements contained in Paragraphs 21(a) and 21(m), which cannot be waived without the prior written consent of the DIP Lender) and designate a noncompliant Binding Offer as a Qualified Bid.

### **Selection of Successful Bid**

23. The Monitor, in consultation with the Freedom Group, may, following the receipt of any Binding Offer that is not a Qualified Bid, including one or more Binding Offers comprising an Aggregated Bid, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered a Qualified Bid.
24. The Monitor and the Freedom Group, will review and evaluate each Qualified Bid, taking into account the factors set out in Paragraph 21, including factors affecting the speed and certainty of closing, the value and nature of the consideration provided for in the Binding Offer (including any assumed liabilities), and any licensing, Health Canada, regulatory or legal approvals, assignments or third party contractual arrangements required to close the transactions. The cash consideration provided for in any Qualified Bid shall not be the only criteria on which Qualified Bids are evaluated, and the "highest and best" Qualifying Bid may not be the Qualifying Bid with the highest cash purchase price.
25. The Monitor, in consultation with the Freedom Group, may, following the receipt of any Qualified Bid, including one or more Binding Offers comprising an Aggregated Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid in order to improve the Qualified Bid, provided that no Qualified Bidder shall be required to amend its Qualified Bid.
26. In the event that no Qualified Bid is received (other than the Stalking Horse Bid), or any Qualified Bids received are determined by the Monitor, in consultation with the Freedom Group, to be inferior to the Stalking Horse Bid based on the considerations set out in Paragraph 24, then the Stalking Horse Bid shall be deemed the Successful Bid (as defined below), and the Freedom Group will promptly seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.
27. In the event there is at least one Qualified Bid in addition to the Stalking Horse Bid received and such Qualified Bid is not determined by the Monitor, in consultation with the Freedom Group, to be inferior to the Stalking Horse Bid based on the considerations set out in Paragraph 24, then a Successful Bid will be identified through an auction (the "**Auction**") in accordance with the procedure set out below.
28. In the event that an Auction is required in accordance with the terms of these Bidding Procedures, it will be conducted in accordance with the procedures set forth in this paragraph:
- a) The Monitor shall be entitled, in consultation with the Freedom Group, to designate some or all Qualified Bidders (in addition to the Stalking Horse Bidder) as eligible to participate in the Auction, taking into account the relative terms of the Qualified

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Bidders (including but not limited to purchase price) and the factors set out in Paragraph 24. Qualified Bidders who are invited to participate in the Auction are referred to as "Auction Bidders". For the avoidance of doubt, the Stalking Horse Bidder shall be an Auction Bidder.

- b) The Auction will commence at a time to be designated by the Monitor, on April 14, 2025, and may, in the discretion of the Monitor, be held virtually via videoconference, teleconference or such other reasonable means as the Monitor deems appropriate. The Monitor will consult with the parties permitted to attend the Auction to arrange for the Auction to be so held. Subject to the terms hereof, the Monitor, in consultation with Freedom, may postpone the Auction.
- c) Except as otherwise permitted in the Monitor's discretion, only Freedom, the Monitor and the Auction Bidders, and, in each case, their respective professionals and representatives, will be permitted to attend the Auction.
- d) Each Auction Bidder shall designate a single individual to be its representative and spokesperson for the purposes of the Auction, and shall participate in the Auction through such duly authorized representative.
- e) Except as otherwise set forth herein, the Monitor may waive and/or employ and announce at the Auction additional rules, including rules to facilitate the participation of parties participating in an Aggregated Bid, that are reasonable under the circumstances for conducting the Auction, provided that such rules are:
  - i. not inconsistent with the Initial Order, the SISP, the Bidding Procedures, the CCAA, or any order of the Court issued in connection with the CCAA Proceedings;
  - ii. disclosed to each Auction Bidder; and
  - iii. designed, by the Monitor, in its reasonable judgment, and in consultation with Freedom, to result in the highest and otherwise best offer.
- f) Each Auction Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Freedom Group or any other person regarding the SISP. For greater certainty, communications between the Stalking Horse Bidder or the DIP Lender and either the Freedom Group or the Monitor with respect to and in preparation of the Stalking Horse Agreement, the SISP and the Bidding Procedures will not represent collusion nor communications prohibited by this paragraph.
- g) Prior to the Auction, the Monitor will identify the highest and best of the Qualifying Bid(s) received (which may be an Aggregate Bid), and such Qualifying Bid(s) will constitute the opening bid for the purposes of the Auction (the "**Opening Bid**"). Subsequent bidding will continue in minimum increments valued at not less than \$100,000 cash in excess of the Opening Bid. Each Auction Bidder will provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price, if required by the Monitor. Further, in the event that an Aggregated Bid qualifies to participate in the Auction, modifications to the bidding requirements may be made by the Monitor, in consultation with the Freedom Group, to facilitate bidding by the participants in the Aggregated Bid. SK



- h) All Auction Bidders will have the right, at any time, to request that the Monitor announce, subject to any potential new bids, the then-current highest and best bid and, to the extent requested by any Auction Bidder, use reasonable efforts to clarify any and all questions such Auction Bidder may have regarding the Monitor's announcement of the then-current highest and best bid.
  - i) Each Auction Bidder 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 Auction Bidder. The Monitor, in consultation with the Freedom Group, shall determine which Auction Bidders have submitted (i) the highest and best Binding Offer of the Auction (the "**Successful Bid**", and the bidder making such Successful Bid, the "**Successful Bidder**"), and (ii) the next highest and otherwise second-best Binding Offer of the Auction (the "**Back-Up Bid**", and the bidder making such Back-Up Bid, the "**Back-Up Bidder**").
  - j) Upon selection of a Successful Bidder and a Back-Up Bidder, if any, the Successful Bidder and the Back-Up Bidder, if any, shall each deliver to the Freedom Group and the Monitor an amended and executed transaction document that reflects their final bid and any other modifications submitted and agreed to during the Auction, on or before April 18, 2025.
  - k) Any bids submitted after the conclusion of the Auction will not be considered.
  - l) The Monitor, in consultation with the Freedom Group, shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.
29. A Successful Bid and Back-Up Bid, if any, will be selected by no later than April 15, 2025 (or such later date immediately thereafter if the Auction is conducted and not completed in one day), and the 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 no later than April 22, 2025, which definitive documentation will provide that the Successful Bidder will use all reasonable efforts to close the proposed transaction by no later than the Target Closing Date, or such longer period as may be agreed to by the Monitor, in consultation with Freedom and the Successful Bidder, subject to the terms hereof. In any event, such Successful Bid must be closed by no later than 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 Freedom Group, 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 Freedom Group and the Monitor, in consultation with 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 Freedom Group will be deemed to have accepted such Back-Up Bid only when the Freedom Group has made such election, with the Monitor's consent.

30. Freedom will apply to the Court (the “**Approval Motion**”) for one or more orders: (i) approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby (such order shall also approve the Back-Up Bid(s), if any, should the Successful Bid(s) not close for any reason); and (ii) granting a vesting order and/or reverse vesting order to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) and/or vesting unwanted assets and liabilities out of the Freedom Group (collectively, the “**Approval Order(s)**”). The Approval Motion will be held on a date to be scheduled by the Freedom Group and confirmed by the Court. With the consent of the Monitor and the applicable Successful Bidder(s), the Approval Motion may be adjourned or rescheduled by the Freedom Group without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list maintained in the CCAA Proceedings prior to the Approval Motion. The Freedom Group will consult with the Monitor and the applicable Successful Bidder regarding the motion material to be filed by Freedom for the Approval Motion.
31. All Binding Offers (other than the Successful Bid(s) but including the applicable Back-Up Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s), with no further or continuing obligation of the Freedom Group to any unsuccessful Binding Offer Bidders.

### **Deposits**

32. The Deposit(s):
- a) will, upon receipt from the Binding Offer Bidder(s), 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 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 Freedom 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 Binding Offer Bidder(s) that are not a Successful Bidder or a Back-Up Bidder will be fully refunded to the Binding Offer Bidder(s) that paid the Deposit(s) as soon as practical following the selection of the Successful Bidder and Back-Up Bidder.

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33. Notwithstanding anything to the contrary herein, the Stalking Horse Bidder will not be required to provide a Deposit.

**“As is, Where is”**

34. Any sale (or sales) of the Property or the Business or portions thereof will be on an “**as is, where is**” basis except for representations and warranties that are customarily provided in purchase agreements for a company subject to CCAA proceedings. Any such representations and warranties provided for in the definitive documents will not survive closing.

**Free of Any and All Claims and Interests**

35. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Freedom Group 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**”) pursuant to section 36(6) of the CCAA, such Claims and Interests to 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 or the Approval Order.

**Credit Bidding**

36. 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 secured obligations owing to it (to the extent that the Monitor has determined that the applicable security is valid, enforceable and in first priority) including any obligations under the DIP Facility to the extent that the DIP Facility is validly assigned to the Stalking Horse Bidder by the DIP Lender, and including all interest, costs and fees to which the Stalking Horse Bidder is entitled pursuant to its relevant loan, interim financing, debenture, promissory note and/or security agreements with the Freedom Group.

**Confidentiality**

37. For greater certainty, other than as required in connection with any Auction or Approval Motion, neither the Freedom Group nor the Monitor will disclose: (a) the identity of any Potential Bidder or Qualified Bidder (other than the Stalking Horse Bidder); or (b) the terms of any bid, Sale Proposal, Investment Proposal or Binding Offer (other than the Stalking Horse Agreement), to any other bidder or any of its affiliates (provided that disclosure may be made to the DIP Lender when expressly contemplated by the SISP, such as in the event that no single Binding Offer provides for net cash proceeds that are at least equal to the Minimum Purchase Price), except to the extent the Monitor, with the consent of such applicable parties is seeking to combine separate bids into Aggregated Bids. Potential Bidders, Participating Bidders, Qualified Bidders and Auction Bidders (including, in each case, the Stalking Horse Bidder) and each of their respective affiliates shall not communicate with, or contact, directly or indirectly, any other Potential Bidder, Participating Bidder, Qualified Bidder, Auction Bidder, or their respective affiliates, or any secured creditors of Freedom, without the express written consent of the Monitor (which consent may be refused in the Monitor’s sole discretion), and such communications or discussions shall take place under the supervision of the Monitor. Nothing in this Paragraph 37 shall prohibit the Monitor

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from filing details of Potential Bidders, Participating Bidders, Qualified Bidders and Auction Bidders, or their respective Binding Offers and Qualified Bids, as part of a Monitor's Report in connection with the motion for an Approval Order, provided that the Monitor shall file any commercially sensitive or confidential information confidentially, with a request for a sealing order. Should the Court decline to grant a sealing order, the Monitor shall not be in breach of this Paragraph 37.

### **Further Orders**

38. At any time during the SISP, the Freedom Group 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 its powers and duties hereunder.

### **Additional Terms**

39. 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 Freedom Group 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.
40. This SISP does not, and will not be interpreted to create any contractual or legal relationship between Freedom and any other party, other than as specifically set forth in the NDA or any other definitive agreement executed.
41. Notwithstanding anything to the contrary herein, the Monitor shall have no liability whatsoever to any person or entity, including without limitation any Potential Bidder, Participating Bidder, Binding Offer Bidder, Qualified Bidder, Auction Bidder, Successful Bidder, Back-Up Bidder or any other creditor or stakeholder, or the Freedom Group, as a result of implementation or otherwise in connection with this SISP, except to the extent that any such liabilities result from the gross negligence or wilful misconduct of the Monitor, as determined by the Court, and all such persons or entities shall have no claim against the Monitor in respect of the SISP for any reason whatsoever.
42. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Binding Offer, due diligence activities, and any other negotiations or other actions whether or not they lead to the consummation of a transaction.
43. Wherever in these Bidding Procedures there is a reference to the Monitor doing, or declining to do, any act or thing "in consultation with the Freedom Group", the Monitor shall retain the sole discretion to do, or decline to do, such act or thing, and any reference to consultation shall not fetter the Monitor's sole discretion.

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**APPENDIX A**  
**DEFINED TERMS**

“**Business Day**” means a day on which banks are open for business in Edmonton but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta.

“**DIP Facility**” means the interim financing facility created by the DIP facility term sheet dated August 6, 2024 between Freedom, as borrower, and the DIP Lender, as lender, as the same may be amended and restated from time to time.

“**DIP Lender**” means JL Legacy Ltd. and its successors and permitted assigns.

“**NDA**” has the meaning given to it in paragraph [9(c)] hereof

“**Retained Liabilities**” has the meaning given to it in the Stalking Horse Agreement.

## APPENDIX "B"

### **The Monitor:**

#### **KPMG Inc.**

333 Bay Street, Suite 4600  
Toronto ON M5H 2S5

Attention: Pritesh Patel and Tim Montgomery  
Email: [pritchpatel@kpmg.ca](mailto:pritchpatel@kpmg.ca) / [timmontgomery@kpmg.ca](mailto:timmontgomery@kpmg.ca)

with a copy to:

#### **Blake, Cassels & Graydon LLP**

199 Bay Street, Suite 4000  
Toronto, ON M5L 1A9

Attention: Chris Burr  
Email: [chris.burr@blakes.com](mailto:chris.burr@blakes.com)

### **The Applicant**

#### **Freedom Cannabis Inc.**

c/o Osler, Hoskin & Harcourt LLP  
Suite 2700, Brookfield Place, 225 – 6<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 1N2

Attention: Randal Van de Mosselaer / Joanna Cameron / Justin Kanji  
Email : [rvandemosselaer@osler.com](mailto:rvandemosselaer@osler.com) / [jcameron@osler.com](mailto:jcameron@osler.com) / [jkanji@osler.com](mailto:jkanji@osler.com)

THIS IS **EXHIBIT "B"** TO THE AFFIDAVIT OF JOHNFRANK POTESTIO  
SWORN BEFORE ME THIS 18<sup>TH</sup> DAY OF FEBRUARY 2025.



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Notary Public/Commissioner for Oaths in and for Alberta

**Stephen Kroeger**  
*Barrister & Solicitor*

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**STALKING HORSE SUBSCRIPTION AGREEMENT**

**FREEDOM CANNABIS INC.  
AS THE COMPANY**

**-AND-**

**2644323 ALBERTA LTD.  
AS THE PURCHASER**

**-AND-**

**JL LEGACY LTD.  
AS THE GUARANTOR**



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**THIS STALKING HORSE SUBSCRIPTION AGREEMENT** is made as of February 17, 2025.

**BETWEEN:**

**FREEDOM CANNABIS INC.**, a corporation incorporated pursuant to the federal laws of Canada (the "**Company**")

-and-

**2644323 ALBERTA LTD.**, a corporation incorporated pursuant to the laws of the Province of Alberta (the "**Purchaser**")

-and-

**JL LEGACY LTD.**, a corporation incorporated pursuant to the laws of the Province of Alberta (the "**Guarantor**")

**RECITALS:**

- A. The Company is a licensed cannabis producer, operating pursuant to the *Cannabis Act* (Canada) and applicable provincial and municipal legislation in Alberta, engaged in the cultivation, processing and sale of medical and recreational cannabis as well as offering innovative products to the medical and recreational legal cannabis markets including but not limited to dried flower, extracts, and pre-rolls as well as third-party packaging services to other cannabis producers (collectively, the "**Business**").
- B. The Company is currently indebted to JL Legacy Ltd., pursuant to the Senior Loan Agreements (as defined below) and as security for its obligations under the Senior Loan Agreements, the Company granted various security to the Purchaser in respect of its property.
- C. On August 8, 2024, the Company commenced proceedings under the CCAA (as defined below) before the Court of King's Bench of Alberta (the "**Court**") to, among other things, seek creditor protection.
- D. In connection with such CCAA proceedings, JL Legacy Ltd. also provided debtor-in-possession financing to the Company in the form of the DIP Facility (as defined below).
- E. Concurrently with the entering into this Stalking Horse Subscription Agreement, Freedom Cannabis intends to seek an order (the "**SISP Order**") from the Court approving, among other things, the SISP (as defined below) and this Stalking Horse Subscription Agreement as the "Stalking Horse Bid" thereunder.
- F. The Purchaser is the nominee of JL Legacy Ltd.
- G. The Purchaser has agreed to subscribe for, and the Company has agreed to issue, the Purchased Shares (as defined below) on and pursuant to the terms set forth herein and other provisions of the CCAA, the SISP (as defined below) and the Approval and Reverse Vesting Order (as defined below).

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**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## **ARTICLE 1 INTERPRETATION**

### **1.1 Definitions**

In this Agreement:

“**Administration Charge**” has the meaning given to it in the Initial Order.

“**Administrative Expense Amount**” means the sum of \$75,000.

“**Administrative Expense Costs**” means the reasonable costs of the Monitor and Residual Co. (including the fees and expenses of legal and other professionals) relating to the period following the Closing Date, including the costs to administer and terminate the CCAA Proceedings and to wind-down the estate of Residual Co. (including the administration of any bankruptcy).

“**Affiliate**” has the meaning set out in the CBCA.

“**Agreement**” means this stalking horse subscription agreement and all schedules hereto, in each case as the same may be amended and restated from time to time in accordance with the terms hereof.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, any domestic or foreign, federal, provincial, territorial, state, local or municipal (or any subdivision of any of them) law (including common law and civil law), statute, ordinance, rule, regulation, restriction, limit, by-law (zoning or otherwise), judgment, order, or direction, that applies in whole or in part to such Person, property, transaction or event.

“**Applicants**” means the Company, and from and after the time Residual Co. becomes an applicant under the Initial Order, “Applicants” shall include Residual Co.

“**Approval and Reverse Vesting Order**” means the approval and vesting Order of the Court, among other things, (i) approving the Transaction; (ii) vesting out of the Company, all Excluded Assets, Excluded Contracts and Excluded Liabilities, and discharging all Encumbrances against the Company and the Retained Assets except only the Permitted Encumbrances; (iii) authorizing and directing the Company to file the Articles of Reorganization; and (iv) terminating and cancelling all Existing Shares as well as any agreement, 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 the share capital of the Company, if any (other than the rights of the Purchaser under this Agreement), for no consideration; (v) releasing (A) current and former directors, officers, employees, legal counsel and advisors of the Company (B) the Monitor and its legal counsel, and (C) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors and (vi) authorizing and directing the Company to issue the Purchased Shares, and vesting in the Purchaser the Purchased Shares, free and clear from any Encumbrances,

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which order shall be substantially in the form to be attached as Schedule 1.1(a) and in form and substance satisfactory to the Company and the Purchaser, each acting reasonably.

“**Articles of Reorganization**” means articles of reorganization for the Company to change the conditions in respect of the Company’s authorized and issued share capital to provide for a redemption right in favour of the Company for nil consideration, to create a new class or classes of common shares and to make such other changes as may be requested by the Purchaser, which shall be in a form and substance satisfactory to the Purchaser, as confirmed in writing in advance of the filing thereof.

“**Books and Records**” means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including financial, tax and accounting books and records, used or intended for use by, and in the possession of, the Company, in connection with the Retained Assets, the ownership of the Purchased Shares and the operation of the Business, including drawings, laboratory analysis data, production records, environmental studies and reports including, if applicable, , manuals and data, sales and advertising materials, sales and purchase data, trade association files, research and development records, lists of present and former customers and suppliers or contractors, personnel, employment or investor information and other records, and all records, data and information stored electronically, digitally or on computer-related media, in each case, relating to the Business.

“**Business**” has the meaning given to such term in Recital A.

“**Business Day**” means any day, other than a Saturday or Sunday or statutory holiday, on which commercial banks in Edmonton, Alberta are open for commercial banking business during normal banking hours.

“**Cash Consideration**” has the meaning given to such term in Section 3.1(d).

“**CBCA**” means the *Canada Business Corporations Act*, as amended.

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada), as amended.

“**CCAA Charge Amount**” means cash in an amount sufficient to satisfy the amounts owing in respect of obligations secured by the CCAA Charges (without duplication to amounts satisfied as Administrative Expense Costs or by the Priority Payment Amount).

“**CCAA Charges**” means, collectively, the Administration Charge and the Directors’ Charge.

“**CCAA Proceedings**” means the proceedings commenced in the Court in Action No. 2403-15089, under the CCAA by the Company pursuant to the Initial Order.

“**CCAA Process Expense Amount**” means cash in an amount of the Administrative Expense Amount and the CCAA Charge Amount.

“**Claims**” means any and all demands, claims, liabilities, actions, causes of action, counterclaims, expenses, costs, damages, losses, suits, debts, sums of money, refunds, accounts, indebtedness, rights of recovery, rights of set-off, rights of recoupment and liens of whatever nature (whether

direct or indirect, absolute or contingent, asserted or unasserted, secured or unsecured, matured or not yet matured due or to become due, accrued or unaccrued or liquidated or unliquidated) and including all costs, fees and expenses relating thereto.

“**Closing**” means the completion of the purchase of the Purchased Shares and the transactions contemplated hereby in accordance with the provisions of this Agreement.

“**Closing Date**” means the date on which the Closing occurs, being a date no later than five (5) Business Days after the conditions set forth in Article 9 have been satisfied or waived, other than the conditions set forth in Article 9 that by their terms are to be satisfied or waived at the Closing (or such other date agreed to by the Parties in writing).

“**Closing Document**” means any other agreement, document or certificate to be executed and delivered by any of the Parties delivered pursuant to or in connection with this Agreement or the transactions contemplated.

“**Closing Time**” means 10:00 a.m. (Edmonton time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing.

“**Common Shares**” means the issued and outstanding common shares in the capital of the Company.

“**Company**” means Freedom Cannabis Inc.

“**Contract Cure Costs**” has the meaning given to such term in the definition of “Retained Contracts”.

“**Contracts**” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) related to the Business to which the Company is a party or under which the Company has any rights or obligations.

“**Court**” has the meaning given to such term in Recital C.

“**Credit Bid Consideration**” has the meaning given to such term in Section 3.1(a).

“**DIP Facility**” means the credit facility in the current maximum principal amount of \$4,500,000 made available by the Guarantor to the Applicants pursuant to the DIP Facility Term Sheet.

“**DIP Facility Credit Bid Amount**” has the meaning given to such term in Section 3.1(a).

“**DIP Facility Term Sheet**” means the DIP Facility Term Sheet dated August 6, 2024, as amended by the Amendment to DIP Term Sheet dated December 11, 2024 among the Company and JL Legacy Ltd. as lender and by the second Amendment to the DIP Term Sheet dated February 14, 2025 among the Company and JL Legacy Ltd. as lender as such agreement may be further amended, restated, supplemented and/or otherwise modified from time to time in accordance with the terms thereof.

“**Directors' Charge**” has the meaning given to it in the Initial Order.

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“**Employees**” means all individuals who are employed by and engaged in the Business, whether on a full-time or part-time basis, including all individuals who are on an approved and unexpired leave of absence, and all individuals who have been placed on temporary lay-off which has not expired, and “**Employee**” means any one of them.

“**Employee Termination Costs**” has the meaning given to such term in Section 10.5(c).

“**Encumbrance**” means any security interest (whether contractual, statutory or otherwise), lien, prior claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage, trust (including any statutory, deemed or constructive trust), option or adverse claim or encumbrance of any nature or kind.

“**Equity Interests**” means any capital share, capital stock, partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether voting or non-voting, whether preferred, common or otherwise, and including options, warrants, share appreciation rights, contingent interest rights or similar rights) of a Person.

“**ETA**” means Part IX of the *Excise Tax Act* (Canada).

“**Excise Act**” means the *Excise Tax Act*, 2001 (Canada).

“**Excluded Assets**” means any and all properties, rights, assets and undertakings of the Company that are listed as “Excluded Assets” on Schedule 2.2, and any other properties, rights, assets and undertakings of the Company designated as Excluded Assets by the Purchaser in accordance with Section 2.2.

“**Excluded Contracts**” means Contracts of the Company that are not Retained Contracts.

“**Excluded Liabilities**” means any and all Liabilities of the Company that are not Retained Liabilities.

“**Existing RTPs**” means the RTP issued by Canada Revenue Agency to ATB Financial, and Edmonton Killarney Branch, Alberta Gaming Liquor & Cannabis, Ontario Cannabis Store, Liquor Distribution Branch, Olli Brands Inc., Weed Me, Yukon Liquor Corporation, 102002643 Saskatchewan Ltd., Manitoba Liquor & Lotteries, Northwest Territories Liquor and Cannabis, Nuna Cannabis Store Inc., prior to the Filing Date in respect of excise tax obligations of the Company.

“**Existing Shares**” means (i) all of the shares of the Company that are issued and outstanding immediately prior to the Closing Time; and (ii) any other equity interests of any nature or kind of the Company, 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. For greater certainty, Existing Shares do not include the Purchased Shares.



“**Expense Reimbursement**” has the meaning given to it in Section 11.3 hereof.

“**Filing Date**” means August 8, 2024.

“**Freedom Subsidiaries**” means, together, 2563138 Alberta Ltd. and 2399751 Alberta Ltd.

“**GAAP**” means generally accepted accounting principles as set out in the CPA Canada Handbook – Accounting for an entity that prepares its financial statements in accordance with International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them, or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

“**GST/HST**” means all goods and services tax and harmonized sales tax imposed under the ETA.

“**Guarantor**” means JL Legacy Ltd.

“**Guaranteed Obligations**” has the meaning given to such term in Section 7.1.

“**Implementation Steps**” has the meaning given to such term in Schedule 2.7(b).

“**Initial Order**” means the Initial Order dated August 8, 2024 granted by the Court pursuant to the CCAA, as may be amended and restated from time to time.

“**Interim Period**” means the period from the date that this Agreement is entered into by the Parties to the Closing Time.

“**Leased Premises**” means the lands located in Acheson, Alberta, municipally described as 9827-279 Street, Acheson, Alberta and legally described as Plan 1923483, Block 1, Lot 2, excepting thereout all mines and minerals.

“**Liability**” means, with respect to any Person, any debt, liability or obligation of such Person of any kind, character or description, whether known or unknown, certain or uncertain, 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 and “**Liabilities**” means more than one of them.

“**Licences**” means, collectively any and all other permits, licences, authorizations, consents, concessions, exemptions, leases, grants, permits, rights, privileges, approvals or other evidence of authority from any Governmental Authority and related to the Business and that has been issued to, granted to, conferred upon, or otherwise created for, the Company, relating to authorizations or otherwise to plant, grow, cultivate, extract, produce, process, test, conduct research, store, destroy,

sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including the following:

- (a) Licence number LIC-NYDY82JLCU-2022-5 issued by Health Canada to the Company for:
  - (i) standard cultivation activities, including: (A) to possess cannabis; (B) to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting; (C) to alter its chemical or physical properties by any means; and (D) to sell cannabis;
  - (ii) standard processing activities, including: (A) to possess cannabis; (B) to produce cannabis at the licensed site, other than to obtain it by cultivating, propagating or harvesting; and (C) to sell; and
  - (iii) activities related to the sale of cannabis for medical purposes, including: (A) to possess cannabis; and (B) to sell cannabis;
- (b) Licence number LIC-VDX817T7C7-2022 issued by Health Canada to the Company for research activities, including possession and production of cannabis for use in accordance with any research protocols submitted to Health Canada; and
- (c) excise licence no. 73115 8929 RD0001 under the Excise Act.

**“Material Adverse Effect”** means any change, effect, event, occurrence, state of facts or development that has had a material adverse effect on: (i) the assets, liabilities, financial condition or results of operations of the Company; or (ii) prevents the ability of the Company to perform its obligations under, or to consummate the transactions contemplated by, this Agreement, but excluding any such change, effect, event, occurrence, state of facts or development attributable to or arising from: (A) general economic or business conditions; (B) Canada, the U.S. or foreign economies, or financial, banking or securities markets in general, or other general business, banking, financial or economic conditions (including: (I) any disruption in any of the foregoing markets; (II) any change in the currency exchange rates; or (III) any decline or rise in the price of any security, commodity, contract or index); (C) acts of God or other calamities, pandemics (including COVID-19 and any Governmental Authorities response thereto), national or international political or social conditions, including the engagement and/or escalation by the U.S. or Canada in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the U.S. or Canada or any of their territories, possessions or diplomatic or consular offices or upon any military installation, equipment or personnel of the U.S. or Canada; (D) the identity of the Purchaser or its Affiliates; (E) conditions affecting generally the industry in which the Company participates; (F) the public announcement of, entry into or pendency of, actions required or contemplated by or performance of obligations under, this Agreement or the transactions contemplated by this Agreement; (G) changes in Applicable Laws or the interpretation thereof; (H) any change in GAAP or other accounting requirements or principles; (I) national or international political, labor or social conditions; (J) the failure of the Company to meet or achieve the results set forth in any internal projections (but not the underlying facts giving rise to such failure unless such facts are otherwise excluded pursuant to the clauses contained in this definition); or (K) any change resulting from compliance with the terms of, or any actions taken (or not taken) by any Party pursuant to or in

accordance with, this Agreement; provided that the exceptions set forth in clauses (A), (B), (C), (E), (G), (H) or (I) shall not apply to the extent that such event is disproportionately adverse to the Company, taken as a whole, as compared to other companies in the industry in which the Company operates.

**“Monitor”** means KPMG Inc., in its capacity as Court-appointed monitor of the Company in the CCAA Proceedings, and not in its personal or corporate capacity.

**“Monitor’s Certificate”** means the certificate delivered to the Purchaser, to be filed with the Court, by the Monitor certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor, in its sole discretion, from the Company and the Purchaser that all conditions to Closing have been satisfied or waived by the Company and the Purchaser.

**“Order”** means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

**“Outside Date”** has the meaning given to such term in Section 12.1(c).

**“Parties”** means the Company, the Guarantor and the Purchaser collectively, and **“Party”** means either of the Company, the Guarantor or the Purchaser, as the context requires.

**“Permitted Encumbrances”** means those Encumbrances related to the Retained Assets and/or set forth in Schedule 1.1(b), as the same may be modified by the Purchaser prior to the granting of the Approval and Reverse Vesting Order in accordance with the terms hereof.

**“Person”** includes an individual, partnership, association, body corporate, or personal representative, and for greater certainty includes any Governmental Authority.

**“Prebuilt Lease”** means the lease agreement dated November 23, 2017 between the Company and Star Prebuilt Homes Ltd., as amended on July 27, 2022 and September 27, 2023, which was extended on March 27, 2024 and provides for a monthly rent of \$85,000 through to March 2025.

**“Priority Payment Amount”** means an amount equal to: (i) those priority payments prescribed under subsections 6(3), 6(5)(a) and 6(6) of the CCAA, and (ii) any other Liability of the Company determined by the Monitor, or by Order of the Court, to be secured by a contractual pledge or charge, statutory deemed trust, or other statutory charge that has priority to the security securing the Credit Bid Consideration, if any.

**“Purchase Price”** has the meaning given to such term in Section 3.1.

**“Purchased Shares”** has the meaning given to such term in Section 2.1(a).

**“Purchaser”** means 2644323 Alberta Ltd.

**“Representative”** means, in respect of a Party, each director, officer, employee, agent, Affiliate, manager, lender, attorney, accountant, professional advisor, consultant, contractor and other representative of such Party or such Party’s Affiliates.

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“**Residual Co.**” means a new subsidiary to be incorporated by the Company prior to the Closing to which the Excluded Assets, Excluded Contracts and Excluded Liabilities will be transferred to pursuant to the sequence and steps set out in the Approval and Reverse Vesting Order, which subsidiary may have no issued and outstanding shares.

“**Retained Assets**” means all properties, rights, Licenses, assets, and undertakings of the Company that are not Excluded Assets at the Closing Time, including in the case of the Company, all capital and operating losses in accordance with the *Income Tax Act* and the shares in the capital of the Freedom Subsidiaries.

“**Retained Contracts**” means the Contracts listed at Schedule 2.3 hereto, and any other Contracts of the Company designated as Retained Contracts by the Purchaser in accordance with Section 2.3, (and including as such Retained Contracts may be amended, restated, supplemented or otherwise modified from time to time) *provided that* to the extent there are any monetary defaults in relation to a Contract, other than those arising by reason only of the Company’s insolvency, the commencement of proceedings under the CCAA or the Company’s failure to perform a non-monetary obligation (collectively, the “**Contract Cure Costs**”), then such Contract shall only be a “Retained Contract” if the Purchaser funds an amount equal to the Contract Cure Costs, if any, on Closing.

“**Retained Liabilities**” has the meaning given to such term in Section 2.4, including any other Liabilities designated as Retained Liabilities pursuant to the Section 2.5.

“**RTP**” means any notice with respect to a requirement to pay, enhanced requirement to pay or demand on a third party issued by a Governmental Authority to the Company.

“**Senior Loan Agreements**” means collectively, (i) the term sheet, dated March 6, 2019 between the Guarantor, as lender, and the Company, as borrower, as amended by the loan agreement, dated January 27, 2020 among the Guarantor, Everyday People Cannabis Inc. (“**EPC**”), EAM Enterprises Inc., the Company, 639478 Alberta Ltd., 1079352 Alberta Ltd., JohnFrank Potestio, and Julie Potestio, (ii) the inventory purchase agreement, dated April 29, 2024, among the Guarantor, as lender, and the Company, as borrower, and the promissory notes issued thereunder (iii) the inventory purchase agreement, dated May 30, 2024, among the Guarantor, as lender, and the Company, as borrower, and the promissory notes issued thereunder, (iv) the Series 1 Convertible Secured Debenture No. 2 in the principal amount of \$2,000,000 issued by the Company to EPC, dated as January 2019 (the “**Series 1 Debenture**”), as assigned by EPC to the Guarantor pursuant to the assignment of debenture, dated February 10, 2021, between EPC and the Guarantor, (v) the convertible debentures in the principal aggregate amount of \$50,000 each issued by the Company to the Guarantor, dated as of February 1, 2020, and (vi) (a) the CCDC5B Freedom Cannabis Warehouse Renovations contract, dated December 22, 2017, (b) the CCDC5B Freedom Cannabis Warehouse Renovations contract, dated May 18, 2018, and (c) all change orders, amendments, confirmations, releases and supplements thereto, each as assigned by Chandos Construction Ltd. (“**Chandos**”) to the Guarantor pursuant to the assignment of debt and security agreement, dated August 31, 2020, among Chandos, the Guarantor and the Company, in each case in respect of which all of the Company’s obligations to the Guarantor are secured by a security interest granted pursuant to the general security agreement, dated March 6, 2019, granted by the Company to the Guarantor, the Series 1 Debenture and the general security agreement, dated July 4, 2019, among Chandos and the Company.

“**Senior Loan Credit Bid Amount**” has the meaning given to such term in Section 3.1(a).

“**SISP**” means the Sale and Investment Solicitation Process approved by the SISP Order, as may be amended by the Court from time to time, which must be acceptable to the Purchaser, acting reasonably.

“**SISP Order**” has the meaning given to such term in Recital E.

“**Successful Bid**” has the meaning given to such term in the SISP.

“**Successful Bidder**” has the meaning given to such term in the SISP.

“**Tax**” and “**Taxes**” means, with respect to any Person, all supranational, national, federal, provincial, state local or other taxes, including but not limited to income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, documentary taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, registration charges, land transfer taxes, conveyance fees, security interest filing or recording fees and any other similar or like taxes or charges, transfer taxes and fees, 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, or any other Tax arising from, or relating to, or in respect of the consummation of the Transaction, including in connection with the sale, transfer or registration of the transfer of the Facility, 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.

“**Tax Act**” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“**Terminated Employees**” means those individuals currently employed by the Company who shall be terminated by the Company effective as of the Closing Date, such individuals deemed to be Terminated Employees pursuant to Section 10.5.

“**Transaction**” means transactions contemplated hereby in accordance with the provisions of this Agreement.

“**Transaction Regulatory Approvals**” means the consents, approvals, notifications or waivers from, and filings with, third parties (including any Governmental Authority) as may be required to complete the Transaction, in form and substance satisfactory to the Purchaser required to be obtained in order to permit the Company and the Purchaser to complete the transactions contemplated by this Agreement and for the Company to carry on the Business following the Closing Date, as set out in Schedule 7.1(d) hereto.

## **1.2 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.

## **1.3 Headings, Table of Contents, 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.

## **1.4 Gender and Number**

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders.

## **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 Certain Phrases**

In this Agreement (i) the words “including”, “includes” and “include” and any derivatives of such words mean “including (or includes or include) without limitation” and (ii) the words “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. The expression “Article”, “Section” and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Agreement.

## **1.7 Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

## **1.8 Entire Agreement**

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

## **1.9 Waiver, Amendment**

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement (including the Schedules hereto) shall be binding unless executed in writing by all Parties hereto, and provided that such amendment is consented to by the Monitor. No waiver of any provision of

this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

#### **1.10 Governing Law; Jurisdiction and Venue**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta 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 Alberta therefrom.

#### **1.11 Incorporation of Schedules**

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

- Schedule 1.1(a) – Approval and Reverse Vesting Order
- Schedule 1.1(b) – Permitted Encumbrances
- Schedule 2.2 – Excluded Assets
- Schedule 2.3 – Retained Contracts
- Schedule 2.4 – Retained Liabilities
- Schedule 2.7(b) - Implementation Steps
- Schedule 7.1(d) – Transaction Regulatory Approvals

The Parties acknowledge that as of the date of this Agreement, the Schedules to this Agreement are not complete. Such Schedules, where applicable, may be amended or completed by the Purchaser by written notice to the Applicants, and in consultation with the Monitor, on or before the dates set out in this Agreement.

#### **1.12 Accounting Terms**

All accounting terms used in this Agreement are to be interpreted in accordance with GAAP unless otherwise specified.

#### **1.13 Non-Business Days**

Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment will be made or such action will be taken on or not later than the next succeeding Business Day.

#### **1.14 Computation of Time Periods**

If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Agreement, then the first day of the period is not counted, but the day of its expiry is counted.

## ARTICLE 2 SUBSCRIPTION AND ASSET PURCHASE

### 2.1 Agreement to Subscribe for and Issue Purchased Shares

- (a) Upon and subject to the terms and conditions hereof, at the Closing Time, the Purchaser shall subscribe for and purchase that number of Common Shares, to be specified by the Purchaser at least two (2) days prior to the Closing Date, (the “**Purchased Shares**”), free and clear of all Encumbrances pursuant to the Approval and Reverse Vesting Order, with the result that the Purchaser will become the sole owner of the Purchased Shares at the Closing Time, and, pursuant to the Approvals and Reverse Vesting Order, all rights, title and interest in and to the Retained Assets shall remain in the Company free and clear of any Encumbrances (other than Permitted Encumbrances).
- (b) Pursuant to the Approval and Reverse Vesting Order and, if required, the Articles of Reorganization in accordance with the Implementation Steps, all Equity Interests of the Company outstanding prior to the issuance of the Purchased Shares, other than the Purchased Shares, shall be cancelled, without consideration, and the Purchased Shares shall represent 100% of the outstanding Equity Interests in the Company after such cancellation and issuance.
- (c) For the avoidance of doubt, at the Closing Time, following the issuance of the Purchased Shares, the cancellation of the Existing Shares and the completion of the Implementation Steps, the Company shall be wholly owned directly by the Purchaser.

### 2.2 Excluded Assets

On the Closing Date and at the time provided for in the Approval and Reverse Vesting Order, on and subject to the terms and conditions of this Agreement and the Approval and Reverse Vesting Order, all of the Company’s right, title and interest in and to the Excluded Assets, if any, shall be transferred to Residual Co. The Purchaser may, on written notice to the Company and the Monitor, at any time and from time to time, but at least three (3) days prior to the hearing before the Court seeking the Approval and Reverse Vesting Order, as part of the Transaction, elect to exclude any business, property, assets or undertaking of the Company from the Retained Assets, in which case, such business, property, asset or undertaking shall form part of the Excluded Assets, with no corresponding adjustment to the Purchase Price.

### 2.3 Excluded Contracts

On the Closing Date and at the time provided for in the Approval and Reverse Vesting Order, on and subject to the terms and conditions of this Agreement and the Approval and Vesting Order, all of the Company’s rights, benefits and interests in, to and under the Excluded Contracts shall be assigned to Residual Co. Notwithstanding any other provision of this Agreement, the Purchaser and the Company shall not assume, nor have any liability or obligations under, any of the Excluded Contracts after the Closing Time. The Purchaser may, on written notice to the Company and the Monitor, at any time and from time to time, but at least three (3) days prior to the hearing before the Court seeking the Approval and Reverse Vesting Order, as part of the Transaction elect to



include any Contract as a Retained Contract (in which case any Liability from and after the Closing Time of the Company in connection with such Contract shall be an Excluded Liability), with no corresponding adjustment to the Purchase Price.

#### **2.4 Retained Liabilities**

As of the Closing Time, the obligations and liabilities of the Company shall consist of only the obligations and liabilities specifically set forth in Schedule 2.4 (collectively, the “**Retained Liabilities**”), provided, for the avoidance of doubt, that the Retained Liabilities of the Company pursuant to this Section 2.4 shall continue to be liabilities of the Company as of the Closing. case, such Liabilities shall form part of the Retained Liabilities, with no corresponding adjustment to the Purchase Price.

#### **2.5 Excluded Liabilities**

On the Closing Date and at the time provided for in the Approval and Reverse Vesting Order, on and subject to the terms and conditions of this Agreement and the Approval and Vesting Order, the Excluded Liabilities shall be transferred to and assumed by Residual Co. Notwithstanding any other provision of this Agreement, and in conformity with the Approval and Reverse Vesting Order, the Purchaser and the Company shall not retain, assume, nor have any liability or obligations under, any of the Excluded Liabilities after the Closing Time, and the Company shall be forever irrevocably released and discharged from same. The Purchaser may, on written notice to the Company and the Monitor, at any time and from time to time, but at least three (3) days prior to the hearing before the Court seeking the Approval and Reverse Vesting Order, as part of the Transaction, elect to include any Liability of the Company as a Retained Liability (in which case such Liability shall be retained by the Company and shall not be transferred to and assumed by Residual Co.), with no corresponding adjustment to the Purchase Price.

### **ARTICLE 3 PURCHASE PRICE AND RELATED MATTERS**

#### **3.1 Purchase Price**

The aggregate consideration payable by the Purchaser for the Purchased Shares (the “**Purchase Price**”) is an amount equal to the sum of:

- (a) an amount equivalent to (i) the amount owing under the DIP Facility plus all accrued and unpaid interest thereon through to and including the Closing Date, plus any fees and expenses associated therewith (the “**DIP Facility Credit Bid Amount**”); and (ii) the sum of \$14,200,000 owing under the Senior Loan Agreements, (the “**Senior Loan Credit Bid Amount**” and together with the DIP Facility Credit Bid Amount, the “**Credit Bid Consideration**”);
- (b) the amount of the Retained Liabilities;
- (c) the Contract Cure Costs, if any; and
- (d) the Priority Payment Amount and the CCAA Process Expense Amount (the “**Cash Consideration**”).

### **3.2 Satisfaction of Purchase Price**

The Purchaser shall pay the Purchase Price to the Monitor, for the benefit of the Company and Residual Co., at the Closing Time, in accordance with the following:

- (a) causing the Guarantor to release the Company from repayment of the Senior Loan Credit Bid Amount;
- (b) causing the Guarantor to release the Company from repayment the DIP Facility Credit Bid Amount;
- (c) the Company retaining the applicable Retained Liabilities as of Closing;
- (d) the Purchaser paying an amount equal to the Contract Cure Costs, if any, by wire transfer in immediately available funds to the Monitor or as the Monitor may direct in writing;
- (e) the Purchaser paying an amount equal to the CCAA Process Expense Amount by wire transfer in immediately available funds to the Monitor or as the Monitor may direct in writing; and
- (f) the Purchaser paying an amount equal to the Priority Payment Amount by wire transfer in immediately available funds to the Monitor or as the Monitor may direct in writing.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

The Company represents and warrants to the Purchaser, as follows, and acknowledges that the Purchaser is relying upon the following representations and warranties in connection with its purchase of the Purchased Shares.

### **4.1 Execution and Enforceability of Obligations**

This Agreement has been duly executed and delivered by the Company, and, subject to the granting of the SISP Order and the Approval and Reverse Vesting Order, constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

### **4.2 Existence and Corporate Authorization**

The Company (i) is a corporation validly existing and in good standing under the laws of the jurisdiction of its incorporation; (ii) subject to the granting of the SISP Order and the Approval and Reverse Vesting Order, has all requisite power and authority to execute and deliver this Agreement; and (iii) has taken all necessary corporate action to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereunder.

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#### **4.3 Absence of Conflicts**

Subject to: (a) the granting of the SISP Order; (b) the granting of the Approval and Reverse Vesting Order; and (c) the receipt of any Transaction Regulatory Approvals, the execution and delivery of this Agreement by the Company and the completion by the Company of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not: (i) violate or conflict with any Applicable Law; (ii) result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under the certificate of incorporation, articles, by-laws or other constituent documents of the Company; or (iii) violate any Order.

#### **4.4 Approvals and Consents**

Other than the Transaction Regulatory Approvals, subject to the granting of the SISP Order and entry of the Approval and Reverse Vesting Order, the execution and delivery of this Agreement by the Company, and the consummation by the Company of the transactions contemplated herein, do not and will not require any consent or approval or other action, with or by, any Governmental Authority.

#### **4.5 No Actions**

There is not, as of the date hereof, pending or, to the Company's knowledge, threatened against the Company or any of its properties, nor has the Company received any written notice in respect of, any Claim, potential Claim, investigation or other proceeding before any Governmental Authority, that would prevent the Company from executing and delivering this Agreement, performing its obligations hereunder and consummating the transactions and agreements contemplated by this Agreement.

#### **4.6 Subsidiaries**

The Company does not have any subsidiaries other than 2563138 Alberta Ltd. and 2399751 Alberta Ltd., which are each 51% owned by the Company.

#### **4.7 Securities Law**

The Company is not a reporting issuer in any jurisdiction of Canada and is not in default of securities legislation in any Canadian jurisdiction.

### **ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF PURCHASER**

The Purchaser represents and warrants to the Company as follows, and acknowledges that the Company is relying upon the following representations and warranties in connection with the sale of the Purchased Shares:

#### **5.1 Execution and Enforceability of Obligations**

This Agreement has been duly executed and delivered by the Purchaser, and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other

similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

## **5.2 Existence and Good Standing**

The Purchaser (i) is a corporation validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization; (ii) has all requisite power and authority to execute and deliver this Agreement; and (iii) has taken all necessary corporate action to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated by this Agreement.

## **5.3 Absence of Conflicts**

Subject to: (a) the granting of the SISP Order; (b) the granting of the Approval and Reverse Vesting Order; and (c) the receipt of any Transaction Regulatory Approvals, the execution and delivery of this Agreement by the Purchaser and the completion by the Purchaser of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not (i) violate or conflict with any Applicable Law; (ii) result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under the certificate of incorporation, articles, by-laws or other constituent documents of the Company; or (iii) violate any Order.

## **5.4 Approvals and Consents**

Other than the Transaction Regulatory Approvals, subject to the granting of the SISP Order and entry of the Approval and Reverse Vesting Order, the execution and delivery of this Agreement by the Purchaser, the completion by the Purchaser of its obligations hereunder and the consummation by the Purchaser of the transactions contemplated herein, do not and will not require any consent, approval or other action, with or by, any Governmental Authority.

## **5.5 No Actions**

There is not, as of the date hereof, pending or, to the Purchaser's knowledge, threatened against the Purchaser or any of its properties, nor has the Purchaser received any written notice in respect of, any Claim, potential Claim, investigation or other proceeding before any Governmental Authority, that would prevent the Company from executing and delivering this Agreement, performing its obligations hereunder and consummating the transactions and agreements contemplated by this Agreement.

## **5.6 Availability of Funds**

The Purchaser has, or the Purchaser will have on Closing, sufficient unrestricted funds and financial capacity to its obligations to the pay the Cash Consideration at Closing.

## **5.7 Residence**

The Purchaser is not a non-resident of Canada within the meaning of the Tax Act.

## 5.8 Securities Law Matters

- (a) The Purchaser is acquiring the Purchased Shares in its capacity as principal, is not purchasing the Purchased Shares for the purpose of resale or distribution to a third party and is dealing at arm's length with the Company.
- (b) The Purchaser represents that it is an accredited investor, as defined by National Instrument 45-106 – *Prospectus Exemptions of the Canadian Securities Administrators*.
- (c) The Purchaser understands that the Purchased Shares are being issued to it upon an exemption from the prospectus requirements applicable under applicable Canadian securities laws and that there may be restrictions imposed on the Purchaser and the Purchased Shares which limit the Purchaser's ability to resell the Purchased Shares in Canada. Without limiting the foregoing, the Purchaser further acknowledges and agrees that any proposed transfer, resale or other disposition of the Purchased Shares shall be subject to Applicable Laws, including any restrictions and requirements under Canadian securities laws.

## ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF GUARANTOR

### 6.1 Due Authorization and Enforceability of Obligations

This Agreement has been duly executed and delivered by the Guarantor, and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

### 6.2 Existence and Good Standing

The Guarantor (i) is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization; (ii) has all requisite power and authority to execute and deliver this Agreement; and (iii) has taken all necessary corporate action to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated by this Agreement.

### 6.3 Absence of Conflicts

Subject to (a) the granting of the SISP Order; (b) the granting of the Approval and Reverse Vesting Order; and (c) the receipt of any Transaction Regulatory Approvals, the execution and delivery of this Agreement by the Guarantor and the completion by the Purchaser of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not: (i) violate or conflict with any Applicable Law; (ii) result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under the certificate of incorporation, articles, by-laws or other constituent documents of the Guarantor; or (iii) violate any Order.

#### **6.4 Approvals and Consents**

Other than the Transaction Regulatory Approvals, subject to the granting of the SISP Order and entry of the Approval and Reverse Vesting Order, the execution and delivery of this Agreement by the Guarantor, and the consummation by the Guarantor of the transactions contemplated herein, do not and will not require any consent or approval or other action, with or by, any Governmental Authority.

#### **6.5 No Actions**

There is not, as of the date hereof, pending or, to the Guarantor's knowledge, threatened against the Guarantor or any of its properties, nor has the Guarantor received any written notice in respect of, any Claim, potential Claim, investigation or other proceeding before any Governmental Authority, that would prevent the Guarantor from executing and delivering this Agreement, performing its obligations hereunder and consummating the transactions and agreements contemplated by this Agreement.

### **ARTICLE 7 GUARANTEE**

The Guarantor hereby irrevocably, absolutely and unconditionally guarantees to the Company (i) the due and punctual performance, when and as due, of all obligations, covenants and agreements of Purchaser (and any Affiliates to which this Agreement is assigned pursuant to Section 14.3) to be performed on or prior to the Closing Date arising under or pursuant to this Agreement and (ii) the punctual payment of all sums or amounts to be paid by the Purchaser (and such Affiliates on or prior to the Closing Date under and in accordance with the terms of this Agreement, including the payment obligations set forth in Section 3.2 hereto (the matters set forth in clauses (a) and (b), collectively, the "**Guaranteed Obligations**").

If the Purchaser (of its Affiliates) fails to perform any of the Guaranteed Obligations, then the Guarantor shall itself be jointly and severally liable for the Guaranteed Obligations and shall perform or take whatever steps as may be necessary to procure performance of the same.

Nothing herein shall be construed as imposing greater obligations or liabilities on the Guarantor than for which the Purchaser itself (or its Affiliates) would be liable under this Agreement or obliging the Guarantor to indemnify and hold harmless the Company against any losses, costs, or expenses for which the Purchaser itself would not be liable under this Agreement, except as set forth in this Article 7.

The guarantee by the Guarantor contained herein shall remain in full force and effect and shall continue to be enforceable by the Company until the (i) consummation of the Closing and the payment in full by the Purchaser of any and all amounts required to be paid by Purchaser pursuant to this Agreement, including the Cash Consideration or (ii) the earlier valid termination of this Agreement pursuant to Section 12.1 (a), (b), (c) or (e), upon which this guarantee and the obligations of the Guarantor pursuant to this Article 7 shall terminate automatically and be of no further force or effect without the need for any further action by any Person and the Guarantor shall stand discharged of all of its obligations under this guarantee. The Guarantor's obligations under this Article 7 shall not be terminated, modified, affected or impaired by reason of any relief or discharge of Purchaser (or its Affiliates) from any Purchaser's (or its Affiliates') respective

obligations in bankruptcy or similar proceedings, or by liquidation or dissolution. Notwithstanding anything contained herein, the guarantee shall remain in full force and effect and shall continue to be enforceable by the Company in the event of any willful breach of this Agreement by the Purchaser (or its Affiliates) or the Guarantor.

Except as otherwise set forth in this Agreement, the liability of the Guarantor under this Article 7 shall be unlimited and unconditional, and this Article 7 shall be a continuing guarantee.

The Guarantor hereby makes the representations and warranties set forth in Article 5 as to itself, and such representations and warranties shall apply mutatis mutandis as if the Guarantor were substituted for the Purchaser therein. The Parties agree that the Guarantor shall be entitled to, and the Guarantor does not waive, any defenses to the payment or performance of the Guaranteed Obligations that are available to the Purchaser under this Agreement.

### **ARTICLE 8 AS IS, WHERE IS**

The Purchaser acknowledges and agrees that it has conducted to its satisfaction an independent investigation and verification of the Business, the Purchased Shares, the Retained Assets, the Retained Liabilities and all related operations of the Company, and, based solely thereon and the advice of its financial, legal and other advisors, has determined to proceed with the transactions contemplated by this Agreement. The Purchaser has relied solely on the results of its own independent investigation and verification and, except for the representations and warranties of the Company expressly set forth herein, the Purchaser understands, acknowledges and agrees that all other representations, warranties, conditions and statements of any kind or nature, expressed or implied (including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the Company or the Business, or the quality, quantity or condition of the Purchased Shares or the Retained Assets) are specifically disclaimed by each of the Company, the Monitor, and their respective financial and legal advisors.

THE PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY EXPRESSLY AND SPECIFICALLY SET FORTH IN ARTICLE 4: (A) THE PURCHASER IS ACQUIRING THE PURCHASED SHARES ON AN "AS IS, WHERE IS" BASIS; AND (B) NONE OF THE COMPANY, THE MONITOR OR ANY OTHER PERSON (INCLUDING ANY REPRESENTATIVE OF THE COMPANY, OR THE MONITOR WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND THE PURCHASER IS NOT RELYING ON, ANY REPRESENTATIONS, WARRANTIES, GUARANTEES, CONDITIONS OR OTHER STATEMENTS OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING, THE BUSINESS, THE PURCHASED SHARES, THE RETAINED LIABILITIES, THE EXCLUDED ASSETS, THE EXCLUDED LIABILITIES, THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION PROVIDED TO (OR OTHERWISE ACQUIRED BY) THE PURCHASER OR ANY OF ITS REPRESENTATIVES, INCLUDING WITH RESPECT TO MERCHANTABILITY, PHYSICAL OR FINANCIAL CONDITION, DESCRIPTION, FITNESS FOR A PARTICULAR PURPOSE, OR IN RESPECT OF ANY OTHER MATTER OR THING WHATSOEVER, INCLUDING ANY AND ALL CONDITIONS, GUARANTEES, STATEMENTS, WARRANTIES OR REPRESENTATIONS,



EXPRESS OR IMPLIED, PURSUANT TO ANY APPLICABLE LAWS IN ANY JURISDICTION, WHICH THE PURCHASER CONFIRMS DO NOT APPLY TO THIS AGREEMENT, AND ARE HEREBY WAIVED IN THEIR ENTIRETY BY THE PURCHASER.

## **ARTICLE 9 CONDITIONS**

### **9.1 Conditions for the Benefit of the Purchaser and Company**

The respective obligations of the Purchaser and the Company to consummate the transactions contemplated by this Agreement are subject to the satisfaction of, or compliance with, at or prior to the Closing Time, each of the following conditions:

- (a) the Approval and Reverse Vesting Order shall have been issued and entered and shall not have been stayed, varied, vacated or appealed (or any such appeal shall have been dismissed with no further appeal therefrom), such that the Approval and Reverse Vesting Order is a final order;
- (b) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction;
- (c) this Agreement will be the Successful Bid (as determined pursuant to the SISP);
- (d) the Parties shall have received the required Transaction Regulatory Approvals and all such Transaction Regulatory Approvals shall be in full force and effect, except for Transaction Regulatory Approvals that need not be in full force and effect prior to Closing; and
- (e) 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 transactions contemplated by this Agreement.

The Parties acknowledge that the foregoing conditions are for the mutual benefit of each of the Company and the Purchaser. Any condition in this Section 9.1 may be waived by either of the Company and by the Purchaser, in whole or in part, without prejudice to any of their respective rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver will be binding on any of the Company or the Purchaser, as applicable, only if made in writing.

### **9.2 Conditions for the Benefit of the Purchaser**

The obligation of the Purchaser to consummate the transactions contemplated by this Agreement is subject to the satisfaction of, or compliance with, or waiver by the Purchaser of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Purchaser):

- (a) the representations and warranties of the Company contained in Article 4 shall be true and correct in all material respects as of the Closing Date, as if made at, and as of, such date;



- (b) the covenants contained in this Agreement to be performed or complied with by the Company at or prior to the Closing Time shall have been performed or complied with in all material respects as at the Closing Time;
- (c) since the date hereof, there shall not have occurred a Material Adverse Effect;
- (d) the Company shall have delivered to the Purchaser all of the deliverables contained in Section 13.2 in form and substance reasonably satisfactory to the Purchaser;
- (e) Star Prebuilt Homes Ltd. and the Company shall have entered into a lease amending agreement in a form reasonably satisfactory to the Purchaser that addresses the amounts, if any, that are required to cure any monetary defaults of the Company under the Prebuilt Lease; and
- (f) the Company shall have terminated the employment of the Terminated Employees.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 9.2 may be waived by the Purchaser in whole or in part, without prejudice to any of their 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 and such waiver is signed by the Purchaser. If any condition set out in Section 9.2 is not satisfied or performed on or prior to the date specified therefor, the Purchaser may elect on written notice to the Company to terminate this Agreement.

### **9.3 Conditions for the Benefit of the Company**

The obligation of the Company to consummate the transactions contemplated by this Agreement is subject to the satisfaction of, or compliance with, or waiver where applicable by the Company of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Company, as applicable):

- (a) the representations and warranties of the Purchaser and Guarantor contained in Article 5 and Article 6, respectively, will be true and correct in all material respects on and as of the date of this Agreement and on and as of the Closing Date as if made on and as of such date;
- (b) the covenants contained in this Agreement to be performed by the Purchaser at or prior to the Closing Time shall have been performed in all material respects as at the Closing Time;
- (c) Purchaser shall have delivered to the Company all of the deliverables contained in Section 13.3 in form and substance satisfactory to the Company, acting in a commercially reasonable manner.

The foregoing conditions are for the exclusive benefit of the Company. Any condition in this Section 9.3 may be waived by the Company in whole or in part, without prejudice to any of their 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 Company only if made in writing and such waiver is signed by the Company. If any condition set out in Section 9.3 is not satisfied or performed on or prior to

the date specified therefor, the Purchaser may elect on written notice to the Company to terminate this Agreement.

**ARTICLE 10**  
**ADDITIONAL AGREEMENTS OF THE PARTIES**

**10.1 Access to Books and Records**

- (a) During the Interim Period, the Company shall give, or cause to be given, to the Purchaser and their representatives reasonable access during normal business hours to the Retained Assets, including their 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 deems reasonably necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing, the Purchaser and their 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. Such investigations, inspections, surveys and tests shall be carried out at the Purchasers' sole and exclusive risk, during normal business hours, and without undue interference with the Business and the Company shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser and their Representatives.
- (b) The Purchaser shall, and shall cause the Company from and after the Closing Date, to retain and preserve all Books and Records for six (6) years, or for any longer periods as may be required by any Applicable Laws. The Purchaser shall make such Books and Records, as well as electronic copies of such Books and Records (to the extent such electronic copies exist), available to the Monitor, its successors, any trustee in bankruptcy or any receiver of the Company, and shall, at such party's expense, permit any of the foregoing persons to take copies of such Books and Records as they may reasonably require.

**10.2 Regulatory Approvals and Consents**

- (a) Prior to the application for the Approval and Reverse Vesting Order, the Company will use commercially reasonable efforts to obtain any Transaction Regulatory Approval required for the Transaction and that will remain necessary after application of the Approval and Reverse Vesting Order. If so requested in writing by the Company, the Purchaser will provide its reasonable cooperation to assist the Company in obtaining any such Transaction Regulatory Approval. Each of the Company and the Purchaser shall, as promptly as possible, make, or cause or be made, all filings and submissions (including with respect to the Licences), as applicable, required under any Applicable Law.
- (b) Without limiting the generality of the foregoing, the Purchaser shall, within the period of time prescribed by Applicable Law, notify the relevant Governmental

Authority of the change in any individual requiring security clearance as mandated by the *Cannabis Act*, S.C. 2018, c. 16 and the regulations thereto.

- (c) The Company agrees to use commercially reasonable efforts to timely prepare and file all documentation and pursue all steps necessary to renew (i) any of the Licences that are currently set to expire before the Closing Date; and (ii) any security clearances required in connection with the maintenance of any of the Licences.

### **10.3 Covenants Relating to the Interim Period**

- (a) During the Interim Period, the Company hereby agrees, and hereby agrees to cause its representatives to, promptly notify the Purchaser of (i) any event, condition, or development that has resulted in the inaccuracy in a material respect or material breach of any representation or warranty, covenant or agreement contained in this Agreement; or (ii) any Material Adverse Effect occurring from and after the date hereof prior to the Closing Date.

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Reverse Vesting Order), the Company shall maintain the Business, operations of the Company and Retained Assets and cause the Freedom Subsidiaries to maintain the Retained Assets in substantially the same manner as conducted on the date hereof and in material compliance with all Applicable Laws and Licences.

### **10.4 Insurance Matters**

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

### **10.5 Employee Matters**

- (a) The Purchaser shall notify the Company and the Monitor, in writing, on or prior to the date that is six (6) days prior to the anticipated Closing Date, of the list of individuals to whom it does not wish to continue to employ after the completion of the Transaction.
- (b) The Purchaser agrees that the Company will continue to employ those employees not terminated pursuant to Section 9.2(d) from and after Closing on the same terms and conditions as they currently enjoy (such that no Employee Termination Costs are triggered).
- (c) All Liabilities owing to any such Terminated Employee in respect of such termination, including all amounts owing on account of statutory notice, termination payments, common law notice or pay in lieu thereof, severance, vacation pay, benefits, bonuses or other compensation or entitlements of any kind ("**Employee Termination Costs**") shall be Excluded Liabilities.

**ARTICLE 11  
INSOLVENCY PROVISIONS**

**11.1 The Monitor**

- (a) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of the Company and the Purchaser acknowledges and agrees that (i) the Monitor's obligations under this Agreement are and shall remain limited to those specifically set out in this Section 11.1; (ii) the Monitor is acting solely in its capacity as the Court-appointed Monitor of the Applicants pursuant to the Initial Order, as amended from time to time, and not in its personal or corporate capacity; and (iii) 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.
- (b) The Parties acknowledge that the Monitor may rely upon the provisions of this Section 11.1 as a third party beneficiary, notwithstanding that the Monitor is not a party to this Agreement.
- (c) The provisions of Sections 11.1(a) and (b) above shall survive the termination or non-completion of the transactions contemplated by this Agreement.

**11.2 CCAA Proceedings**

- (a) The Parties acknowledge and agree that the Company shall apply to the Court by no later than February 28, 2025 for the SISP Order, and all Parties will use best efforts to have the SISP Order issued.
- (b) The Company shall use best efforts to provide the Purchaser for review, three Business Days in advance of filing, drafts of such material motions, pleadings, reports or other filings relating to the process of consummating the Transaction to be filed with the Court, including the motions for issuance of the SISP Order and the Approval and Reverse Vesting Order.
- (c) In the event an appeal is taken or requested or a stay pending appeal is requested from the SISP Order or the Approval and Reverse Vesting Order, the Company shall promptly notify the Purchaser of such appeal, request or stay request and shall promptly provide the Purchaser a copy of the related notice of appeal or order of stay. The Company shall also provide the Purchaser with written notice of any motion or application filed in connection with any appeal from such orders. The Company agrees to take all action as may be reasonable and appropriate to defend against such appeal or stay request and the Company and the Purchaser agree to use their commercially reasonable efforts to obtain an expedited.
- (d) Resolution of such appeal or stay request, provided that nothing herein shall preclude the Parties hereto from consummating the Transaction contemplated hereby, if the Approval and Reverse Vesting Order shall have been issued and has not been stayed and the Purchaser, in its sole discretion, waives in writing the condition that the Approval and Reverse Vesting Order be a final order.

### 11.3 Break Fee

In consideration for the Purchaser's considerable expenditure of time and money and agreement to act as the "Stalking Horse Bidder" 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 for the Purchaser's legal and other costs incurred in connection with this Agreement in an aggregate amount of \$400,000 (the "**Break Fee**"), payable by the Company to the Purchaser in the event that the Successful Bidder is someone other than the Purchaser and this Agreement has not been terminated in accordance with Section 12.1(d). The payment of the Break Fee shall be approved by the SISP Order. The Break Fee shall be payable to the Purchaser out of the sale proceeds derived from and immediately upon completion of the Successful Bid. Each of the Parties hereto acknowledges and agrees that the Break Fee represents a fair and reasonable estimate of the costs that will be incurred by the Purchaser as a result of non-completion of the Transaction, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Shares, the Business or the Retained Assets, and no Party shall take a position inconsistent with this Section 11.3. The Company irrevocably waives any right they may have to raise as a defence that any such liquidation damages are excessive or punitive. Each of the Parties acknowledge and agree that the Break Fee is an integral part of this Agreement and of the Transaction, and that without these agreements, the Purchaser would not enter into this Agreement. Upon payment of the Break Fee to the Purchaser, the Purchaser shall be precluded from any other remedy against the Company in respect of the disclaimer, repudiation, breach or termination of this Agreement; provided that nothing herein shall preclude any Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or to compel specific performance of this Agreement.

## ARTICLE 12 TERMINATION

### 12.1 Termination

This Agreement may be terminated at any time prior to Closing as follows:

- (a) by mutual written agreement of each of the Company and the Purchaser, with the consent of the Monitor, and upon written notice thereof to the Purchaser;
- (b) automatically if this Agreement is not the Successful Bid (as determined pursuant to the SISP);
- (c) by the Purchaser or the Company, if Closing has not occurred on or before June 30, 2025 or such later date agreed to by each of the Company and the Purchaser in writing in consultation with the Monitor (the "**Outside Date**"), provided that the failure to close by the Outside Date is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement;
- (d) by the Company, with the consent of the Monitor, if the Purchaser fails to satisfy any of the conditions set forth in Section 9.3 on or before the Outside Date, and such conditions are not waived by the Company; and

- (e) by the Purchaser, if the Company fails to satisfy any of the conditions set forth in Section 9.2 on or before the Outside, and such conditions are not waived by the Purchaser.

## **12.2 Effect of Termination**

In the event of termination of this Agreement pursuant to Section 12.1, this Agreement shall become void and of no further force or effect without liability of any Party to any other Party to this Agreement except that no termination of this Agreement shall relieve any Party of any Liability for any wilful breach by it of this Agreement, or impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement in accordance with Section 14.1.

## **ARTICLE 13 CLOSING**

### **13.1 Location and Time of the Closing**

Subject to the conditions set out in this Agreement, the Closing shall take place virtually at the Closing Time on the Closing Date.

### **13.2 Company's Deliveries at Closing**

At Closing, the Company shall deliver to the Purchaser the following:

- (a) a true copy of the Approval and Reverse Vesting Order;
- (b) a certificate dated as of the Closing Date confirming that there has been no Material Adverse Effect; that all of the representations and warranties of the Company contained in this Agreement are true in all material respects as of the Closing Time with the same effect as though made on and as of the Closing Time, and that the Company has performed in all material respects its obligations under this Agreement required to be performed by it at or prior to the Closing Time;
- (c) resignation letters, effective as of the Closing Time, executed by each of the officers, directors or responsible persons nominated, elected or appointed to the board of the Company as the Purchaser may require;
- (d) evidence of completion of the Implementation Steps;
- (e) certificates or similar documents representing all of the issued and outstanding shares of the Company on the Closing Date, including the Purchased Shares;
- (f) evidence of the Transaction Regulatory Approvals having been obtained;
- (g) written confirmation to the Monitor (in form and substance satisfactory to the Monitor) that all conditions of Closing in favour of the Company in Sections 9.1 and 9.3 have been satisfied or waived;
- (h) the Books and Records of the Company; and

- (i) all other documents as reasonably requested by the Purchaser, acting reasonably.

### **13.3 Purchaser's Deliveries at Closing**

At Closing, the Purchaser shall deliver to the Company or, in the case of the amounts described in (a) and (b), to the Monitor:

- (a) the Cash Consideration;
- (b) the Contract Cure Costs, if any;
- (c) a certificate dated as of the Closing Date from the Purchaser and Guarantor confirming that all of the representations and warranties of the Purchaser and Guarantor contained in this Agreement are true in all material respects as of the Closing Time with the same effect as though made on and as of the Closing Time, and that the Purchaser has performed in all material respects each of its obligations under this Agreement required to be performed by it at or prior to the Closing Time;
- (d) written confirmation to the Monitor (in form and substance satisfactory to the Monitor) that all conditions of Closing in favour of the Purchaser in Section 9.1 and 9.2 have been satisfied or waived; and
- (e) all other documents required to effect to the transaction contemplated by this Agreement, as reasonably requested by the Company, acting reasonably.

### **13.4 Monitor**

Upon receipt of such written confirmations referred to in Sections 13.2(g) and 13.3(d), the Monitor shall: (i) issue forthwith its Monitor's Certificate in accordance with the Approval and Reverse Vesting Order; and (ii) file as soon as practicable a copy of the Monitor's Certificate with the Court (and shall provide a true copy of such filed certificate to the Company and the Purchaser). The Parties hereby acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the Court without independent investigation upon receiving written confirmation from the Company and the Purchaser that all conditions to Closing have been satisfied or waived, and the Monitor will have no liability whatsoever to the Company or the Purchaser or any other Person as a result of filing the Monitor's Certificate.

### **13.5 Simultaneous Transactions**

All actions taken and transactions consummated at the Closing shall be deemed to have occurred in the manner and sequence set forth in the Implementation Steps and the Approval and Reverse Vesting Order (subject to the terms of any escrow agreement or arrangement among the Parties relating to the Closing), and no such transaction shall be considered consummated unless all are consummated.

## **ARTICLE 14 GENERAL MATTERS**

### **14.1 Injunctive Relief**

- (a) The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek specific performance, injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such specific performance, injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.
- (b) Each Party hereby agrees not to raise any objections to the availability of the equitable remedies provided for herein and the Parties further agree that by seeking the remedies provided for in this Section 14.1, a Party shall not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement.
- (c) Notwithstanding anything to the contrary herein, under no circumstances shall a Party be permitted or entitled to receive both monetary damages and specific performance and election to pursue one shall be deemed to be an irrevocable waiver of the other.

### **14.2 Survival**

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

### **14.3 Assignment; Binding Effect**

No Party may assign its right or benefits under this Agreement without the consent of the other Parties, except that without such consent the Purchaser may, upon prior notice to the Company and the Monitor, assign this Agreement, or any or all of its rights and obligations hereunder, to one or more of its Affiliates; provided that no such assignment or direction shall relieve Purchaser of its obligations hereunder. This Agreement shall be binding upon and enure to the benefit of the Parties and their respective permitted successors and permitted assigns. Although not Parties to this Agreement, the Monitor and its respective Affiliates and advisors shall have the benefits expressed to be conferred upon them in this Agreement, including in Article 8, Section 10.4 and Section 12.2 (in respect of the Monitor) hereof. Subject to the preceding sentence, nothing in this Agreement shall create or be deemed to create any third Person beneficiary rights in any Person not a Party to this Agreement.



#### 14.4 Notices

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (i) the date of personal delivery; (ii) the date of transmission by email, with confirmed transmission and receipt (if sent during normal business hours of the recipient, if not, then on the next Business Day); (iii) two (2) days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (iv) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by email will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

- (a) If to the Purchaser at:  
McLennan Ross LLP  
600 McLennan Ross Building  
12220 Stony Plain Road  
Edmonton, Alberta, T5N 3Y4 Email:  
ANNUALRETURNS@MROSS.COM  
with a copy (which shall not constitute notice) to:

McLennan Ross LLP  
600 McLennan Ross Building  
12220 Stony Plain Road  
Edmonton, Alberta, T5N 3Y4  
Attention: Chuck Russell, KC  
Email: chuck.russell@mross.com

- (b) If to the Company at:  
Freedom Cannabis Inc.  
9827 279 Street  
Acheson, Alberta, T7X 6J4

Attention: JohnFrank Potestio  
Email: johnfrankpotestio@freedomcannabis.ca

with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP  
1055 Dunsmuir Street, Suite 3000  
Vancouver, BC V7X 1K8

Attention: Joanna Cameron and Randal Van de Mosselaer  
Email: jcameron@osler.com and rvandemosselaer@osler.com

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and to:

KPMG Inc.  
333 Bay Street, Suite 4600  
Toronto ON M5H 2S5

Attention: Pritesh Patel and Tim Montgomery  
Email: pritpatel@kpmg.ca  
timmontgomery@kpmg.ca

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP  
199 Bay Street Suite 4000  
Commerce Court West  
Toronto ON M5L 1A9

Attention: Chris Burr  
Email: chris.burr@blakes.com

Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

#### **14.5 Counterparts; Electronic Signatures**


This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Execution of this Agreement may be made by electronic signature which, for all purposes, shall be deemed to be an original signature.

*[Signature pages to follow]*

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**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first written above.

**FREEDOM CANNABIS INC.**

By:  \_\_\_\_\_  
Name: John Frank Potestio  
Title: CEO  
I have the authority to bind the corporation.

**2644323 ALBERTA LTD.**

By: \_\_\_\_\_  
Name: Name1  
Title:  
I have the authority to bind the corporation.

**JL LEGACY LTD.**

By: \_\_\_\_\_  
Name: Name1  
Title: Title1  
I have the authority to bind the corporation.


SK

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first written above.

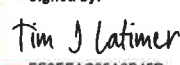
**FREEDOM CANNABIS INC.**

By: \_\_\_\_\_  
Name:  
Title:  
I have the authority to bind the corporation.

**2644323 ALBERTA LTD.**

By: \_\_\_\_\_  
Signed by:  
  
Name: Tim J Latimer  
Title: Director  
I have the authority to bind the corporation.

**JL LEGACY LTD.**

By: \_\_\_\_\_  
Signed by:  
  
Name: Tim Latimer  
Title: Director  
I have the authority to bind the corporation.

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**SCHEDULE 1.1(A)  
APPROVAL AND REVERSE VESTING ORDER**

**(See attached)**

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Clerk's Stamp:



COURT FILE NUMBER  
COURT  
JUDICIAL CENTRE OF

2403-15089  
COURT OF KING'S BENCH OF ALBERTA  
EDMONTON

APPLICANTS:

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 FREEDOM CANNABIS INC.

DOCUMENT

**ORDER  
(APPROVAL AND REVERSE VESTING ORDER)**

CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT:

**OSLER, HOSKIN & HARCOURT LLP**  
Suite 2700, Brookfield Place  
225 – 6<sup>th</sup> Avenue S.W.  
Calgary AB T2P 1N2

Solicitor: Randal Van de Mosselaer  
Telephone: 403.260.7060  
Facsimile: 416.862.6666  
Email: [rvandemosselaer@osler.com](mailto:rvandemosselaer@osler.com)  
File Number: 1265437

**DATE ON WHICH ORDER**

[●], 2025

**WAS PRONOUNCED:**

**NAME OF JUDGE WHO**

The Honourable Justice [●]

**MADE THIS ORDER:**

**LOCATION OF HEARING:**

Edmonton, Alberta

**UPON THE APPLICATION** of Freedom Cannabis Inc. (the "**Applicant**") for an order (i) approving the transaction (the "**Transaction**") contemplated by the Stalking Horse Subscription Agreement dated as of [●], 2025, by and among the Applicant (in such capacity the "**Purchased**

1394-2204-3922.2

**Entity**”), 2644323 Alberta Ltd. (the “**Purchaser**”) and JL Legacy Ltd. (the “**Guarantor**”) a copy of which is appended to the Affidavit of John Frank Potestio, sworn February [\*], 2025 as [Exhibit “●”] (as may be amended from time to time in accordance with the terms thereof and this Order, the “**Stalking Horse Agreement**”); (ii) authorizing and directing the Applicant to issue the Purchased Shares (as defined in the Stalking Horse Agreement), and vesting in and to the Purchaser, all right, title and interest in and to the Purchased Shares, free and clear of any Claims and Encumbrances (as defined below); (iii) adding [●] (“**Residual Co.**”) as an applicant to these CCAA proceedings (“**CCAA Proceedings**”); and (iv) transferring and vesting all of the right, title and interest in of the Purchased Entity in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (each as defined in the Stalking Horse Agreement) to and in Residual Co.;

**AND UPON** having read the Application, the [Number] Affidavit of JohnFrank Potestio sworn [●], 2025 and the Exhibits thereto, the [Number] Report of KPMG Inc., in its capacity as Court-appointed monitor of the Applicant (in such capacity, the “**Monitor**”) dated [●], 2025;

**AND UPON** hearing counsel for the Applicant, counsel for the Monitor and such other parties that attend the hearing of the motion, no one else appearing although duly served as appears from the affidavit of service of [●] sworn [●], 2025;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

#### **SERVICE AND DEFINITIONS**

1. The time for service of the notice of application for this order (the “**Order**”) and supporting materials is hereby abridged and deemed good and sufficient and this application is properly returnable today.
2. Capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order of this Court dated August 15, 2024 (the “**ARIO**”) or the Stalking Horse Agreement, as applicable.

#### **APPROVAL OF THE TRANSACTION**

3. The Transaction and the Stalking Horse Agreement are hereby approved and the execution of the Stalking Horse Agreement by the Applicant, the Purchaser, and the Guarantor (collectively, the “**Parties**”) is hereby authorized and approved, with such minor  
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amendments as the Parties, with the consent of the Monitor, may deem necessary. The Parties are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction. In the event of any conflict between the terms of the Stalking Horse Agreement and this Order, this Order shall govern.

4. This Order shall constitute the only authorization required by the Applicant to proceed with the Transaction, and no shareholder or other approval shall be required in connection therewith, other than as contemplated by the applicable Transaction Regulatory Approvals.

#### **VESTING OF ASSETS, LIABILITIES AND SHARES**

5. Upon the delivery of the Monitor's certificate substantially in the form attached as Schedule "A" hereto (the "**Monitor's Closing Certificate**") to the Purchased Entity and the Purchaser, the following shall be deemed to occur commencing at the time of delivery of the Monitor's Closing Certificate (the "**Effective Time**") in the following sequence with one minute interval between each step unless specify otherwise (the "**Closing Sequence**"):
  - (a) first, all of the Purchased Entity's right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in Residual Co., with all applicable Claims and Encumbrances continuing to attach to the Excluded Assets in accordance with paragraph 7 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
  - (b) second, all of the Purchased Entity's right, title and interest in and to the Excluded Contracts shall vest absolutely and exclusively in Residual Co., with all applicable Claims and Encumbrances continuing to attach to the Excluded Contracts in accordance with paragraph 7 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
  - (c) third, all Excluded Liabilities shall be transferred to, assumed by and vested absolutely and exclusively in Residual Co., such that the Excluded Liabilities shall become the obligations of Residual Co., and shall no longer be obligations of the Purchased Entity, and all of the Purchased Entity's assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situate, including



property held in trust for the Purchased Entity (the “**Purchased Entity’s Property**”), shall be and are hereby forever released and discharged from such Excluded Liabilities and all Claims and all Encumbrances (as defined below) affecting or relating to the Purchased Entity’s Property shall be expunged and discharged as against the Purchased Entity’s Property;

- (d) fourth, in consideration for the Purchase Price, the Purchased Entity shall issue the Purchased Shares to the Purchaser, and all of the right, title and interest in and to the Purchased Shares shall vest absolutely in the Purchaser, and the Purchased Entity’s Property, other than the Excluded Assets and Excluded Contracts, will be retained by the Purchased Entity, free and clear of and from any and all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise, including any and all encumbrances, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including without limiting the generality of the foregoing: (i) any encumbrances or charges created by the ARIO or any other Order of the Court in the CCAA Proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry systems (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the Permitted Encumbrances listed on **Schedule “B”** hereto);
- (e) fifth, all Equity Interests of the Purchased Entity outstanding prior to the issuance of the Purchased Shares, as well as any agreement, including all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by an individual, firm, corporation, governmental body or agency, or any other

entity (all of the foregoing, collectively being “Persons” and each being a “Person”) which are convertible or exchangeable for any securities of the Purchased Entity or which require the issuance, sale or transfer by the Purchased Entity, of any shares or other securities of the Purchased Entity and/or the share capital of the Purchased Entity, or otherwise relating thereto, shall be deemed terminated and cancelled without consideration and the only Equity Interests of the Purchased Entity that shall remain shall be the Purchased Shares; and

- (f) lastly, the Purchased Entity shall be deemed to cease being an Applicant in these CCAA Proceedings in accordance with paragraph 18(c) hereof, and the Purchased Entity shall be deemed to be released from the scope and effect of the ARIO and all other Orders of this Court granted in respect of these CCAA Proceedings, save and except for this Order, the provisions of which (as they relate to the Purchased Entity) shall continue to apply in all respects.

6. As of the Effective Time:

- (a) The Purchased Entity shall continue to hold all right, title and interest in and to the Retained Assets, free and clear of all Claims and Encumbrances other than the Retained Liabilities;
- (b) The Purchased Entity shall be deemed to have disposed of the Excluded Assets and shall have no right, title or interest in or to any of the Excluded Assets;
- (c) The Purchased Entity shall be deemed to have disposed of the Excluded Contracts and shall have no right, title or interest in or to any of the Excluded Contracts; and

without limiting the provisions of paragraph 6 hereof, the Purchaser, the Purchased Entity, and the Monitor shall be deemed released from any and all claims, liabilities, (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to the Purchased Entity, provided, as it relates to the Purchaser and the Purchased Entity, such release shall not apply to (a) Taxes in respect of the business and operations conducted by the Purchased Entity after the Effective Time; or (b) Taxes expressly assumed as Retained Liabilities pursuant to the Stalking Horse Agreement, including without limiting the generality of the foregoing, all

Taxes that could be assessed against the Purchaser or the Purchased Entity (including their affiliates and any predecessor corporations) pursuant to sections 160 and 160.01 of the *Income Tax Act*, R.S.C. 1985 c. 1 (5th Supp.), or any provincial or foreign tax equivalent, in connection with the Purchased Entity. Nothing in this paragraph shall release or discharge any Claims with respect to Taxes that are transferred to Residual Co.

7. For greater certainty, any Person that, prior to the Effective Time, had a Claim or Encumbrance under or in respect of the Excluded Liabilities (other than the Retained Liabilities) against the Purchased Entity or its assets, properties or undertakings (each an “**Excluded Liability Claim**”) shall, as of the Effective Time, no longer have an Excluded Liability Claim against the Purchased Entity, but shall have an equivalent Excluded Liability Claim against Residual Co. from and after the Effective Time, with the same attributes, rights, security, nature and priority as such Excluded Liability Claim had immediately prior to its transfer to Residual Co., and nothing in this Order limits, lessens, modifies (other than by change in debtor) or extinguishes the Excluded Liability Claim of any Person as against Residual Co.
8. Except to the extent expressly contemplated by the Stalking Horse Agreement (and, for greater certainty, excluding the Excluded Assets, Excluded Contracts and Excluded Liabilities), all contracts to which the Purchased Entity is a party at the time of delivery of the Monitor’s Closing Certificate will be and remain in full force and effect upon and following delivery of the Monitor’s Closing Certificate and no Person who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:
  - (a) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of any of the Purchased Entity);
  - (b) the insolvency of the Purchased Entity or the fact that the Purchased Entity obtained relief under the CCAA;

- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the Stalking Horse Agreement, the Transaction, the provisions of this Order, or any other Order of this Court in these CCAA Proceedings; or
  - (d) any transfer or assignment, or any change of control, of any of the Purchased Entity or Purchased Entity's Property arising from the implementation of the Stalking Horse Agreement, the Transaction, or the provisions of this Order.
9. For greater certainty: (a) nothing in paragraph 8 hereof shall waive, compromise or discharge any obligations of the Purchased Entity or the Purchaser, in respect of any Retained Liabilities, (b) the designation of any Claim as a Retained Liability is without prejudice to the Purchased Entity's or the Purchaser's right to dispute the existence, validity or quantum of any such Retained Liability, and (c) nothing in this Order or the Stalking Horse Agreement shall affect or waive the Purchased Entity's or the Purchaser's rights and defences, both legal and equitable, with respect to any Retained Liability, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Retained Liability.
10. From and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Purchased Entity then existing or previously committed by the Purchased Entity, or caused by the Purchased Entity, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied in any contract, or lease existing between such Person and the Purchased Entity (including for certainty, those contracts, or leases constituting the Purchased Entity's Property) arising directly or indirectly from the filing by the Applicant under the CCAA and implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 8 hereof, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a contract, or a lease shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Purchased Entity or the Purchaser from performing their obligations under the Stalking Horse Agreement, or be a waiver of defaults by the Purchased Entity or the Purchaser under the Stalking Horse Agreement and the related documents.

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11. From and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Purchased Entity or the Purchaser relating in any way to or in respect of any Excluded Assets or Excluded Liabilities and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.
12. From and after the Effective Time, the Purchaser and/or the Purchased Entity shall be authorized to take all steps as may be necessary to effect the discharge and release as against the Purchased Entity and the Retained assets of the Excluded Liability Claims that are transferred to and vested in Residual Co. pursuant to this Order.
13. Upon delivery of the Monitor's Closing Certificate, and upon filing of a copy of this Order, together with any applicable registration fees, all governmental authorities and any other applicable registrar or government ministries or authorities exercising jurisdiction with respect to the Purchased Entity, the Purchased Entity's Property or the Excluded Assets (collectively, the "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Monitor's Closing Certificate and a copy of this Order as though they were originals and to register such transfers and interest authorizations as may be required to give effect to the terms of this Order and the Stalking Horse Agreement. Presentment of this Order and the Monitor's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of interest against the Purchased Entity's Property and the Monitor and the Purchaser is hereby specifically authorized to discharge the registrations on the Purchased Entity's Property and the Excluded Assets, as applicable.

#### **RELEASES**

14. Except as expressly provided for in the Stalking Horse Agreement, the Purchaser and the Guarantor shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims or Encumbrances against the Applicant.

15. From and after the Effective Time, (a) the current directors, officers, employees, consultants, legal counsel and advisors of the Applicant; (b) the current directors, officers, employees, consultants legal counsel and advisors to Residual Co.; (c) the Monitor and its legal counsel and their respective current directors, officers, partners, employees, consultants and advisors (the persons listed in (a), (b), and (c) being collectively, the “**Released Parties**”) shall be deemed to be forever irrevocably released and discharged from any and all present and future liabilities, claims (including, without limitation, claims for contribution or indemnity), indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, duties, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) arising in connection with or relating to the CCAA Proceedings, the Stalking Horse Agreement, the consummation of the Transaction, any closing document, agreement, document, instrument, matter or transaction involving the Purchased Entity arising in connection with or pursuant to any of the foregoing, and/or any matter relating to the Purchased Entity’s cannabis excise licence and/or GST/HST arrears owing by the Purchased Entity for the period prior to the date of the Initial Order (collectively, the “**Released Claims**”), which Released Claims are hereby and shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, and are not vested nor transferred to Residual Co. or to any other entity and are extinguished, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar any claim for fraud or wilful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA. For greater certainty, “current” in this paragraph refers to individuals who remain in their respective role(s) up to one day prior to closing of the Transaction, as applicable.
16. Notwithstanding any other provision of this Order, for any real property lease that is not excluded from the Transaction (“**Lease**”), the landlord under any such Lease shall be entitled to enforce all of its rights and remedies as against the tenant with respect to any breach of a non-monetary obligation under the Lease, if (a) such non-monetary breach under the Lease arises or continues after the Effective Time; (b) such non-monetary breach

is capable of being cured; and (c) the tenant has failed to remedy the default after having received notice of such default pursuant to the terms of the Lease. Without limiting the foregoing, the landlord under the Lease shall not rely on a notice of default sent prior to the filing of the Monitor's Closing Certificate ("**Prior Default Notice**") to terminate or otherwise enforce the terms of the Lease as against the tenant and any such Prior Default Notice shall be deemed unenforceable.

#### **PRIORITY PAYMENT AMOUNT AND CCAA PROCESS EXPENSE AMOUNT**

17. The Priority Payment Amount and the CCAA Process Expense Amount, if any, shall be paid by the Purchaser to the Monitor in cash on the Closing Date, consistent with the Implementation Steps and in accordance with the terms of the Stalking Horse Agreement.

#### **RESIDUAL CO.**

18. As of the Effective Time:
- (a) Residual Co. shall be a company to which the CCAA applies;
  - (b) Residual Co. shall be added as an applicant in these CCAA Proceedings and all references in any Order of this Court in respect of these CCAA Proceedings to (i) an "Applicant" shall refer to and include Residual Co.; and (ii) "Property" shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of Residual Co. (collectively the "**Residual Co. Property**"), and, for greater certainty, each of the Charges (as defined in the Initial Order), shall constitute a charge on the Residual Co. Property;
  - (c) The title and the style of cause in these proceedings shall be amended to delete FREEDOM CANNABIS INC. as a party in these CCAA Proceedings and to add the name of Residual Co. [●], as a party in these CCAA Proceedings; and
  - (d) The Non-Applicant Stay Parties shall no longer be subject to the Stay Period in these CCAA Proceedings.

#### **MONITOR**

19. Nothing in this Order, including the release of the Purchased Entity from the purview of these CCAA Proceedings pursuant to paragraph 5(e) hereof and the addition of Residual Co. as an Applicant in these CCAA Proceedings, shall affect, vary, derogate from, limit or amend any rights, approvals and protections afforded to the Monitor in these CCAA Proceedings and KPMG shall continue to have the benefit of, any and all rights and approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order, any other Orders in these CCAA Proceedings or otherwise, including all approval, protections and stays of proceedings in favour of KPMG in its capacity as Monitor, all of which are expressly continued and confirmed.
20. No action lies against the Monitor by reason of this Order or the performance of any act authorized by this Order, except with leave of the Court following a motion brought on not less than fifteen (15) days' notice to the Monitor and its legal counsel. The entities related or affiliated with the Monitor or belonging to the same group as the Monitor (including, without limitation, any agents, employees, legal counsel or other advisors retained or employed by the Monitor) shall benefit from the protection granted to the Monitor under the present paragraph.
21. The Monitor shall not, as a result of this Order or any matter contemplated hereby:
  - (a) be deemed to have taken part in the management or supervision of the management of the Purchased Entity or Residual Co. or to have taken or maintained possession or control of the business or property of the Purchased Entity or Residual Co., or any part thereof; or
  - (b) be deemed to be in possession of any property of the Purchased Entity or Residual Co. within the meaning of any applicable federal or provincial environmental legislation or Cannabis Legislation (as defined in the ARIO) or otherwise.
22. Notwithstanding anything contained in this Order, the Monitor, its employees and representatives are not and shall not be or be deemed to be, a director, officer, or employee of Residual Co. de facto or otherwise, and shall incur no liability as a result of acting in accordance with this Order or any other order of the Court made in these CCAA



Proceedings, other than any liability arising as a direct result of the gross negligence or wilful misconduct of the Monitor.

23. Nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of Residual Co.
24. The Monitor may rely on written notice from the Purchased Entity and the Purchaser regarding the satisfaction or waiver of conditions to closing under the Stalking Horse Agreement without independent verification, and shall have no liability with respect to delivery of the Monitor's Closing Certificate.

#### **MISCELLANEOUS**

25. The Monitor is directed to file with the Court a copy of the Monitor's Closing Certificate forthwith after delivery thereof in connection with the Transaction.
26. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, the Purchased Entity or the Monitor, as the case may be, are authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser, all human resources and payroll information in the Purchased Entity's records pertaining to past and current employees of the Purchased Entity. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Purchased Entity.
27. Notwithstanding:
  - (a) the pendency of these CCAA Proceedings;
  - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 195, c. B-3, as amended (the "BIA"), in respect of Residual Co. and any bankruptcy order issued pursuant to any such applications; and

- (c) any assignment in bankruptcy made in respect of the Purchased Entity or Residual Co.;

the execution of the Stalking Horse Agreement, the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to Residual Co., the issuance and vesting of the Purchased Shares in and to the Purchaser, any payment of the Priority Payment Amount and the CCAA Process Expense Amount by the Monitor and any payments by or to the Purchaser, the Purchased Entity, Residual Co., or the Monitor authorized herein, or pursuant to the Stalking Horse Agreement) shall be binding on any trustee in bankruptcy that may be appointed in respect of the Purchased Entity and/or Residual Co. and shall not be void or voidable by creditors of the Purchased Entity or Residual Co., as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal, provincial or foreign legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

28. The Monitor, the Purchaser and any other interested party shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
29. This Court shall retain exclusive jurisdiction to, among other things, interpret, implement and enforce the terms and provisions of this Order, the Stalking Horse Agreement and all amendments thereto, in connection with any dispute involving the Purchased Entity or Residual Co. and to adjudicate, if necessary, any disputes concerning the Purchased Entity or Residual Co. related in any way to the Transaction.
30. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction (including, but not limited to, the United States of America), to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are

hereby respectfully requested to make such order and to provide such assistance to the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

31. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.
32. This Order all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order without the need for entry or filing.

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Justice of the Court of King's Bench of Alberta

**SCHEDULE A**  
**MONITOR'S CLOSING CERTIFICATE**

Clerk's Stamp:



COURT FILE NUMBER            2403-15089  
COURT                                COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE OF            EDMONTON

APPLICANTS:                    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 FREEDOM CANNABIS INC.

DOCUMENT                        **MONITOR'S CLOSING CERTIFICATE**

CONTACT INFORMATION OF        **OSLER, HOSKIN & HARCOURT LLP**  
PARTY FILING THIS               Suite 2700, Brookfield Place  
DOCUMENT:                        225 – 6<sup>th</sup> Avenue S.W.  
   Calgary AB T2P 1N2

Solicitor: Randal Van de Mosselaer  
Telephone: 403.260.7060  
Facsimile: 416.862.6666  
Email: [rvandemosselaer@osler.com](mailto:rvandemosselaer@osler.com)  
File Number: 1265437

**RECITALS**

- A. Pursuant to the Initial Order of the Honourable Justice M. Lema of the Court of King's Bench Alberta (the "**Court**") dated August 8, 2024, as amended and restated on August 15, 2024, Freedom Cannabis Inc., 2563138 Alberta Ltd. and 2399751 Alberta Ltd. (the "**Freedom Group**"), were granted protection from their creditors pursuant to the

*Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and KPMG Inc. was appointed as the monitor of the Freedom Group (in such capacity, the "Monitor").

- B. Pursuant to an Approval and Reverse Vesting Order granted by Honourable Justice [●] dated [●], 2025 (the "ARVO") the Court approved a Stalking Horse Subscription Agreement between 2644323 Alberta Ltd. (the "Purchaser") and the Monitor.
- C. Capitalized terms not otherwise defined herein shall have the meanings given to them in the ARVO.

**THE MONITOR CERTIFIES** the following:

- 1. The Monitor has received the Cash Consideration.
- 2. The Monitor has received written confirmation from the Purchased Entity and the Purchaser, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived, as applicable, by the parties to the Stalking Horse Agreement.
- 3. This Monitor's closing certificate was delivered by the Monitor at \_\_\_\_\_ on \_\_\_\_\_, 2025.

KPMG Inc., in its capacity as Monitor of the Freedom Group and not in its personal or corporate capacity.

By: \_\_\_\_\_

Name: Name1

Title: Title1

**SCHEDULE B**  
**PERMITTED ENCUMBRANCES**

**SCHEDULE 1.1(B)**  
**PERMITTED ENCUMBRANCES**

1. DIP Lender's Charge to be discharged upon Closing.
2. With regards to the Senior Loan Agreements:
  - a. Any and all existing security registrations of the Guarantor over the Company's present and after acquired personal property in any jurisdiction in Canada, including, but not limited to, Alberta Personal Property Registry Registration Numbers:
    - i. 19062141817;
    - ii. 19062142062; and
    - iii. 20013029595.
3. Alberta Personal Property Registry - Star Prebuilt Homes Ltd. bearing Registration Number 20012821719.
4. Alberta Personal Property Registry - Royal Bank of Canada bearing Registration Number 23121233796.

**SCHEDULE 2.2**  
**EXCLUDED ASSETS**

- The Excluded Contracts.
- Any interest the Company may have in Viridis Natural Health Products Ltd. and/or 2082312 Alberta Ltd.
- All Tax Liabilities of the Company for any tax period or the portion thereof prior to the Filing Date including any Liabilities to which the Existing RTPs relate.



**SCHEDULE 2.3  
RETAINED CONTRACTS**

1. Senior Loan Agreements other than in respect of the Senior Loan Credit Bid Amount.
2. Prebuilt Lease, and any amendments thereto entered into prior to the Closing Date.
3. Equipment lease with Royal Bank of Canada in respect of 2021 Ford Transit 350 bearing serial number 1FDWE4FK8MDC26602.
4. All Licences.
5. All existing insurance contracts.
6. All Contracts with Employees other than the Terminated Employees.

**SCHEDULE 2.4  
RETAINED LIABILITIES**

- All post-Filing Claims contemplated by the cash flow projections attached to any Monitor's reports filed in the CCAA Proceedings but not paid yet on the Closing Date.
- All Contract Cure Costs, if any.
- All Liabilities under the Retained Contracts from and after the Closing Time.
- The amount owing under the Senior Loan Agreements after release of the Senior Loan Credit Bid Amount including any principal outstanding in connection therewith, interest accrued thereunder and other fees owing in connection therewith.
- All trade payables relating to the Business incurred after the Filing Date but prior to the Closing Time that remain outstanding as at the Closing Time.
- Any Tax Liabilities (including source deductions) of Freedom Cannabis for (i) any tax period or the portion thereof beginning on or after the Closing Date; and (ii) accrued in respect of the period after the Filing Date (other than, for certainty, all Taxes owed or owing or accrued due by the Company in respect of the period prior to the Filing Date even if assessed after the Filing Date). All Liabilities of the Company arising from and after the Closing Time.
- All Liabilities related to the Permitted Encumbrances.

**SCHEDULE 2.7(B)**  
**IMPLEMENTATION STEPS**

1. At least three (3) Business Days prior to the Closing Date, the Company shall form Residual Co. in accordance with the terms contained herein, in form satisfactory to the Purchaser, acting reasonably, and the directors thereof shall not include the directors or related parties of the Purchaser, and no such entity shall be a flow through entity for Canadian or U.S. tax purposes unless approved by the Purchaser.
2. No less than five (5) days before the Closing Date, the Company shall obtain director and shareholder approval of the respective Articles of Reorganization, if required.
3. Effective as of the Closing Time, the following steps shall take place sequentially pursuant to the Approval and Vesting Order:
  - (a) ResidualCo shall be added to the CCAA Proceeding as an applicant;
  - (b) the Company shall, to the extent it has not done so already, terminate all employees deemed to be Terminated Employees pursuant to Section 10.5;
  - (c) the Excluded Assets and the Excluded Liabilities shall be transferred from the Company to Residual Co.;
  - (d) the Company shall file or deposit the Articles of Reorganization with the applicable Government Authority;
  - (e) the Company shall issue the Purchased Shares;
  - (f) all outstanding Equity Interests in the Company shall be cancelled for no consideration pursuant to the Approval and Vesting Order;
  - (g) the Purchaser shall satisfy the Purchase Price in accordance with the terms of the Agreement;
  - (h) Closing shall be deemed to have occurred; and
  - (i) the Monitor shall deliver the Monitor's Certificate.

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**SCHEDULE 7.1(D)**  
**TRANSACTION REGULATORY APPROVALS**

Any consent, approval and / or grant upon change of control of any of the Company as required under Cannabis Laws. For the purposes hereof "Cannabis Laws" shall mean (i) the Gaming Liquor and Cannabis Act (Alberta), RSA 2000 c. G-1, the Cannabis Act, S.C. 2018, c. 16 (Canada), and any other applicable governing legislation and the regulations thereunder, all as may be amended, supplemented or replaced from time to time and those which regulate the sale or distribution of cannabis (in various forms), cannabinoid product or paraphernalia commonly associated with cannabis and/or related cannabinoid products; and (ii) any and all other applicable provincial or municipal laws or regulations governing the cultivation, manufacture, production, storage, marketing or sale of cannabis that may be in effect from time to time.

THIS IS **EXHIBIT "C"** TO THE AFFIDAVIT OF JOHNFRANK POTESTIO  
SWORN BEFORE ME THIS 18<sup>TH</sup> DAY OF FEBRUARY 2025.



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Notary Public/Commissioner for Oaths in and for Alberta

**Stephen Kroeger**  
*Barrister & Solicitor*

SK.

**THIS AMENDING AGREEMENT (the "Amending Agreement")**  
made this 14 day of February, 2025

**BETWEEN:**

FREEDOM CANNABIS INC.

(hereinafter referred to as "**Freedom**")

-and-

JL LEGACY LTD.

(hereinafter referred to as the "**DIP Lender**")

(collectively, the "**Parties**")

**SECOND AMENDMENT TO DEBTOR IN POSSESSION FINANCING TERM SHEET**

**WHEREAS:**

- A. Freedom is presently in proceedings under the *Companies' Creditors Arrangement Act (Canada)* (the "**CCAA Proceedings**") pursuant to an Initial Order granted August 8, 2024, an Amended and Restated Initial Order (the "**ARIO**") granted August 15, 2024, an Order Amending ARIO granted September 18, 2024, an Extension Order granted October 11, 2024 and the Order Extending Stay granted December 18, 2024;
- B. the DIP Lender is financing Freedom's CCAA Proceedings pursuant to a Debtor in Possession Financing Term Sheet dated August 6, 2024 (the "**DIP Agreement**") with a maturity date of December 31, 2024;
- C. The DIP Agreement was amended by an Amendment to Debtor in Possession Financing Term Sheet dated December 11, 2024 which, amongst other things, changed the maturity date to February 28, 2025;
- D. the CCAA Proceedings remain ongoing and will not be resolved by February 28, 2025;
- E. the Parties agree that Freedom is not in default of the DIP Agreement and the Parties wish to amend the terms of the DIP Agreement as contained herein; and
- F. the parties acknowledge that they have each received legal advice respecting this Amending agreement, that neither is under any duress or undue influence of the other, and that they are voluntarily entering into this Amending Agreement.

SK

**NOW THEREFORE**, in consideration of the foregoing and the mutual agreements contained herein, the receipt and sufficiency of which is hereby acknowledged and for other good and valuable consideration, the Parties agree as follows:

1. Clause 2 of the DIP Agreement shall be amended and replaced with the following:

2.	<b>LOAN AMOUNT:</b>	CAD \$4,500,000
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2. Clause 3 of the DIP Agreement shall be amended and replaced with the following:

3.	<b>DIP FACILITY:</b>	<p>Revolving facility in the maximum amount of CAD \$4,500,000 (the "<b>DIP Facility</b>").</p> <p>The DIP Facility shall be used to fund the Borrower's cash flow shortfall during the CCAA Proceeding, including working capital requirements and restructuring fees in accordance with the cash flow projections approved by the Monitor and the DIP Lender, attached hereto as <b>Schedule "A"</b> (the "<b>Cash Flow Forecast</b>") until the earliest of: (i) the repayment of the DIP Facility in full; (ii) the completion of the sale of the Borrower's business and assets; or (iii) the termination of the CCAA Proceeding.</p>
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3. Clause 8 of the DIP Agreement shall be amended and replaced with the following:

8.	<b>MATURITY DATE:</b>	<p>Unless otherwise agreed by the DIP Lender in its discretion, acting reasonably, the term of the DIP Facility shall expire, and the Borrower shall repay all obligations owing to the DIP Lender under this Term Sheet on the earliest of (the "<b>Maturity Date</b>):</p> <p>(a) April 30, 2025;</p> <p>(b) The closing of a transaction for the sale of substantially all of the Borrower's assets, business or shares (the "<b>Transaction</b>");</p> <p>(c) The date on which the CCAA Proceeding is terminated for any reason, including if the Borrower become bankrupt, whether voluntarily or involuntarily; or</p> <p>(d) The occurrence of an Event of Default (as defined herein).</p>
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- 4. The provisions of this Amending Agreement shall take effect immediately upon full execution.
- 5. This Amending Agreement may be executed by the Parties in counterparts and the execution of this Agreement may be communicated by facsimile transmission or PDF and all counterparts when so executed and taken together shall be of the same force and effect as if all the parties hereto had executed the same document.

**JL LEGACY LTD.**

Per:  Director  
Name: Tim Latimer  
Title: Director

I have the authority to bind the Corporation.

**BORROWER'S ACKNOWLEDGMENT AND ACCEPTANCE:**

The undersigned hereby accept and agree to be bound by the terms and conditions of this Amending Agreement, expressly subject to Court approval of same.

Dated this 14 day of February, 2025.

**BORROWER:**

**FREEDOM CANNABIS INC.**

Per:   
Name: John Frank Potestio  
Title: Chief Executive Officer

I have the authority to bind the Corporation

SK



COURT FILE NUMBER 2403-15089

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

IN THE MATTERS OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF FREEDOM CANNABIS INC.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**OSLER, HOSKIN & HARCOURT LLP**

Barristers & Solicitors  
Suite 2700, Brookfield Place  
225 – 6th Avenue S.W.  
Calgary, AB T2P 1N2

Attention: Randal Van de Mosselaer / Stephen Kroeger

Telephone: 403.260.7060 / 403.355.7454

Email: [Rvandemosselaer@osler.com](mailto:Rvandemosselaer@osler.com) / [Skroeger@osler.com](mailto:Skroeger@osler.com)

File Number: 1265437

### **AFFIDAVIT OF JOHNFRANK POTESTIO**

**Sworn on February 18, 2025**

I, JOHNFRANK POTESTIO, of the City of Edmonton, in the Province of Alberta, **SWEAR AND SAY THAT:**

1. I am the Chief Executive Officer (“**CEO**”) and a director of the applicant, Freedom Cannabis Inc. (“**Freedom**”). I have been Freedom’s CEO since January 2017, as such I have personal knowledge of the matters herein deposed to, except where stated to be based upon information and belief, in which case I verily believe same to be true.
2. I swear this Affidavit further to my Affidavits sworn August 6, 2024, August 13, 2024, September 9, 2024, October 2, 2024, December 11, 2024 and December 18, 2024.
3. Capitalized terms used but not otherwise defined herein have the meanings given to them in the Initial Order, the SISP or the Stalking Horse Agreement (as each are defined below).



4. In preparing this Affidavit I have consulted with legal, financial and other advisors of Freedom. I have also reviewed Freedom's business records relevant to these proceedings and have satisfied myself that I am possessed of sufficient information and knowledge to swear this Affidavit.


5. I am authorized to swear this Affidavit as a corporate representative of Freedom.

**Relief Sought**

6. This Application is made within the proceedings of Freedom under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"), which were commenced by the Initial Order of the Honourable Justice Mah pronounced on August 8, 2024 (as amended by the Amended and Restated Initial Order of the Honourable Justice Mah pronounced on August 15, 2024 (the "**ARIO**"), and as further amended and restated from time to time, the "**Initial Order**").

7. I make this Affidavit in support of this Application for the following Orders:

- (a) an Order (the "**SISP Order**"), among other things:
  - (i) approving the sale investment and solicitation process attached hereto as **Exhibit "A"**, subject to any amendments thereto that may be made in accordance therewith (the "**SISP**") in order to solicit offers or proposals for a sale and/or investment in respect of all or substantially all of the assets, undertakings and property of Freedom (collectively, the "**Property**") and Freedom's business (the "**Business**");
  - (ii) authorizing and approving execution of the Stalking Horse Subscription Agreement (the "**Stalking Horse Agreement**") among Freedom, as vendor and 2644323 Alberta Ltd., or its nominee (the "**Stalking Horse Purchaser**"), as purchaser, and JL Legacy Ltd., as Guarantor (the "**DIP Lender**");

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- (iii) declaring that the Stalking Horse Agreement submitted by the Stalking Horse Purchaser is approved as the Stalking Horse Bid (the “**Stalking Horse Bid**”) pursuant to and for the purposes of the SISP;
  - (iv) approving the Break Fee (as defined below);
  - (v) authorizing and directing KPMG Inc., in its capacity as Court-appointed monitor of Freedom (“**KPMG**”, and in its capacity as Court-appointed monitor of Freedom, the “**Monitor**”) and Freedom to immediately commence the SISP; and
  - (vi) authorizing and directing the Monitor and Freedom to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with the SISP Order;
- (b) an Order (the “**Stay Extension Order**”), among other things:
- (i) extending the Stay Period (as defined in paragraph 13 of the Initial Order) up to and including April 30, 2025 (the “**Stay Period**”), or such further date as this Honourable Court may deem appropriate;
  - (ii) authorizing Freedom to borrow up to an aggregate amount of \$4,500,000 pursuant to the terms of the DIP Term Sheet (as defined below) as amended by a second amendment to the DIP Term Sheet, and granting a corresponding increase in the amount of the DIP Lender’s Charge (as defined below);
  - (iii) approving the extension of the maturity date of the DIP Term Sheet (as defined below) until and including April 30, 2025; and
  - (iv) a declaration that Osler, Hoskin & Harcourt LLP (“**Osler**”), in its capacity as counsel to Freedom in these proceedings, is entitled to the benefit of, and protection under, the Administration Charge (as defined in paragraph 30 of the Initial Order).

A handwritten signature in black ink, appearing to be a stylized 'J' or 'S' with a horizontal line through it, located at the bottom right of the page.

**BACKGROUND OF FREEDOM AND THE CCAA PROCEEDINGS**

8. Freedom is a privately owned licensed producer of cannabis products that carries on a multi-faceted business in the Canadian cannabis industry, including cultivation, processing and sales. Freedom has been operating in the Canadian legal cannabis sector since 2017 out of an approximately 111,600 square foot facility located in Acheson, Alberta (the “**Acheson Facility**”).
9. Freedom holds cannabis licenses under the *Cannabis Act*, SC 2018, c.16 and is regulated by Health Canada (the “**Cannabis Licenses**”). Freedom also holds a cannabis license issued by the Canada Revenue Agency (the “**CRA**”) under the *Excise Act, 2001*, SC 2002, c 22 (the “**Excise License**”) and together with the Cannabis Licenses, the “**Licenses**”).
10. On August 8, 2024 the Initial Order was granted. The Initial Order, among other things: (i) declared that Freedom is a company to which the *CCAA* applies; (ii) appointed KPMG as Monitor of Freedom in these proceedings; (iii) granted the Stay Period in favour of Freedom and two non-applicant subsidiaries of Freedom; (iv) extended the benefit of the Stay Period and other aspects of the Initial Order to the Non-Applicant Stay Parties (as defined in the Initial Order) and their respective Directors and Officers; (v) authorized and empowered Freedom to obtain and borrow under an interim credit facility from the DIP Lender up to the maximum principal amount of \$1,000,000 (the “**DIP Term Sheet**”, and the Court ordered super priority charge contemplated thereby, the “**DIP Lender’s Charge**”); (vi) granted the Administration Charge and the Directors’ Charge (as each are defined in the Initial Order); and (vii) established the relative priorities amongst the Administration Charge, the Directors’ Charge and the DIP Lender’s Charge.
11. On August 15, 2024 Freedom sought and obtained the ARIO which, among other things; (i) extended the Stay Period up to and including September 18, 2024; (ii) increased the maximum amount of the Administration Charge to \$500,000; and (iii) increased the availability under the DIP Term Sheet to \$1,500,000 and granted a corresponding increase to the DIP Lender’s Charge.
12. The Stay Period was subsequently extended by Orders dated September 18, 2024, October 11, 2024 (the “**October 11 Order**”) and December 18, 2024 and currently expires on February 28, 2025.

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13. The October 11 Order further increased availability under the DIP Term Sheet and the corresponding DIP Lender's Charge from \$1,500,000 to \$3,000,000.

14. Pursuant to the Order of the Honourable Justice Neilson dated December 18, 2024 availability under the DIP Term Sheet, and the corresponding DIP Lender's Charge were increased to \$3,900,000 and the maturity date under the DIP Term Sheet was extended to February 28, 2025.

15. Since the Stay Period was extended on December 18, 2024 Freedom, in consultation with, and assistance of the Monitor, has continued to act in good faith and with due diligence in these *CCAA* proceedings by, among other things:

- (a) negotiating the terms of the Amended Lease (as defined below) with the Landlord (as defined below);
- (b) communicating with, providing information to and answering questions of, various stakeholders, including without limitation, the CRA;
- (c) communicating with, providing information to and answering questions of its employees;
- (d) managing key relationships with customers and suppliers and operating the Business in accordance with the terms of the Initial Order;
- (e) working with the Monitor to manage cash flows and to make payments to suppliers in accordance with the Initial Order;
- (f) working with and corresponding regularly with representatives of the Monitor regarding numerous issues in the *CCAA* proceedings including, without limitation, the Updated Cash Flow Forecast (as defined below);
- (g) engaging in discussions with the DIP Lender about the Business and next steps in the *CCAA* proceedings;
- (h) engaging in discussions with the Monitor and the DIP Lender regarding development of the SISP and finalizing same;

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- (i) negotiating and finalizing the Stalking Horse Agreement; and
- (j) engaging Osler as its new counsel in these *CCAA* proceedings.

**THE SISP ORDER**

16. Freedom is seeking approval of the proposed SISP backed by the Stalking Horse Bid. Since the Initial Order was granted, Freedom has been operating the Business as a going concern with a view to preserving and maximizing the value thereof for the benefit of its stakeholders. As set out in the Initial Order Affidavit, Freedom initially intended to develop and implement a sale process at the hearing for the Amended and Restated Initial Order; however, Freedom, the Stalking Horse Purchaser and the DIP Lender, in consultation with the Monitor, were required to undertake extensive negotiations with the Star Prebuilt Homes Ltd. (the “**Landlord**”), the landlord for the Acheson Facility in order to renegotiate the lease for same (the “**Lease**”).

17. Following the extensive negotiations, Freedom, the Stalking Horse Purchaser and the DIP Lender have come to an agreement in principle on the business terms with the Landlord on the terms of an amended lease (the “**Amended Lease**”) governing the go forward terms of the Lease which will, among other things, address rental arrears owing under the Lease by Freedom to the Landlord. As at the time of swearing this Affidavit a definitive agreement has not been executed. It is anticipated that prior to the hearing of the within Application an executed copy of the Amended Lease will be filed with the Court.

18. Accordingly, Freedom, the Stalking Horse Purchaser (which is the DIP Lender’s nominee) and the DIP Lender have entered into the Stalking Horse Agreement which ensures that Freedom will emerge from these *CCAA* proceedings on a going-concern basis. Details of the SISP and the Stalking Horse Agreement are set out below.

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**THE SISP<sup>1</sup>**

19. The SISP was designed to be broad, flexible and led by the Monitor. The SISP is intended to solicit interest for a sale or investment in all or substantially all of the Business and/or Property.

**Milestones**

20. The SISP includes the following milestones, which may be extended by the Monitor, with the consent of the DIP Lender, as the Monitor deems necessary or appropriate, acting reasonably, or by order of the Court:

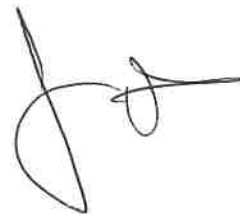
<b>Milestone</b>	<b>Date</b>
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA (each as defined below), access to VDR	No later than two (2) Business Days after Court Approval of the SISP (i.e. February 27, 2025)
Binding Offer Deadline	April 9, 2025 at 3:00pm MST
<i>If no Qualified Bids are received other than Stalking Horse Bid</i>	
Selection of Stalking Horse Bid as Successful Bid	April 9, 2025
Hearing of Approval Motion	April 23, 2025 or earliest date available thereafter
Closing of Stalking Horse Bid	As soon as possible but no later than June 30, 2025
<i>If Qualified Bids are received other than the Stalking Horse Bid</i>	
Deadline to notify Qualified Bidders of Auction	April 11, 2025
Auction	April 14, 2025
Selection of Successful Bid and Back-Up Bidder, if needed	April 15, 2025 or such later date immediately thereafter if the Auction is not completed in one day

<sup>1</sup> In this section capitalized terms used but not otherwise defined have the meanings given to them in the SISP. This section is intended to be a summary only. Where this section conflicts with the SISP, the SISP governs.



Execution of Definitive Transaction Documentation reflecting changes to Qualified Bid arising from Auction	April 22, 2025
Hearing of Approval Motion	April 30, 2025 or such later date immediately thereafter if the Auction is not completed in one day
Closing of Successful Bid	As soon as possible but no later than June 30, 2025

21. A copy of the SISP is attached hereto as Exhibit "A".
22. In addition to the foregoing, the SISP prescribes certain requirements and timelines for the Monitor, in consultation with Freedom, to solicit interest and provide notice of the SISP should the SISP Order be granted. If granted, pursuant to the SISP Order, the Monitor, in consultation with Freedom, will do the following no later than two (2) Business Days thereafter:
- (a) prepare a list of potential bidders, including (i) parties that have approached Freedom, the Monitor or the DIP Lender indicating an interest in the Opportunity; and (ii) strategic and financial parties who the Monitor, in consultation with Freedom, believe may be interested in purchasing all or part of the Business and/or Property or investing in Freedom pursuant to the SISP;
  - (b) cause a notice of the SISP (the "Notice") to be published in one or more trade industry and/or insolvency-related publication(s) as may be considered appropriate by the Monitor;
  - (c) prepare, with the assistance of Freedom, a process summary (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;
  - (d) issue a press release setting out the information contained in the Notice and such other relevant information which the Monitor and Freedom determine is appropriate; and





- (e) prepare, with the assistance of Freedom, a form of non-disclosure agreement (“NDA”).

23. The Monitor will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder by no later than two (2) Business Days after the granting of the SISP Order, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

24. A confidential virtual data room (“VDR”) in relation to the Opportunity will be made available by Freedom and the Monitor to Participating Bidders (as defined below). The Monitor may, in consultation with Freedom, limit the access of any Potential Bidder (as defined below) to any confidential information in the VDR where the Monitor, in consultation with Freedom, reasonably determines that such access could negatively impact the SISP, the ability to maintain confidentiality of the information, the Business, the Property of their value.

#### **Participating Bidders and Delivery of Confidential Information**

25. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must provide an executed NDA, written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, full disclosure of the direct and indirect principals of the Potential Bidder and documentary evidence of such Potential Bidder’s financial wherewithal and ability to consummate a sale or investment transaction pursuant to the SISP, in the form of proof of cash-on-hand and/or unconditionally committed financing. A Potential Bidder who satisfies the foregoing requirements will be deemed a “**Participating Bidder**”. All Participating Bidders will receive a confidential information memorandum and be granted access to the VDR. The Stalking Horse Purchaser is, and will be deemed to be, a Participating Bidder.

26. Participating Bidders must rely solely on their own independent review, 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 they enter into with Freedom. At any time during the SISP the Monitor may, in its reasonable judgment and in consultation with Freedom, eliminate a Participating Bidder from the SISP.

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**Formal Binding Offers**

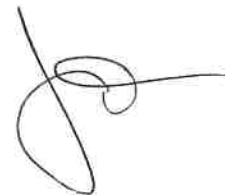
27. Any Participating Bidder (other than the Stalking Horse Purchaser) that wishes to make a formal offer to (a) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase or a combination thereof (either one, a “**Sale Proposal**”) or a portion of the Property or the Business (a “**Partial Sale Proposal**”); or (b) make an investment in, restructure, recapitalize or refinance Freedom or the Business or a portion thereof (an “**Investment Proposal**” together with a Sale Proposal and a Partial Sale Proposal, a “**Binding Offer**”) shall:

- (a) in the case of a Sale Proposal, provide its offer in the form of a template purchase agreement provided in the VDR, along with a marked version showing edits to the original form of the template provided in the VDR and a marked version compared to the Stalking Horse Agreement; or
- (b) in the case of an Investment Proposal, provide a plan or restructuring support agreement (the “**Binding Offer Bidder**”),

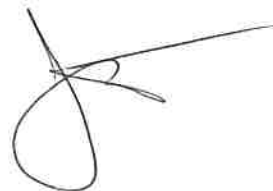
in each case to the Monitor by no later than 3:00 p.m. (MST) on April 9, 2025 (the “**Binding Offer Deadline**”).

28. A Binding Offer will be considered a “**Qualified Bid**”, and the Binding offer Bidder making such Binding Offer, a “**Qualified Bidder**” if it, among other things:

- (a) provides net cash proceeds on closing via provisions that meet the following requirements, that are not less than the aggregate total of: (a) the amount of cash payable under the Stalking Horse Agreement; plus (b) the “Credit Bid Consideration” (as defined in the Stalking Horse Agreement); plus (c) the “Break Fee” (as defined in the Stalking Horse Agreement), plus (d) a minimum overbid amount of \$100,000 ((a) through (d), in the aggregate, the “**Minimum Purchase Price**”); provided, however, that the Monitor may, in its reasonable judgment, and in consultation with Freedom, deem this criterion satisfied if the Binding Offer, together with one or more other non-overlapping Binding Offers, in the aggregate, meet or exceed the Minimum Purchase Price and such Minimum Purchase Price is payable in full in cash on closing;



- (b) is submitted on or before the Binding Offer Deadline;
- (c) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder;
- (d) is not subject to any financing condition, diligence condition or internal or board approval;
- (e) contains or identifies the key terms and provisions to be included in any Approval Order, including whether such order will be a “reverse vesting order”;
- (f) contains the Binding Offer Bidder’s proposed treatment of employees of Freedom (for example, anticipated employment offers or retained employees, and treatment of post-employment benefits);
- (g) includes acknowledgments and representations of the Binding Offer Bidder that it:
  - (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property and/or the Business in making its Binding Offer; (iii) has not relied upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity, or the completeness of any information provided in connection therewith; and (iv) will promptly commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating the cannabis sector;
- (h) is accompanied by a letter that confirms that the Binding Offer: (i) may be accepted by Freedom by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) Business Days after the date of closing of the applicable Successful Bid; and (B) the Outside Date (as defined below);
- (i) provides for any anticipated corporate, licensing, securityholder, Health Canada, legal or other regulatory approvals required to close the transaction;

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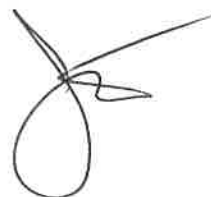
- (j) does not provide for any break or termination fee, expense reimbursement or similar type of payment;
- (k) is accompanied by a deposit in the amount of not less than 10% of the cash purchase price, or total new investment contemplated, as the case may be (the "Deposit"); and
- (l) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is twenty-one (21) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction (the "**Target Closing Date**") and in any event no later than May 30, 2025 (the "**Outside Date**").

29. Paragraphs 21(k) and 21(l) of the SISP establish specific requirements for a Sale Proposal or Partial Sale Proposal and an Investment Proposal under the SISP.

#### Selection of Successful Bid

30. The Monitor, in consultation with Freedom, will review and evaluate each Qualified Bid, taking into account various factors including factors affecting the speed and certainty of closing, the value and nature and the consideration provided for in the Binding Offer (including any assumed liabilities) and any licensing, Health Canada, regulatory or legal approvals, assignments or third party contractual arrangements required to close the transactions. The cash consideration provided in any Qualified Bid shall not be the only criteria on which Qualified Bids are evaluated and the "highest and best" Qualifying Bid may not be the Qualifying Bid with the highest cash purchase price.

31. In the event that no Qualified Bid is received (other than the Stalking Horse Bid) or any Qualified Bids received are determined by the Monitor, in consultation with Freedom, to be inferior to the Stalking Horse Bid, then the Stalking Horse Bid will be deemed the Successful Bid and Freedom will promptly seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.


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32. In the event there is at least one Qualified Bid in addition to the Stalking Horse Bid and such Qualified Bid is not determined by the Monitor, in consultation with Freedom, to be inferior to the Stalking Horse Bid, then a Successful Bid will be identified through an auction (the “**Auction**”).

**The Auction**

33. If the Auction is necessary, it shall be conducted in accordance with the following procedures, among others and as more fully described in paragraph 28 of the SISP:

- (a) the Monitor shall be entitled, in consultation with Freedom, to designate some or all Qualified Bidders (in addition to the Stalking Horse Purchaser) as eligible to participate in the Auction, taking into account the relative terms of the Qualified Bidders (including but not limited to purchase price) and the factors set out in the SISP. Qualified Bidders who are invited to participate in the Auction are referred to as “**Auction Bidders**” and the Stalking Horse Purchaser shall be an Auction Bidder;
- (b) the Auction will occur on April 14, 2025 and may, in the discretion of the Monitor, be held virtually via videoconference, teleconference or other reasonable means;
- (c) prior to the Auction, the Monitor will identify the highest and best of the Qualifying Bid(s) received (which may be an Aggregate Bid) and such Qualifying Bid(s) will constitute the opening bid for the purposes of the Auction (the “**Opening Bid**”). Subsequent bidding will continue in minimum increments valued at not less than \$100,000 cash in excess of the Opening Bid;
- (d) each Auction Bidder 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 Auction Bidder. The Monitor and Freedom shall, no later than April 15, 2025 (or such later date immediately thereafter if the Auction is conducted and not completed in one day) determine which Auction Bidders have submitted (i) the highest and best Binding Offer of the Auction (the “**Successful Bid**”, and the bidder making such Successful Bid, the

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“**Successful Bidder**”), and (ii) the next highest and otherwise second-best Binding Offer of the Auction (the “**Back-Up Bid**”, and the bidder making such Back-Up Bid, the “**Back-Up Bidder**”); and

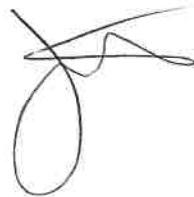
- (e) upon selection of a Successful Bidder and a Back-Up Bidder if any, the Successful Bidder and the Back-Up Bidder, if any, shall each deliver to the Monitor and Freedom, an amended and executed transaction document that reflects their final bid and any other modifications submitted and agreed to during the Auction, on or before April 18, 2025.

34. On or before April 22, 2025 the Successful Bidder and the Back-Up Bidder will complete and execute definitive documentation in respect of the Successful Bid and Back-up Bid (as applicable), which definitive documentation will provide that the Successful Bidder will use all reasonable efforts to close the proposed transaction by no later than the Target Closing Date, or such longer period as may be agreed to by the Monitor, in consultation with Freedom and the Successful Bidder

35. In any event, the Successful Bid must be closed by no later than the Outside Date, being May 30, 2025. If a Back-Up Bid is identified in accordance with the SISP, then such Back-Up Bid shall remain open until the date on which the transaction contemplated by the applicable Successful Bid is consummated or such earlier date as the Monitor, in consultation with Freedom, determines.

36. 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, Freedom and the Monitor, in consultation with 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. Freedom will be deemed to have accepted such Back-Up Bid only when Freedom has made such election, with the Monitor’s consent.

37. The Monitor, in consultation with Freedom, may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the

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Court or providing notice to Participating Bidders, Binding Offer Bidders, Qualified Bidders, the Successful Bidder(s) or the Back-Up Bidder(s), provided that such modification, amendment, variation or supplement is expressly limited to changes that do not alter, amend or prejudice the rights of such bidders and is necessary or useful in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Order.

**Stalking Horse Agreement and Break Fee<sup>2</sup>**

38. The SISP is proposed to be backstopped by the Stalking Horse Bid. Key terms of the Stalking Horse Agreement include the following:

<b>Term</b>	<b>Details</b>
Vendor	Freedom Cannabis Inc. (the “ <b>Company</b> ”)
Purchaser	2644323 Alberta Ltd.
Guarantor	JL Legacy Ltd.
Transaction Structure	Reverse vesting share purchase transaction structure. At Closing, among other things: <ul style="list-style-type: none"><li>(a) ResidualCo shall be added to the CCAA Proceeding as an applicant;</li><li>(b) the Company shall, to the extent it has not done so already, terminate all employees deemed to be Terminated Employees pursuant to Section 10.5;</li><li>(c) the Excluded Assets and the Excluded Liabilities shall be transferred from the Company to Residual Co.;</li><li>(d) the Company shall file or deposit the Articles of Reorganization with the applicable Government Authority;</li><li>(e) the Company shall issue the Purchased Shares;</li></ul>

<sup>2</sup> In this section capitalized terms used but not otherwise defined have the meanings given to them in the Stalking Horse Agreement. This section is intended to be a summary only. Where this section conflicts with the Stalking Horse Agreement, the Stalking Horse Agreement governs.




	<ul style="list-style-type: none"><li>(f) all outstanding Equity Interests in the Company shall be cancelled for no consideration pursuant to the Approval and Vesting Order;</li><li>(g) the Purchaser shall satisfy the Purchase Price in accordance with the terms of the Agreement;</li><li>(h) Closing shall be deemed to have occurred; and</li><li>(i) the Monitor shall deliver the Monitor's Certificate;</li></ul>
Purchase Price	<p>The aggregate consideration payable by the Purchaser for the Purchased Shares is equal to the sum of:</p> <ul style="list-style-type: none"><li>(a) an amount equivalent to (i) the amount owing under the DIP Facility plus all accrued and unpaid interest thereon through to and including the Closing Date, plus any fees and expenses associated therewith (the "<b>DIP Facility Credit Bid Amount</b>"); and (ii) the sum of \$14,200,000 owing under the Senior Loan Agreements, (the "<b>Senior Loan Credit Bid Amount</b>" and together with the DIP Facility Credit Bid Amount, the "<b>Credit Bid Consideration</b>");</li><li>(b) the amount of the Retained Liabilities;</li><li>(c) the Contract Cure Costs, if any; and</li><li>(d) the Priority Payment Amount and the CCAA Process Expense Amount (the "<b>Cash Consideration</b>").</li></ul>
Excluded Assets	<p>As of Closing, Excluded Assets includes the following assets of the Company:</p> <ul style="list-style-type: none"><li>(a) The Excluded Contracts.</li><li>(b) Any interest the Company may have in Viridis Natural Health Products Ltd. and/or 2082312 Alberta Ltd.</li><li>(c) All Tax Liabilities of the Company for any tax period or the portion thereof prior to the Filing Date including any Liabilities to which the Existing RTPs relate.</li></ul>

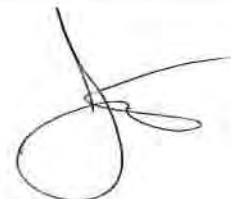




Retained Liabilities	<p>As of Closing, the only obligations and liabilities of the Company (the “<b>Retained Liabilities</b>”) shall consist of the items specifically set forth below:</p> <ul style="list-style-type: none"><li>(a) All post-Filing Claims contemplated by the cash flow projections attached to any Monitor’s reports filed in the CCAA Proceedings but not paid yet on the Closing Date.</li><li>(b) All Contract Cure Costs, if any.</li><li>(c) All Liabilities under the Retained Contracts from and after the Closing Time.</li><li>(d) The amount owing under the Senior Loan Agreements after release of the Senior Loan Credit Bid Amount including any principal outstanding in connection therewith, interest accrued thereunder and other fees owing in connection therewith.</li><li>(e) All trade payables relating to the Business incurred after the Filing Date but prior to the Closing Time that remain outstanding as at the Closing Time.</li><li>(f) Any Tax Liabilities (including source deductions) of Freedom Cannabis for (i) any tax period or the portion thereof beginning on or after the Closing Date; and (ii) accrued in respect of the period after the Filing Date (other than, for certainty, all Taxes owed or owing or accrued due by the Company in respect of the period prior to the Filing Date even if assessed after the Filing Date). All Liabilities of the Company arising from and after the Closing Time.</li><li>(g) All Liabilities related to the Permitted Encumbrances.</li></ul>
Excluded Liabilities	<p>Except for the Retained Liabilities, all Claims and all debts of the Company shall be assigned to and become the sole obligation of Residual Co.</p>
As Is, Where Is	<p>The Purchaser specifically acknowledges and agrees that, except for the representations and warranties of the Company as expressly and specifically set forth in Article 4 of the Stalking Horse Agreement, the Purchaser is acquiring the Purchased Shares on an “as is, where is” basis.</p>

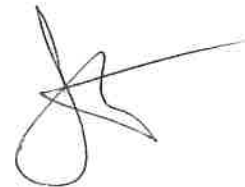


Employees	The Purchaser will determine which employees it will assume and employ prior to the Closing Date. In the event that no conditional offer of employment is made to an employee or an employee who receives an offer of employment rejects such offer, such employee shall be deemed to be a "Terminated Employee". All Liabilities owing to any such Terminated Employee in respect of such termination, including all amounts owing on account of statutory notice, termination payments, common law notice or pay in lieu thereof, severance, vacation pay, benefits, bonuses or other compensation or entitlements of any kind (" <b>Employee Termination Costs</b> ") shall be Excluded Liabilities.
Mutual Conditions to Closing	<p>The respective obligations of the Purchaser and the Company to consummate the transactions contemplated by the Stalking Horse Agreement are subject to the satisfaction of, or compliance with, at or prior to the Closing Time, each of the following conditions:</p> <ul style="list-style-type: none"><li>(a) the Approval and Reverse Vesting Order shall have been issued and entered and shall not have been stayed, varied, vacated or appealed (or any such appeal shall have been dismissed with no further appeal therefrom), and all applicable appeal periods shall have passed such that the Approval and Reverse Vesting Order is a final order;</li><li>(b) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the transactions contemplated by the Stalking Horse Agreement;</li><li>(c) the Stalking Horse Agreement will be the Successful Bid (as determined pursuant to the SISP);</li><li>(d) the Parties shall have received the required Transaction Regulatory Approvals and all such Transaction Regulatory Approvals shall be in full force and effect, except for Transaction Regulatory Approvals that need not be in full force and effect prior to Closing; and</li><li>(e) 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 transactions contemplated by this Agreement;</li></ul>



Break Fee	In consideration for the Purchaser's expenditure of time and money (including professional fees) in connection with the preparation of the preparation of the Stalking Horse Agreement, and in performing due diligence pursuant to the Stalking Horse Agreement, the purchaser shall be entitled to an Break Fee of \$400,000. The Break Fee is subject to Court approval and shall be approved in the SISP Order and shall be payable to the Purchaser out of the sale proceeds derived from, and upon completion of, a Successful Bid, other than the Stalking Horse Bid.
Closing Date	A date no later than five (5) Business Days after the conditions in Article 9 have been satisfied or waived; provided that the Closing Date shall be no later than the Outside Date.

39. A copy of the Stalking Horse Agreement is attached hereto as **Exhibit "B"**.
40. Freedom is of the view that the inclusion of the Stalking Horse Agreement as part of the SISP will maximize value for the benefit of all of its stakeholders by, among other things: (i) setting a baseline price and commercial terms for a transaction involving the shares and/or the Business and Property; (ii) helping to generate interest in Freedom among potential purchaser; (iii) creating tension in the context of an Auction; and (iv) providing a level of certainty, stability and efficiency during the SISP, both in terms of setting a baseline price and documentation for the SISP and assuring stakeholder groups that there will be a going concern sale involving the Business and Property.
41. While Freedom is optimistic that the SISP will result in a competitive bidding process with a goal of finding a value maximizing transaction, the Stalking Horse Agreement assures the preservation and continuity of the Business as a going concern.
42. The terms of the Stalking Horse Agreement have been negotiated extensively between Freedom, the Monitor and the Stalking Horse Purchaser. I believe that the consideration provided under the Stalking Horse Agreement is both fair and reasonable in the circumstances, and reflects the product of extensive, good faith negotiations.
43. I understand that the Monitor supports the approval of the Stalking Horse Agreement for the purpose of acting as the Stalking Horse Bid under the SISP.



## AMENDMENT TO DIP TERM SHEET

44. As noted above, availability under the DIP Term Sheet was increased to in the maximum principal amount of \$3,900,000 pursuant to a first amended DIP Term Sheet dated as of December 11, 2024 (the “**First DIP Amendment**”). Under the First DIP Amendment the DIP Term Sheet matures on February 28, 2025.

45. Total borrowings under the DIP Facility (as defined in the Initial Order) since the Initial Order was granted were approximately \$2,200,000 (exclusive of accrued interest and expenses) as at February 7, 2025.

46. As appears from the Updated Cash Flow Forecast (the “**Updated Cash Flow Forecast**”), a copy of which will be attached to the Fifth Report of the Monitor to be filed in support of the within application, Freedom expects to require additional interim funding in order to maintain operations and fund these *CCAA* proceedings through the proposed extension of the Stay Period.

47. Accordingly, on or about February 13, 2025 the DIP Lender and Freedom entered into the second amendment to the DIP Term Sheet (the “**Second DIP Amendment**”). The Second DIP Amendment amends the following provisions of the DIP Term Sheet:

- (a) Loan Amount – increases availability under the DIP Term Sheet from \$3,900,000 to \$4,500,000; and
- (b) Maturity Date – extended from February 28, 2025 to April 30, 2025.

48. A copy of the Second DIP Amendment is attached hereto as **Exhibit “C”**.

49. Freedom is seeking approval of (i) the Second DIP Amendment; and (ii) amendments to paragraphs 31, 32 and 37 of the ARIO to authorize borrowings under the DIP Facility and increase the DIP Lender’s Charge to \$4,500,000 to account for the projected funding required during the forecast period. The DIP Lender’s Charge will continue to secure all obligations outstanding under the DIP Facility.

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50. I understand that the Monitor is of the view that the Second DIP Amendment and proposed amendments to paragraphs 31, 32 and 37 of the ARIO are reasonable and necessary in the circumstances and is supportive of the relief sought.

**STAY EXTENSION**

51. The current Stay Period expires on February 28, 2025. Freedom is seeking an extension of the Stay Period to April 30, 2025.

52. The extension of the Stay of Proceedings is necessary and appropriate in the circumstances to provide Freedom with continued breathing space while it attempts to maximize value for the benefit of their stakeholders through the *CCAA* proceedings and to run the SISP sought herein.

53. The Monitor and Freedom require time to properly and diligently implement and carry out the SISP in accordance with its terms and the SISP Order, to obtain the maximum value possible for all stakeholders.

54. In addition to the foregoing, should this Honourable Court grant the Stay Extension Order, Freedom anticipates carrying out the following activities, among other things:

- (a) continuing discussions with the Landlord;
- (b) continuing discussions with the CRA in relation to the Licenses;
- (c) continuing discussions with stakeholders and employees; and
- (d) ensuring payments are made to suppliers during the Stay Period.

55. Freedom has acted, and are acting, in good faith and with due diligence in advancing these *CCAA* proceedings.

56. I do not believe that any creditor will suffer material prejudice as a result of the extension of the Stay Period. Freedom's stakeholders will benefit from the extension of the Stay Period and the Monitor is supportive of the relief sought.

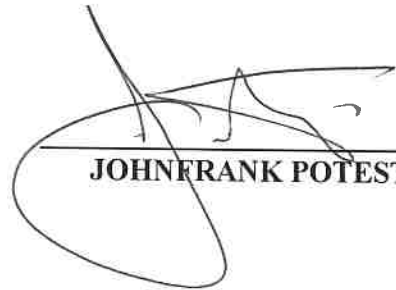
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**CONCLUSION**

57. I make this Affidavit in support of the relief sought in the within Application and for no other improper purpose.

**SWORN BEFORE ME**

A lawyer in and for the Province of Alberta at the City of Calgary, in the Province of Alberta, by two-way video conferencing with the deponent who was at Acheson in the Province of Alberta, this 18<sup>th</sup> day of February, 2025 on the basis of evidence provided to me that enabled me to verify the deponent's identity and confirm the contents of the document being executed



**JOHNFRANK POTESTIO**

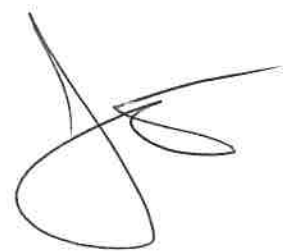
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Commissioner for Oaths in and for Alberta

THIS IS **EXHIBIT "A"** TO THE AFFIDAVIT OF JOHNFRANK POTESTIO  
SWORN BEFORE ME THIS 18<sup>TH</sup> DAY OF FEBRUARY 2025.

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Notary Public/Commissioner for Oaths in and for Alberta

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## APPENDIX "A"

### Bidding Procedures for the Sale and Investment Solicitation Process

Pursuant to an order of the Court of King's Bench of Alberta (the "**Court**") made on August 8, 2024 (as amended and restated, the "**Initial Order**"), Freedom Cannabis Inc. (the "**Applicant**" or "**Freedom**") was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**" and the proceedings thereunder, the "**CCAA Proceedings**"), and KPMG Inc. ("**KPMG**") was appointed monitor of the Applicant (in such capacity, the "**Monitor**"). In connection with the CCAA Proceedings, Freedom's partially owned (51%) subsidiaries, 2563138 Alberta Ltd. and 2399751 Alberta Ltd. (collectively, the "**Non-applicant Stay Parties**" and together with Freedom the "**Freedom Group**") were granted the benefits and protections of the Initial Order.

On February 26, 2025, the Court granted an order (the "**SISP Order**"), authorizing the Monitor, in consultation with the Freedom Group, to undertake a sale and investment solicitation process ("**SISP**") for the sale of the Freedom Group's property, assets and undertakings (the "**Property**") and/or its business (the "**Business**"). The SISP will be conducted by the Monitor in the manner set forth herein and in accordance with the SISP Order.

Among other things, the SISP Order also: (a) approved the procedures set out in this Schedule (the "**Bidding Procedures**") for the solicitation of offers or proposals (each, a "**Bid**") for the acquisition of the Property and the Business or some portion thereof; and (b) approved the form of stalking horse agreement (as same may be amended from time to time pursuant to its terms and the SISP Order, the "**Stalking Horse Agreement**") to be entered into between each of Freedom and 2644323 Alberta Ltd. (in such capacity, the "**Stalking Horse Bidder**") for the purposes of serving as the stalking horse bid in the SISP (the "**Stalking Horse Bid**"). For the avoidance of doubt, the implementation of the transactions contemplated by the Stalking Horse Agreement is conditional upon the Stalking Horse Bid being selected as a Successful Bid (as defined below) in accordance with the Bidding Procedures, and Court approval of the Stalking Horse Agreement and the transactions contemplated therein on a subsequent motion to be brought by the Applicant following the completion of the SISP.

#### Defined Terms

1. Capitalized terms used in these Bidding Procedures and not otherwise defined herein have the meanings given to them in **Appendix "A"** hereto.

#### Bidding Procedures

##### *Opportunity*

2. The SISP is intended to solicit interest in and opportunities for a sale of, or investment in, all or part of the Freedom Group's Property and Business (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, refinancing, recapitalization or other form of reorganization of the business and affairs of the Freedom Group as a going concern, or a sale of all, substantially all or one or more components of the Freedom Group's Property and Business as a going concern or otherwise.
3. The Stalking Horse Agreement constitutes a Binding Offer and a Qualified Bid (each as defined below) by the Stalking Horse Bidder (which constitutes a Binding Offer Bidder and a Qualified Bidder (each as defined below)) for all purposes and at all times under this SISP and will serve as the Stalking Horse Bid for purposes of this SISP and the Bidding Procedures. The Stalking Horse Bidder shall have the right to participate in the Auction (as defined





below), if any. Notwithstanding the Stalking Horse Agreement and proposed transactions therein, all interested parties are encouraged to submit bids based on any form of Opportunity that they may elect to advance pursuant to the SISP, including as a Sale Proposal (as defined below), a Partial Sale Proposal (as defined below), or an Investment Proposal (as defined below). A copy of the Stalking Horse Agreement will be made available to all Qualified Bidders (as defined below) and a form of such agreement, to be uploaded to the VDR (as defined below), shall be used as the basis for any Binding Offer made in the SISP.

4. The Bidding Procedures describe (a) the manner in which prospective bidders may gain access to due diligence materials concerning the Freedom Group, the Property and the Business, (b) the manner in which bidders may participate in the SISP, (c) the terms of the requirements, delivery and negotiation of bids received, (d) the ultimate selection of a Successful Bidder (as defined below), and (e) the requisite approvals to be sought from the Court in connection therewith.
5. Subject to Paragraph [22] below, the Monitor, in consultation with the Freedom Group, may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Participating Bidders, Binding Offer Bidders, Qualified Bidders, the Successful Bidder(s) or the Back-Up Bidder(s) (each as defined below), provided that such modification, amendment, variation or supplement is (a) expressly limited to changes that do not alter, amend or prejudice the rights of such bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and (b) necessary or useful in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Order. Notwithstanding the foregoing, the dates or time limits indicated in the table contained below may be extended by the Monitor, with the consent of the Freedom Group and the DIP Lender, as the Monitor deems necessary or appropriate, acting reasonably, or by order of the Court.
6. The Monitor will post on the Monitor's website and serve on the service list maintained in the CCAA Proceedings, as soon as practicable, any such modification, amendment, variation or supplement to these Bidding Procedures and inform the bidders impacted by such modifications.
7. In the event of a dispute as to the interpretation or application of the SISP Order or these Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute. For the avoidance of doubt, all bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and closing of a Successful Bid, as applicable.
8. A summary of the key dates pursuant to the SISP are set out below:<sup>1</sup>

<b>Milestone</b>	<b>Date</b>
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA (each as defined below), access to VDR	No later than two (2) Business Days after Court Approval of the SISP (i.e. February 27, 2025)

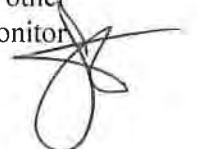
<sup>1</sup> This summary is provided for illustrative purposes only, and the terms of these Bidding Procedures other than Paragraph 8 shall govern in the case of any inconsistency between Paragraph 8 and any other section of the Bidding Procedures.



Binding Offer Deadline (as defined below)	April 9, 2025 at 3:00pm MST
<b><i>If no Qualified Bids are received other than Stalking Horse Bid</i></b>	
Selection of Stalking Horse Bid as Successful Bid	April 9, 2025
Hearing of Approval Motion (as defined below)	April 23, 2025 or earliest date available thereafter
Closing of Stalking Horse Bid	As soon as possible but no later than June 30, 2025
<b><i>If Qualified Bids are received other than the Stalking Horse Bid</i></b>	
Deadline to notify Qualified Bidders of Auction	April 11, 2025
Auction	April 14, 2025
Selection of Successful Bid and Back-Up Bidder, if needed	April 15, 2025 or such later date immediately thereafter if the Auction is not completed in one day
Execution of Definitive Transaction Documentation reflecting changes to Qualified Bid arising from Auction	April 21, 2025
Hearing of Approval Motion	April 30, 2025 or earliest date available thereafter
Closing of Successful Bid	As soon as possible but no later than June 30, 2025

***Solicitation of Interest: Notice of the SISP***

9. As soon as reasonably practicable, but, in any event, by no later than two (2) Business Days after the granting of the SISP Order:
  - a) the Monitor, in consultation with the Freedom Group, will prepare a list of potential bidders, including (i) parties that have approached the Freedom Group, the Monitor or the DIP Lender indicating an interest in the Opportunity, and (ii) strategic and financial parties who Freedom, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business or the Property or investing in Freedom pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, the “**Known Potential Bidders**”);
  - b) the Freedom Group or Freedom (as applicable) will issue a press release setting out the information contained in the Notice and such other relevant information which the Monitor, in consultation with the Freedom Group and the DIP Lender, determines is appropriate; and
  - c) the Monitor, in consultation with the Freedom Group, will prepare (i) a process summary (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) a non-disclosure agreement in form and substance satisfactory to the Freedom Group, the Monitor and their respective counsel, which shall enure to the benefit of any purchaser of the Business or Property or any part thereof (an “**NDA**”).
10. The Monitor will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder by no later than two (2) Business Days after the granting of the SISP Order, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor



as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

11. In addition to the foregoing, within five (5) Business Days after the granting of the SISP Order, the Monitor shall cause a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Freedom Group, considers appropriate) (the “**Notice**”) to be published in one or more trade industry and/or insolvency-related publications as may be considered appropriate by Freedom and the Monitor.

### **Virtual Data Room**

12. A confidential virtual data room (the “**VDR**”) in relation to the Opportunity will be made available by the Freedom Group and the Monitor to Participating Bidders (as defined below). The VDR will include all documentary materials available to the Freedom Group or the Monitor that are reasonably likely to be relevant to Participating Bidders in their assessment of the Opportunity, and shall include the Teaser Letter, the Stalking Horse Agreement and a form of asset/share purchase agreement to be used by Participating Bidders in making bids. The VDR shall be made available as soon as practicable following the granting of the SISP Order. The Monitor, in consultation with the Freedom Group, may establish or cause the Freedom Group to establish separate VDRs, if the Monitor, in consultation with the Freedom Group, reasonably determines that doing so would further the Freedom Group and any Potential Bidder’s compliance with applicable antitrust and competition laws, or would prevent the distribution of commercially sensitive competitive information.
13. The Monitor may, in consultation with the Freedom Group, limit the access of any Potential Bidder to any confidential information in the VDR where the Monitor, in consultation with the Freedom Group, 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.

### **Participating Bidders and Delivery of Confidential Information**

14. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must provide to the Monitor and counsel to the Freedom Group, at the addresses specified in Appendix “B” hereto (including by email transmission), in form and substance acceptable to the Monitor, in consultation with the Freedom Group, (a) an NDA executed by it, (b) written confirmation of the identity of the Potential Bidder, (c) the contact information for such Potential Bidder, (d) full disclosure of the direct and indirect principals of the Potential Bidder, and (e) documentary evidence of such Potential Bidder’s financial wherewithal and ability to consummate a sale or investment pursuant to the SISP, in the form of proof of cash-on-hand and/or unconditionally committed financing.
15. A Potential Bidder who has satisfied the requirements in Paragraph 14(a) through (e) will be deemed a “**Participating Bidder**”. All Participating Bidders will be granted access to the VDR. For the avoidance of doubt, the Stalking Horse Bidder is, and will be deemed to be, a Participating Bidder.
16. The Freedom Group, 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. Participating Bidders must rely solely on their own independent review, 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 they enter into with Freedom Group.

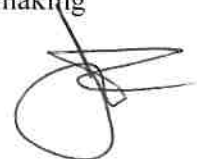
17. At any time during the SISP, the Monitor may, in its reasonable judgment, and in consultation with Freedom, eliminate a Participating Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a "Participating Bidder" for the purposes of the SISP.

### **Due Diligence**

18. The Monitor and the Freedom Group, shall, subject to competitive and other business considerations, afford each Participating Bidder such access to due diligence materials and information relating to the Property and Business as the Monitor, in consultation with the Freedom Group, may deem appropriate. Any materials provided to a Participating Bidder at such Participating Bidder's request shall also be posted in the VDR, subject to Paragraphs 12, 13 and 19. Due diligence access may include management presentations, access to the VDR, on-site inspections, and other matters which a Participating Bidder may reasonably request and as to which the Monitor, in its reasonable judgment, and in consultation with the Freedom Group, may agree. Any access or interactions with the Freedom Group's management and personnel shall be coordinated through the Monitor.
19. The Monitor shall be solely responsible for coordinating and responding to all requests for information and due diligence access from Participating Bidders; Participating Bidders with such requests shall make them to the Monitor, in writing, at the addresses specified in Appendix "B" hereto (including by email transmission). Neither the Monitor, nor the Freedom Group through the Monitor, will be obligated to furnish any information relating to the Property or Business to any person other than to Participating Bidders. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Participating Bidders if the Monitor, in consultation with Freedom Group, determines such information to represent proprietary or sensitive competitive information.

### **Formal Binding Offers**

20. Any Participating Bidder (other than the Stalking Horse Bidder) that wishes to make a formal offer to (a) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase or a combination thereof (either one, a "**Sale Proposal**" or a portion of the Property or the Business, a "**Partial Sale Proposal**"); or (b) make an investment in, restructure, recapitalize or refinance Freedom or the Business or a portion thereof (an "**Investment Proposal**", together with a Sale Proposal and a Partial Sale Proposal, a "**Binding Offer**"): shall (i) in the case of a Sale Proposal, provide its offer in the form of a template purchase agreement provided in the VDR, along with a marked version showing edits to the original form of the template provided in the VDR, and a marked version compared to the Stalking Horse Agreement; or (ii) in the case of an Investment Proposal, provide a plan or restructuring support agreement (the "**Binding Offer Bidder**"), in each case, to the Freedom Group and Monitor at the addresses specified in Appendix "B" hereto (including by email transmission), no later than 3:00pm MST on April 9, 2025 (the "**Binding Offer Deadline**").
21. A Binding Offer will be considered a "Qualified Bid", and the Binding Offer Bidder making such Binding Offer a "Qualified Bidder", if it:



- a) provides net cash proceeds on closing via provisions that meet the following requirements, that are not less than the aggregate total of: (a) the amount of cash payable under the Stalking Horse Agreement; plus (b) the "Credit Bid Consideration" (as defined in the Stalking Horse Agreement); plus (c) the "Break Fee" (as defined in the Stalking Horse Agreement), plus (d) a minimum overbid amount of \$100,000 ((a) through (d), in the aggregate, the "**Minimum Purchase Price**"); provided, however, that the Monitor may, in its reasonable judgment, and in consultation with the Freedom Group, deem this criterion satisfied if the Binding Offer, together with one or more other non-overlapping Binding Offers, in the aggregate, meet or exceed the Minimum Purchase Price and such Minimum Purchase Price is payable in full in cash on closing (such bids, "**Aggregated Bids**", and each an "**Aggregated Bid**");
- b) is submitted on or before the Binding Offer Deadline;
- c) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder;
- d) is not subject to any financing condition, diligence condition or internal or board approval;
- e) contains or identifies the key terms and provisions to be included in any Approval Order, including whether such order will be a "reverse vesting order";
- f) contains the Binding Offer Bidder's proposed treatment of employees of the Freedom Group (for example, anticipated employment offers or retained employees, and treatment of post-employment benefits);
- g) includes acknowledgments and representations of the Binding Offer Bidder that it: (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property and/or the Business in making its Binding Offer; (iii) has not relied upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity, or the completeness of any information provided in connection therewith; and (iv) will promptly commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating the cannabis sector;
- h) is accompanied by a letter that confirms that the Binding Offer: (i) may be accepted by Freedom by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) Business Days after the date of closing of the applicable Successful Bid; and (B) the Outside Date (as defined below);
- i) provides for any anticipated corporate, licensing, securityholder, Health Canada, legal or other regulatory approvals required to close the transaction;
- j) does not provide for any break or termination fee, expense reimbursement or similar type of payment;
- k) in the case of a Sale Proposal or Partial Sale Proposal, includes:

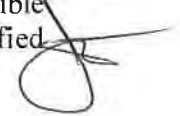
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- i. the specific purchase price in Canadian dollars and a description of any non-cash consideration;
  - ii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
  - iii. a description of all executory contracts of Freedom that the Binding Offer Bidder will assume or retain, and clearly describes, for each contract or on an aggregate basis, how all monetary defaults will be remedied, as applicable; and
  - iv. a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume or retain and which such liabilities and obligations it does not intend to assume or retain, and are to be excluded as part of the transaction;
- l) the case of an Investment Proposal, includes:
  - i. a description of how the Binding Offer 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 Applicant in Canadian dollars;
  - iii. a description of all executory contracts of Freedom that the Binding Offer Bidder will assume or retain, and clearly describes, for each contract or on an aggregate basis, how all monetary defaults will be remedied, as applicable;
  - iv. the underlying assumptions regarding the pro forma capital structure; and
  - v. a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume or retain and which liabilities and obligations it does not intend to assume or retain and are to be excluded as part of the transaction;
- m) is accompanied by a deposit in the amount of not less than 10% of the cash purchase price, or total new investment contemplated, as the case may be (the “**Deposit**”);
- n) is accompanied by an acknowledgement that (i) if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be held and dealt with as described in Paragraph 32 below; and (ii) if the Binding Offer Bidder is selected as a Back-Up Bidder, that the Deposit will be held and dealt with as described in Paragraph 32 below;
- o) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is twenty-one (21) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction (the “**Target Closing Date**”) and in any event no later than June 30, 2025 (the “**Outside Date**”); and



- p) includes such other information as reasonably requested or identified in writing by the Monitor in consultation with Freedom, prior to the Binding Bid Deadline as being necessary or required by the Monitor.
22. Without limiting Paragraph 5, the Monitor, in its reasonable judgment, and in consultation with the Freedom Group, may waive strict compliance with any one or more of the requirements specified above (with the exception of the requirements contained in Paragraphs 21(a) and 21(m), which cannot be waived without the prior written consent of the DIP Lender) and designate a noncompliant Binding Offer as a Qualified Bid.

### **Selection of Successful Bid**

23. The Monitor, in consultation with the Freedom Group, may, following the receipt of any Binding Offer that is not a Qualified Bid, including one or more Binding Offers comprising an Aggregated Bid, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered a Qualified Bid.
24. The Monitor and the Freedom Group, will review and evaluate each Qualified Bid, taking into account the factors set out in Paragraph 21, including factors affecting the speed and certainty of closing, the value and nature of the consideration provided for in the Binding Offer (including any assumed liabilities), and any licensing, Health Canada, regulatory or legal approvals, assignments or third party contractual arrangements required to close the transactions. The cash consideration provided for in any Qualified Bid shall not be the only criteria on which Qualified Bids are evaluated, and the "highest and best" Qualifying Bid may not be the Qualifying Bid with the highest cash purchase price.
25. The Monitor, in consultation with the Freedom Group, may, following the receipt of any Qualified Bid, including one or more Binding Offers comprising an Aggregated Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid in order to improve the Qualified Bid, provided that no Qualified Bidder shall be required to amend its Qualified Bid.
26. In the event that no Qualified Bid is received (other than the Stalking Horse Bid), or any Qualified Bids received are determined by the Monitor, in consultation with the Freedom Group, to be inferior to the Stalking Horse Bid based on the considerations set out in Paragraph 24, then the Stalking Horse Bid shall be deemed the Successful Bid (as defined below), and the Freedom Group will promptly seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.
27. In the event there is at least one Qualified Bid in addition to the Stalking Horse Bid received and such Qualified Bid is not determined by the Monitor, in consultation with the Freedom Group, to be inferior to the Stalking Horse Bid based on the considerations set out in Paragraph 24, then a Successful Bid will be identified through an auction (the "Auction") in accordance with the procedure set out below.
28. In the event that an Auction is required in accordance with the terms of these Bidding Procedures, it will be conducted in accordance with the procedures set forth in this paragraph:
- a) The Monitor shall be entitled, in consultation with the Freedom Group, to designate some or all Qualified Bidders (in addition to the Stalking Horse Bidder) as eligible to participate in the Auction, taking into account the relative terms of the Qualified
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Bidders (including but not limited to purchase price) and the factors set out in Paragraph 24. Qualified Bidders who are invited to participate in the Auction are referred to as "Auction Bidders". For the avoidance of doubt, the Stalking Horse Bidder shall be an Auction Bidder.

- b) The Auction will commence at a time to be designated by the Monitor, on April 14, 2025, and may, in the discretion of the Monitor, be held virtually via videoconference, teleconference or such other reasonable means as the Monitor deems appropriate. The Monitor will consult with the parties permitted to attend the Auction to arrange for the Auction to be so held. Subject to the terms hereof, the Monitor, in consultation with Freedom, may postpone the Auction.
- c) Except as otherwise permitted in the Monitor's discretion, only Freedom, the Monitor and the Auction Bidders, and, in each case, their respective professionals and representatives, will be permitted to attend the Auction.
- d) Each Auction Bidder shall designate a single individual to be its representative and spokesperson for the purposes of the Auction, and shall participate in the Auction through such duly authorized representative.
- e) Except as otherwise set forth herein, the Monitor may waive and/or employ and announce at the Auction additional rules, including rules to facilitate the participation of parties participating in an Aggregated Bid, that are reasonable under the circumstances for conducting the Auction, provided that such rules are:
  - i. not inconsistent with the Initial Order, the SISP, the Bidding Procedures, the CCAA, or any order of the Court issued in connection with the CCAA Proceedings;
  - ii. disclosed to each Auction Bidder; and
  - iii. designed, by the Monitor, in its reasonable judgment, and in consultation with Freedom, to result in the highest and otherwise best offer.
- f) Each Auction Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Freedom Group or any other person regarding the SISP. For greater certainty, communications between the Stalking Horse Bidder or the DIP Lender and either the Freedom Group or the Monitor with respect to and in preparation of the Stalking Horse Agreement, the SISP and the Bidding Procedures will not represent collusion nor communications prohibited by this paragraph.
- g) Prior to the Auction, the Monitor will identify the highest and best of the Qualifying Bid(s) received (which may be an Aggregate Bid), and such Qualifying Bid(s) will constitute the opening bid for the purposes of the Auction (the "Opening Bid"). Subsequent bidding will continue in minimum increments valued at not less than \$100,000 cash in excess of the Opening Bid. Each Auction Bidder will provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price, if required by the Monitor. Further, in the event that an Aggregated Bid qualifies to participate in the Auction, modifications to the bidding requirements may be made by the Monitor, in consultation with the Freedom Group, to facilitate bidding by the participants in the Aggregated Bid.



- h) All Auction Bidders will have the right, at any time, to request that the Monitor announce, subject to any potential new bids, the then-current highest and best bid and, to the extent requested by any Auction Bidder, use reasonable efforts to clarify any and all questions such Auction Bidder may have regarding the Monitor's announcement of the then-current highest and best bid.
  - i) Each Auction Bidder 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 Auction Bidder. The Monitor, in consultation with the Freedom Group, shall determine which Auction Bidders have submitted (i) the highest and best Binding Offer of the Auction (the "**Successful Bid**"), and the bidder making such Successful Bid, the "**Successful Bidder**"), and (ii) the next highest and otherwise second-best Binding Offer of the Auction (the "**Back-Up Bid**"), and the bidder making such Back-Up Bid, the "**Back-Up Bidder**").
  - j) Upon selection of a Successful Bidder and a Back-Up Bidder, if any, the Successful Bidder and the Back-Up Bidder, if any, shall each deliver to the Freedom Group and the Monitor an amended and executed transaction document that reflects their final bid and any other modifications submitted and agreed to during the Auction, on or before April 18, 2025.
  - k) Any bids submitted after the conclusion of the Auction will not be considered.
  - l) The Monitor, in consultation with the Freedom Group, shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.
29. A Successful Bid and Back-Up Bid, if any, will be selected by no later than April 15, 2025 (or such later date immediately thereafter if the Auction is conducted and not completed in one day), and the 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 no later than April 22, 2025, which definitive documentation will provide that the Successful Bidder will use all reasonable efforts to close the proposed transaction by no later than the Target Closing Date, or such longer period as may be agreed to by the Monitor, in consultation with Freedom and the Successful Bidder, subject to the terms hereof. In any event, such Successful Bid must be closed by no later than 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 Freedom Group, 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 Freedom Group and the Monitor, in consultation with 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 Freedom Group will be deemed to have accepted such Back-Up Bid only when the Freedom Group has made such election, with the Monitor's consent.

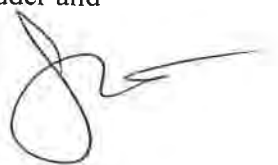
Approval of Successful Bid



30. Freedom will apply to the Court (the “**Approval Motion**”) for one or more orders: (i) approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby (such order shall also approve the Back-Up Bid(s), if any, should the Successful Bid(s) not close for any reason); and (ii) granting a vesting order and/or reverse vesting order to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) and/or vesting unwanted assets and liabilities out of the Freedom Group (collectively, the “**Approval Order(s)**”). The Approval Motion will be held on a date to be scheduled by the Freedom Group and confirmed by the Court. With the consent of the Monitor and the applicable Successful Bidder(s), the Approval Motion may be adjourned or rescheduled by the Freedom Group without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list maintained in the CCAA Proceedings prior to the Approval Motion. The Freedom Group will consult with the Monitor and the applicable Successful Bidder regarding the motion material to be filed by Freedom for the Approval Motion.
31. All Binding Offers (other than the Successful Bid(s) but including the applicable Back-Up Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s), with no further or continuing obligation of the Freedom Group to any unsuccessful Binding Offer Bidders.

### **Deposits**

32. The Deposit(s):
- a) will, upon receipt from the Binding Offer Bidder(s), 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 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 Freedom 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 Binding Offer Bidder(s) that are not a Successful Bidder or a Back-Up Bidder will be fully refunded to the Binding Offer Bidder(s) that paid the Deposit(s) as soon as practical following the selection of the Successful Bidder and Back-Up Bidder.



33. Notwithstanding anything to the contrary herein, the Stalking Horse Bidder will not be required to provide a Deposit.

**“As is, Where is”**

34. Any sale (or sales) of the Property or the Business or portions thereof will be on an “**as is, where is**” basis except for representations and warranties that are customarily provided in purchase agreements for a company subject to CCAA proceedings. Any such representations and warranties provided for in the definitive documents will not survive closing.

**Free of Any and All Claims and Interests**

35. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Freedom Group 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**”) pursuant to section 36(6) of the CCAA, such Claims and Interests to 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 or the Approval Order.

**Credit Bidding**

36. 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 secured obligations owing to it (to the extent that the Monitor has determined that the applicable security is valid, enforceable and in first priority) including any obligations under the DIP Facility to the extent that the DIP Facility is validly assigned to the Stalking Horse Bidder by the DIP Lender, and including all interest, costs and fees to which the Stalking Horse Bidder is entitled pursuant to its relevant loan, interim financing, debenture, promissory note and/or security agreements with the Freedom Group.

**Confidentiality**

37. For greater certainty, other than as required in connection with any Auction or Approval Motion, neither the Freedom Group nor the Monitor will disclose: (a) the identity of any Potential Bidder or Qualified Bidder (other than the Stalking Horse Bidder); or (b) the terms of any bid, Sale Proposal, Investment Proposal or Binding Offer (other than the Stalking Horse Agreement), to any other bidder or any of its affiliates (provided that disclosure may be made to the DIP Lender when expressly contemplated by the SISP, such as in the event that no single Binding Offer provides for net cash proceeds that are at least equal to the Minimum Purchase Price), except to the extent the Monitor, with the consent of such applicable parties is seeking to combine separate bids into Aggregated Bids. Potential Bidders, Participating Bidders, Qualified Bidders and Auction Bidders (including, in each case, the Stalking Horse Bidder) and each of their respective affiliates shall not communicate with, or contact, directly or indirectly, any other Potential Bidder, Participating Bidder, Qualified Bidder, Auction Bidder, or their respective affiliates, or any secured creditors of Freedom, without the express written consent of the Monitor (which consent may be refused in the Monitor’s sole discretion), and such communications or discussions shall take place under the supervision of the Monitor. Nothing in this Paragraph 37 shall prohibit the Monitor



from filing details of Potential Bidders, Participating Bidders, Qualified Bidders and Auction Bidders, or their respective Binding Offers and Qualified Bids, as part of a Monitor's Report in connection with the motion for an Approval Order, provided that the Monitor shall file any commercially sensitive or confidential information confidentially, with a request for a sealing order. Should the Court decline to grant a sealing order, the Monitor shall not be in breach of this Paragraph 37.

#### **Further Orders**

38. At any time during the SISP, the Freedom Group 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 its powers and duties hereunder.

#### **Additional Terms**

39. 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 Freedom Group 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.
40. This SISP does not, and will not be interpreted to create any contractual or legal relationship between Freedom and any other party, other than as specifically set forth in the NDA or any other definitive agreement executed.
41. Notwithstanding anything to the contrary herein, the Monitor shall have no liability whatsoever to any person or entity, including without limitation any Potential Bidder, Participating Bidder, Binding Offer Bidder, Qualified Bidder, Auction Bidder, Successful Bidder, Back-Up Bidder or any other creditor or stakeholder, or the Freedom Group, as a result of implementation or otherwise in connection with this SISP, except to the extent that any such liabilities result from the gross negligence or wilful misconduct of the Monitor, as determined by the Court, and all such persons or entities shall have no claim against the Monitor in respect of the SISP for any reason whatsoever.
42. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Binding Offer, due diligence activities, and any other negotiations or other actions whether or not they lead to the consummation of a transaction.
43. Wherever in these Bidding Procedures there is a reference to the Monitor doing, or declining to do, any act or thing "in consultation with the Freedom Group", the Monitor shall retain the sole discretion to do, or decline to do, such act or thing, and any reference to consultation shall not fetter the Monitor's sole discretion.

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**APPENDIX A**  
**DEFINED TERMS**

“**Business Day**” means a day on which banks are open for business in Edmonton but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta.

“**DIP Facility**” means the interim financing facility created by the DIP facility term sheet dated August 6, 2024 between Freedom, as borrower, and the DIP Lender, as lender, as the same may be amended and restated from time to time.

“**DIP Lender**” means JL Legacy Ltd. and its successors and permitted assigns.

“**NDA**” has the meaning given to it in paragraph [9(c)] hereof

“**Retained Liabilities**” has the meaning given to it in the Stalking Horse Agreement.

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## APPENDIX "B"

### The Monitor:

#### **KPMG Inc.**

333 Bay Street, Suite 4600  
Toronto ON M5H 2S5

Attention: Pritesh Patel and Tim Montgomery  
Email: [pritchpatel@kpmg.ca](mailto:pritchpatel@kpmg.ca) / [timmontgomery@kpmg.ca](mailto:timmontgomery@kpmg.ca)

with a copy to:

#### **Blake, Cassels & Graydon LLP**

199 Bay Street, Suite 4000  
Toronto, ON M5L 1A9

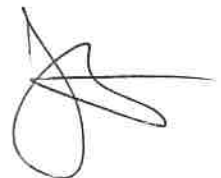
Attention: Chris Burr  
Email: [chris.burr@blakes.com](mailto:chris.burr@blakes.com)

### The Applicant

#### **Freedom Cannabis Inc.**

c/o Osler, Hoskin & Harcourt LLP  
Suite 2700, Brookfield Place, 225 – 6<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 1N2


Attention: Randal Van de Mosselaer / Joanna Cameron / Justin Kanji  
Email : [rvandemosselaer@osler.com](mailto:rvandemosselaer@osler.com) / [jcameron@osler.com](mailto:jcameron@osler.com) / [jkanji@osler.com](mailto:jkanji@osler.com)



THIS IS **EXHIBIT "B"** TO THE AFFIDAVIT OF JOHNFRANK POTESTIO  
SWORN BEFORE ME THIS 18<sup>TH</sup> DAY OF FEBRUARY 2025.

---

Notary Public/Commissioner for Oaths in and for Alberta

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**STALKING HORSE SUBSCRIPTION AGREEMENT**

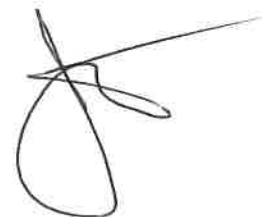
**FREEDOM CANNABIS INC.  
AS THE COMPANY**

**-AND-**

**2644323 ALBERTA LTD.  
AS THE PURCHASER**

**-AND-**

**JL LEGACY LTD.  
AS THE GUARANTOR**

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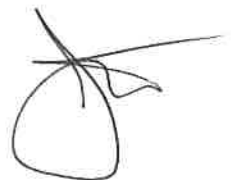
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**THIS STALKING HORSE SUBSCRIPTION AGREEMENT** is made as of February 17, 2025.

**BETWEEN:**

**FREEDOM CANNABIS INC.**, a corporation incorporated pursuant to the federal laws of Canada (the “**Company**”)

-and-

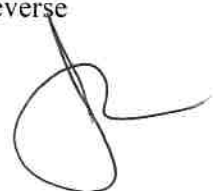
**2644323 ALBERTA LTD.**, a corporation incorporated pursuant to the laws of the Province of Alberta (the “**Purchaser**”)

-and-

**JL LEGACY LTD.**, a corporation incorporated pursuant to the laws of the Province of Alberta (the “**Guarantor**”)

**RECITALS:**

- A. The Company is a licensed cannabis producer, operating pursuant to the *Cannabis Act* (Canada) and applicable provincial and municipal legislation in Alberta, engaged in the cultivation, processing and sale of medical and recreational cannabis as well as offering innovative products to the medical and recreational legal cannabis markets including but not limited to dried flower, extracts, and pre-rolls as well as third-party packaging services to other cannabis producers (collectively, the “**Business**”).
- B. The Company is currently indebted to JL Legacy Ltd., pursuant to the Senior Loan Agreements (as defined below) and as security for its obligations under the Senior Loan Agreements, the Company granted various security to the Purchaser in respect of its property.
- C. On August 8, 2024, the Company commenced proceedings under the CCAA (as defined below) before the Court of King’s Bench of Alberta (the “**Court**”) to, among other things, seek creditor protection.
- D. In connection with such CCAA proceedings, JL Legacy Ltd. also provided debtor-in-possession financing to the Company in the form of the DIP Facility (as defined below).
- E. Concurrently with the entering into this Stalking Horse Subscription Agreement, Freedom Cannabis intends to seek an order (the “**SISP Order**”) from the Court approving, among other things, the SISP (as defined below) and this Stalking Horse Subscription Agreement as the “Stalking Horse Bid” thereunder.
- F. The Purchaser is the nominee of JL Legacy Ltd.
- G. The Purchaser has agreed to subscribe for, and the Company has agreed to issue, the Purchased Shares (as defined below) on and pursuant to the terms set forth herein and other provisions of the CCAA, the SISP (as defined below) and the Approval and Reverse Vesting Order (as defined below).



**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

In this Agreement:

“**Administration Charge**” has the meaning given to it in the Initial Order.

“**Administrative Expense Amount**” means the sum of \$75,000.

“**Administrative Expense Costs**” means the reasonable costs of the Monitor and Residual Co. (including the fees and expenses of legal and other professionals) relating to the period following the Closing Date, including the costs to administer and terminate the CCAA Proceedings and to wind-down the estate of Residual Co. (including the administration of any bankruptcy).

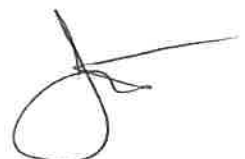
“**Affiliate**” has the meaning set out in the CBCA.

“**Agreement**” means this stalking horse subscription agreement and all schedules hereto, in each case as the same may be amended and restated from time to time in accordance with the terms hereof.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, any domestic or foreign, federal, provincial, territorial, state, local or municipal (or any subdivision of any of them) law (including common law and civil law), statute, ordinance, rule, regulation, restriction, limit, by-law (zoning or otherwise), judgment, order, or direction, that applies in whole or in part to such Person, property, transaction or event.

“**Applicants**” means the Company, and from and after the time Residual Co. becomes an applicant under the Initial Order, “Applicants” shall include Residual Co.

“**Approval and Reverse Vesting Order**” means the approval and vesting Order of the Court, among other things, (i) approving the Transaction; (ii) vesting out of the Company, all Excluded Assets, Excluded Contracts and Excluded Liabilities, and discharging all Encumbrances against the Company and the Retained Assets except only the Permitted Encumbrances; (iii) authorizing and directing the Company to file the Articles of Reorganization; and (iv) terminating and cancelling all Existing Shares as well as any agreement, 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 the share capital of the Company, if any (other than the rights of the Purchaser under this Agreement), for no consideration; (v) releasing (A) current and former directors, officers, employees, legal counsel and advisors of the Company (B) the Monitor and its legal counsel, and (C) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors and (vi) authorizing and directing the Company to issue the Purchased Shares, and vesting in the Purchaser the Purchased Shares, free and clear from any Encumbrances,

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which order shall be substantially in the form to be attached as Schedule 1.1(a) and in form and substance satisfactory to the Company and the Purchaser, each acting reasonably.

**“Articles of Reorganization”** means articles of reorganization for the Company to change the conditions in respect of the Company’s authorized and issued share capital to provide for a redemption right in favour of the Company for nil consideration, to create a new class or classes of common shares and to make such other changes as may be requested by the Purchaser, which shall be in a form and substance satisfactory to the Purchaser, as confirmed in writing in advance of the filing thereof.

**“Books and Records”** means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including financial, tax and accounting books and records, used or intended for use by, and in the possession of, the Company, in connection with the Retained Assets, the ownership of the Purchased Shares and the operation of the Business, including drawings, laboratory analysis data, production records, environmental studies and reports including, if applicable, , manuals and data, sales and advertising materials, sales and purchase data, trade association files, research and development records, lists of present and former customers and suppliers or contractors, personnel, employment or investor information and other records, and all records, data and information stored electronically, digitally or on computer-related media, in each case, relating to the Business.

**“Business”** has the meaning given to such term in Recital A.

**“Business Day”** means any day, other than a Saturday or Sunday or statutory holiday, on which commercial banks in Edmonton, Alberta are open for commercial banking business during normal banking hours.

**“Cash Consideration”** has the meaning given to such term in Section 3.1(d).

**“CBCA”** means the *Canada Business Corporations Act*, as amended.

**“CCAA”** means the *Companies’ Creditors Arrangement Act* (Canada), as amended.

**“CCAA Charge Amount”** means cash in an amount sufficient to satisfy the amounts owing in respect of obligations secured by the CCAA Charges (without duplication to amounts satisfied as Administrative Expense Costs or by the Priority Payment Amount).

**“CCAA Charges”** means, collectively, the Administration Charge and the Directors’ Charge.

**“CCAA Proceedings”** means the proceedings commenced in the Court in Action No. 2403-15089, under the CCAA by the Company pursuant to the Initial Order.

**“CCAA Process Expense Amount”** means cash in an amount of the Administrative Expense Amount and the CCAA Charge Amount.

**“Claims”** means any and all demands, claims, liabilities, actions, causes of action, counterclaims, expenses, costs, damages, losses, suits, debts, sums of money, refunds, accounts, indebtedness, rights of recovery, rights of set-off, rights of recoupment and liens of whatever nature (whether



direct or indirect, absolute or contingent, asserted or unasserted, secured or unsecured, matured or not yet matured due or to become due, accrued or unaccrued or liquidated or unliquidated) and including all costs, fees and expenses relating thereto.

“**Closing**” means the completion of the purchase of the Purchased Shares and the transactions contemplated hereby in accordance with the provisions of this Agreement.

“**Closing Date**” means the date on which the Closing occurs, being a date no later than five (5) Business Days after the conditions set forth in Article 9 have been satisfied or waived, other than the conditions set forth in Article 9 that by their terms are to be satisfied or waived at the Closing (or such other date agreed to by the Parties in writing).

“**Closing Document**” means any other agreement, document or certificate to be executed and delivered by any of the Parties delivered pursuant to or in connection with this Agreement or the transactions contemplated.

“**Closing Time**” means 10:00 a.m. (Edmonton time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing.

“**Common Shares**” means the issued and outstanding common shares in the capital of the Company.

“**Company**” means Freedom Cannabis Inc.

“**Contract Cure Costs**” has the meaning given to such term in the definition of “Retained Contracts”.

“**Contracts**” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) related to the Business to which the Company is a party or under which the Company has any rights or obligations.

“**Court**” has the meaning given to such term in Recital C.

“**Credit Bid Consideration**” has the meaning given to such term in Section 3.1(a).

“**DIP Facility**” means the credit facility in the current maximum principal amount of \$4,500,000 made available by the Guarantor to the Applicants pursuant to the DIP Facility Term Sheet.

“**DIP Facility Credit Bid Amount**” has the meaning given to such term in Section 3.1(a).

“**DIP Facility Term Sheet**” means the DIP Facility Term Sheet dated August 6, 2024, as amended by the Amendment to DIP Term Sheet dated December 11, 2024 among the Company and JL Legacy Ltd. as lender and by the second Amendment to the DIP Term Sheet dated February 14, 2025 among the Company and JL Legacy Ltd. as lender as such agreement may be further amended, restated, supplemented and/or otherwise modified from time to time in accordance with the terms thereof.

“**Directors’ Charge**” has the meaning given to it in the Initial Order.

“**Employees**” means all individuals who are employed by and engaged in the Business, whether on a full-time or part-time basis, including all individuals who are on an approved and unexpired leave of absence, and all individuals who have been placed on temporary lay-off which has not expired, and “**Employee**” means any one of them.

“**Employee Termination Costs**” has the meaning given to such term in Section 10.5(c).

“**Encumbrance**” means any security interest (whether contractual, statutory or otherwise), lien, prior claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage, trust (including any statutory, deemed or constructive trust), option or adverse claim or encumbrance of any nature or kind.

“**Equity Interests**” means any capital share, capital stock, partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether voting or non-voting, whether preferred, common or otherwise, and including options, warrants, share appreciation rights, contingent interest rights or similar rights) of a Person.

“**ETA**” means Part IX of the *Excise Tax Act* (Canada).

“**Excise Act**” means the *Excise Tax Act*, 2001 (Canada).


“**Excluded Assets**” means any and all properties, rights, assets and undertakings of the Company that are listed as “Excluded Assets” on Schedule 2.2, and any other properties, rights, assets and undertakings of the Company designated as Excluded Assets by the Purchaser in accordance with Section 2.2.

“**Excluded Contracts**” means Contracts of the Company that are not Retained Contracts.

“**Excluded Liabilities**” means any and all Liabilities of the Company that are not Retained Liabilities.

“**Existing RTPs**” means the RTP issued by Canada Revenue Agency to ATB Financial, and Edmonton Killarney Branch, Alberta Gaming Liquor & Cannabis, Ontario Cannabis Store, Liquor Distribution Branch, Olli Brands Inc., Weed Me, Yukon Liquor Corporation, 102002643 Saskatchewan Ltd., Manitoba Liquor & Lotteries, Northwest Territories Liquor and Cannabis, Nuna Cannabis Store Inc., prior to the Filing Date in respect of excise tax obligations of the Company.

“**Existing Shares**” means (i) all of the shares of the Company that are issued and outstanding immediately prior to the Closing Time; and (ii) any other equity interests of any nature or kind of the Company, 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. For greater certainty, Existing Shares do not include the Purchased Shares.

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“**Expense Reimbursement**” has the meaning given to it in Section 11.3 hereof.

“**Filing Date**” means August 8, 2024.

“**Freedom Subsidiaries**” means, together, 2563138 Alberta Ltd. and 2399751 Alberta Ltd.

“**GAAP**” means generally accepted accounting principles as set out in the CPA Canada Handbook – Accounting for an entity that prepares its financial statements in accordance with International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them, or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

“**GST/HST**” means all goods and services tax and harmonized sales tax imposed under the ETA.

“**Guarantor**” means JL Legacy Ltd.

“**Guaranteed Obligations**” has the meaning given to such term in Section 7.1.

“**Implementation Steps**” has the meaning given to such term in Schedule 2.7(b).

“**Initial Order**” means the Initial Order dated August 8, 2024 granted by the Court pursuant to the CCAA, as may be amended and restated from time to time.

“**Interim Period**” means the period from the date that this Agreement is entered into by the Parties to the Closing Time.

“**Leased Premises**” means the lands located in Acheson, Alberta, municipally described as 9827-279 Street, Acheson, Alberta and legally described as Plan 1923483, Block 1, Lot 2, excepting thereout all mines and minerals.

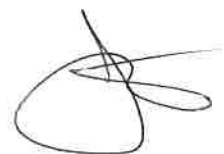
“**Liability**” means, with respect to any Person, any debt, liability or obligation of such Person of any kind, character or description, whether known or unknown, certain or uncertain, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, 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 and “**Liabilities**” means more than one of them.

“**Licences**” means, collectively any and all other permits, licences, authorizations, consents, concessions, exemptions, leases, grants, permits, rights, privileges, approvals or other evidence of authority from any Governmental Authority and related to the Business and that has been issued to, granted to, conferred upon, or otherwise created for, the Company, relating to authorizations or otherwise to plant, grow, cultivate, extract, produce, process, test, conduct research, store, destroy,

sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including the following:

- (a) Licence number LIC-NYDY82JLCU-2022-5 issued by Health Canada to the Company for:
  - (i) standard cultivation activities, including: (A) to possess cannabis; (B) to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting; (C) to alter its chemical or physical properties by any means; and (D) to sell cannabis;
  - (ii) standard processing activities, including: (A) to possess cannabis; (B) to produce cannabis at the licensed site, other than to obtain it by cultivating, propagating or harvesting; and (C) to sell; and
  - (iii) activities related to the sale of cannabis for medical purposes, including: (A) to possess cannabis; and (B) to sell cannabis;
- (b) Licence number LIC-VDX817T7C7-2022 issued by Health Canada to the Company for research activities, including possession and production of cannabis for use in accordance with any research protocols submitted to Health Canada; and
- (c) excise licence no. 73115 8929 RD0001 under the Excise Act.

**“Material Adverse Effect”** means any change, effect, event, occurrence, state of facts or development that has had a material adverse effect on: (i) the assets, liabilities, financial condition or results of operations of the Company; or (ii) prevents the ability of the Company to perform its obligations under, or to consummate the transactions contemplated by, this Agreement, but excluding any such change, effect, event, occurrence, state of facts or development attributable to or arising from: (A) general economic or business conditions; (B) Canada, the U.S. or foreign economies, or financial, banking or securities markets in general, or other general business, banking, financial or economic conditions (including: (I) any disruption in any of the foregoing markets; (II) any change in the currency exchange rates; or (III) any decline or rise in the price of any security, commodity, contract or index); (C) acts of God or other calamities, pandemics (including COVID-19 and any Governmental Authorities response thereto), national or international political or social conditions, including the engagement and/or escalation by the U.S. or Canada in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the U.S. or Canada or any of their territories, possessions or diplomatic or consular offices or upon any military installation, equipment or personnel of the U.S. or Canada; (D) the identity of the Purchaser or its Affiliates; (E) conditions affecting generally the industry in which the Company participates; (F) the public announcement of, entry into or pendency of, actions required or contemplated by or performance of obligations under, this Agreement or the transactions contemplated by this Agreement; (G) changes in Applicable Laws or the interpretation thereof; (H) any change in GAAP or other accounting requirements or principles; (I) national or international political, labor or social conditions; (J) the failure of the Company to meet or achieve the results set forth in any internal projections (but not the underlying facts giving rise to such failure unless such facts are otherwise excluded pursuant to the clauses contained in this definition); or (K) any change resulting from compliance with the terms of, or any actions taken (or not taken) by any Party pursuant to or in



accordance with, this Agreement; provided that the exceptions set forth in clauses (A), (B), (C), (E), (G), (H) or (I) shall not apply to the extent that such event is disproportionately adverse to the Company, taken as a whole, as compared to other companies in the industry in which the Company operates.

“**Monitor**” means KPMG Inc., in its capacity as Court-appointed monitor of the Company in the CCAA Proceedings, and not in its personal or corporate capacity.

“**Monitor’s Certificate**” means the certificate delivered to the Purchaser, to be filed with the Court, by the Monitor certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor, in its sole discretion, from the Company and the Purchaser that all conditions to Closing have been satisfied or waived by the Company and the Purchaser.

“**Order**” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

“**Outside Date**” has the meaning given to such term in Section 12.1(c).

“**Parties**” means the Company, the Guarantor and the Purchaser collectively, and “**Party**” means either of the Company, the Guarantor or the Purchaser, as the context requires.

“**Permitted Encumbrances**” means those Encumbrances related to the Retained Assets and/or set forth in Schedule 1.1(b), as the same may be modified by the Purchaser prior to the granting of the Approval and Reverse Vesting Order in accordance with the terms hereof.

“**Person**” includes an individual, partnership, association, body corporate, or personal representative, and for greater certainty includes any Governmental Authority.

“**Prebuilt Lease**” means the lease agreement dated November 23, 2017 between the Company and Star Prebuilt Homes Ltd., as amended on July 27, 2022 and September 27, 2023, which was extended on March 27, 2024 and provides for a monthly rent of \$85,000 through to March 2025.

“**Priority Payment Amount**” means an amount equal to: (i) those priority payments prescribed under subsections 6(3), 6(5)(a) and 6(6) of the CCAA, and (ii) any other Liability of the Company determined by the Monitor, or by Order of the Court, to be secured by a contractual pledge or charge, statutory deemed trust, or other statutory charge that has priority to the security securing the Credit Bid Consideration, if any.

“**Purchase Price**” has the meaning given to such term in Section 3.1.

“**Purchased Shares**” has the meaning given to such term in Section 2.1(a).

“**Purchaser**” means 2644323 Alberta Ltd.

“**Representative**” means, in respect of a Party, each director, officer, employee, agent, Affiliate, manager, lender, attorney, accountant, professional advisor, consultant, contractor and other representative of such Party or such Party’s Affiliates.

“**Residual Co.**” means a new subsidiary to be incorporated by the Company prior to the Closing to which the Excluded Assets, Excluded Contracts and Excluded Liabilities will be transferred to pursuant to the sequence and steps set out in the Approval and Reverse Vesting Order, which subsidiary may have no issued and outstanding shares.

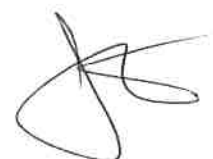
“**Retained Assets**” means all properties, rights, Licenses, assets, and undertakings of the Company that are not Excluded Assets at the Closing Time, including in the case of the Company, all capital and operating losses in accordance with the *Income Tax Act* and the shares in the capital of the Freedom Subsidiaries.

“**Retained Contracts**” means the Contracts listed at Schedule 2.3 hereto, and any other Contracts of the Company designated as Retained Contracts by the Purchaser in accordance with Section 2.3, (and including as such Retained Contracts may be amended, restated, supplemented or otherwise modified from time to time) *provided that* to the extent there are any monetary defaults in relation to a Contract, other than those arising by reason only of the Company’s insolvency, the commencement of proceedings under the CCAA or the Company’s failure to perform a non-monetary obligation (collectively, the “**Contract Cure Costs**”), then such Contract shall only be a “Retained Contract” if the Purchaser funds an amount equal to the Contract Cure Costs, if any, on Closing.

“**Retained Liabilities**” has the meaning given to such term in Section 2.4, including any other Liabilities designated as Retained Liabilities pursuant to the Section 2.5.

“**RTP**” means any notice with respect to a requirement to pay, enhanced requirement to pay or demand on a third party issued by a Governmental Authority to the Company.

“**Senior Loan Agreements**” means collectively, (i) the term sheet, dated March 6, 2019 between the Guarantor, as lender, and the Company, as borrower, as amended by the loan agreement, dated January 27, 2020 among the Guarantor, Everyday People Cannabis Inc. (“**EPC**”), EAM Enterprises Inc., the Company, 639478 Alberta Ltd., 1079352 Alberta Ltd., JohnFrank Potestio, and Julie Potestio, (ii) the inventory purchase agreement, dated April 29, 2024, among the Guarantor, as lender, and the Company, as borrower, and the promissory notes issued thereunder (iii) the inventory purchase agreement, dated May 30, 2024, among the Guarantor, as lender, and the Company, as borrower, and the promissory notes issued thereunder, (iv) the Series 1 Convertible Secured Debenture No. 2 in the principal amount of \$2,000,000 issued by the Company to EPC, dated as January 2019 (the “**Series 1 Debenture**”), as assigned by EPC to the Guarantor pursuant to the assignment of debenture, dated February 10, 2021, between EPC and the Guarantor, (v) the convertible debentures in the principal aggregate amount of \$50,000 each issued by the Company to the Guarantor, dated as of February 1, 2020, and (vi) (a) the CCDC5B Freedom Cannabis Warehouse Renovations contract, dated December 22, 2017, (b) the CCDC5B Freedom Cannabis Warehouse Renovations contract, dated May 18, 2018, and (c) all change orders, amendments, confirmations, releases and supplements thereto, each as assigned by Chandos Construction Ltd. (“**Chandos**”) to the Guarantor pursuant to the assignment of debt and security agreement, dated August 31, 2020, among Chandos, the Guarantor and the Company, in each case in respect of which all of the Company’s obligations to the Guarantor are secured by a security interest granted pursuant to the general security agreement, dated March 6, 2019, granted by the Company to the Guarantor, the Series 1 Debenture and the general security agreement, dated July 4, 2019, among Chandos and the Company.

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“**Senior Loan Credit Bid Amount**” has the meaning given to such term in Section 3.1(a).

“**SISP**” means the Sale and Investment Solicitation Process approved by the SISP Order, as may be amended by the Court from time to time, which must be acceptable to the Purchaser, acting reasonably.

“**SISP Order**” has the meaning given to such term in Recital E.

“**Successful Bid**” has the meaning given to such term in the SISP.

“**Successful Bidder**” has the meaning given to such term in the SISP.

“**Tax**” and “**Taxes**” means, with respect to any Person, all supranational, national, federal, provincial, state local or other taxes, including but not limited to income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, documentary taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, registration charges, land transfer taxes, conveyance fees, security interest filing or recording fees and any other similar or like taxes or charges, transfer taxes and fees, 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, or any other Tax arising from, or relating to, or in respect of the consummation of the Transaction, including in connection with the sale, transfer or registration of the transfer of the Facility, 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.

“**Tax Act**” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“**Terminated Employees**” means those individuals currently employed by the Company who shall be terminated by the Company effective as of the Closing Date, such individuals deemed to be Terminated Employees pursuant to Section 10.5.

“**Transaction**” means transactions contemplated hereby in accordance with the provisions of this Agreement.

“**Transaction Regulatory Approvals**” means the consents, approvals, notifications or waivers from, and filings with, third parties (including any Governmental Authority) as may be required to complete the Transaction, in form and substance satisfactory to the Purchaser required to be obtained in order to permit the Company and the Purchaser to complete the transactions contemplated by this Agreement and for the Company to carry on the Business following the Closing Date, as set out in Schedule 7.1(d) hereto.

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal stroke extending to the right.

## **1.2 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.

## **1.3 Headings, Table of Contents, 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.

## **1.4 Gender and Number**

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders.

## **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 Certain Phrases**

In this Agreement (i) the words "including", "includes" and "include" and any derivatives of such words mean "including (or includes or include) without limitation" and (ii) the words "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". The expression "Article", "Section" and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Agreement.

## **1.7 Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

## **1.8 Entire Agreement**

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

## **1.9 Waiver, Amendment**

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement (including the Schedules hereto) shall be binding unless executed in writing by all Parties hereto, and provided that such amendment is consented to by the Monitor. No waiver of any provision of



this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

### **1.10 Governing Law; Jurisdiction and Venue**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta 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 Alberta therefrom.

### **1.11 Incorporation of Schedules**

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

- Schedule 1.1(a) – Approval and Reverse Vesting Order
- Schedule 1.1(b) – Permitted Encumbrances
- Schedule 2.2 – Excluded Assets
- Schedule 2.3 – Retained Contracts
- Schedule 2.4 – Retained Liabilities
- Schedule 2.7(b) - Implementation Steps
- Schedule 7.1(d) – Transaction Regulatory Approvals

The Parties acknowledge that as of the date of this Agreement, the Schedules to this Agreement are not complete. Such Schedules, where applicable, may be amended or completed by the Purchaser by written notice to the Applicants, and in consultation with the Monitor, on or before the dates set out in this Agreement.

### **1.12 Accounting Terms**

All accounting terms used in this Agreement are to be interpreted in accordance with GAAP unless otherwise specified.

### **1.13 Non-Business Days**

Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment will be made or such action will be taken on or not later than the next succeeding Business Day.

### **1.14 Computation of Time Periods**

If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Agreement, then the first day of the period is not counted, but the day of its expiry is counted.



## ARTICLE 2 SUBSCRIPTION AND ASSET PURCHASE

### 2.1 Agreement to Subscribe for and Issue Purchased Shares

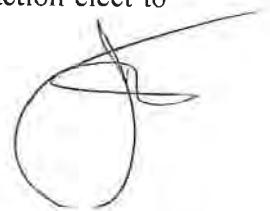
- (a) Upon and subject to the terms and conditions hereof, at the Closing Time, the Purchaser shall subscribe for and purchase that number of Common Shares, to be specified by the Purchaser at least two (2) days prior to the Closing Date, (the "**Purchased Shares**"), free and clear of all Encumbrances pursuant to the Approval and Reverse Vesting Order, with the result that the Purchaser will become the sole owner of the Purchased Shares at the Closing Time, and, pursuant to the Approvals and Reverse Vesting Order, all rights, title and interest in and to the Retained Assets shall remain in the Company free and clear of any Encumbrances (other than Permitted Encumbrances).
- (b) Pursuant to the Approval and Reverse Vesting Order and, if required, the Articles of Reorganization in accordance with the Implementation Steps, all Equity Interests of the Company outstanding prior to the issuance of the Purchased Shares, other than the Purchased Shares, shall be cancelled, without consideration, and the Purchased Shares shall represent 100% of the outstanding Equity Interests in the Company after such cancellation and issuance.
- (c) For the avoidance of doubt, at the Closing Time, following the issuance of the Purchased Shares, the cancellation of the Existing Shares and the completion of the Implementation Steps, the Company shall be wholly owned directly by the Purchaser.

### 2.2 Excluded Assets

On the Closing Date and at the time provided for in the Approval and Reverse Vesting Order, on and subject to the terms and conditions of this Agreement and the Approval and Reverse Vesting Order, all of the Company's right, title and interest in and to the Excluded Assets, if any, shall be transferred to Residual Co. The Purchaser may, on written notice to the Company and the Monitor, at any time and from time to time, but at least three (3) days prior to the hearing before the Court seeking the Approval and Reverse Vesting Order, as part of the Transaction, elect to exclude any business, property, assets or undertaking of the Company from the Retained Assets, in which case, such business, property, asset or undertaking shall form part of the Excluded Assets, with no corresponding adjustment to the Purchase Price.

### 2.3 Excluded Contracts

On the Closing Date and at the time provided for in the Approval and Reverse Vesting Order, on and subject to the terms and conditions of this Agreement and the Approval and Vesting Order, all of the Company's rights, benefits and interests in, to and under the Excluded Contracts shall be assigned to Residual Co. Notwithstanding any other provision of this Agreement, the Purchaser and the Company shall not assume, nor have any liability or obligations under, any of the Excluded Contracts after the Closing Time. The Purchaser may, on written notice to the Company and the Monitor, at any time and from time to time, but at least three (3) days prior to the hearing before the Court seeking the Approval and Reverse Vesting Order, as part of the Transaction elect to





include any Contract as a Retained Contract (in which case any Liability from and after the Closing Time of the Company in connection with such Contract shall be an Excluded Liability), with no corresponding adjustment to the Purchase Price.

## 2.4 Retained Liabilities

As of the Closing Time, the obligations and liabilities of the Company shall consist of only the obligations and liabilities specifically set forth in Schedule 2.4 (collectively, the "**Retained Liabilities**"), provided, for the avoidance of doubt, that the Retained Liabilities of the Company pursuant to this Section 2.4 shall continue to be liabilities of the Company as of the Closing. In case, such Liabilities shall form part of the Retained Liabilities, with no corresponding adjustment to the Purchase Price.

## 2.5 Excluded Liabilities

On the Closing Date and at the time provided for in the Approval and Reverse Vesting Order, on and subject to the terms and conditions of this Agreement and the Approval and Vesting Order, the Excluded Liabilities shall be transferred to and assumed by Residual Co. Notwithstanding any other provision of this Agreement, and in conformity with the Approval and Reverse Vesting Order, the Purchaser and the Company shall not retain, assume, nor have any liability or obligations under, any of the Excluded Liabilities after the Closing Time, and the Company shall be forever irrevocably released and discharged from same. The Purchaser may, on written notice to the Company and the Monitor, at any time and from time to time, but at least three (3) days prior to the hearing before the Court seeking the Approval and Reverse Vesting Order, as part of the Transaction, elect to include any Liability of the Company as a Retained Liability (in which case such Liability shall be retained by the Company and shall not be transferred to and assumed by Residual Co.), with no corresponding adjustment to the Purchase Price.

# ARTICLE 3 PURCHASE PRICE AND RELATED MATTERS

## 3.1 Purchase Price

The aggregate consideration payable by the Purchaser for the Purchased Shares (the "**Purchase Price**") is an amount equal to the sum of:

- (a) an amount equivalent to (i) the amount owing under the DIP Facility plus all accrued and unpaid interest thereon through to and including the Closing Date, plus any fees and expenses associated therewith (the "**DIP Facility Credit Bid Amount**"); and (ii) the sum of \$14,200,000 owing under the Senior Loan Agreements, (the "**Senior Loan Credit Bid Amount**" and together with the DIP Facility Credit Bid Amount, the "**Credit Bid Consideration**");
- (b) the amount of the Retained Liabilities;
- (c) the Contract Cure Costs, if any; and
- (d) the Priority Payment Amount and the CCAA Process Expense Amount (the "**Cash Consideration**").

### **3.2 Satisfaction of Purchase Price**

The Purchaser shall pay the Purchase Price to the Monitor, for the benefit of the Company and Residual Co., at the Closing Time, in accordance with the following:

- (a) causing the Guarantor to release the Company from repayment of the Senior Loan Credit Bid Amount;
- (b) causing the Guarantor to release the Company from repayment the DIP Facility Credit Bid Amount;
- (c) the Company retaining the applicable Retained Liabilities as of Closing;
- (d) the Purchaser paying an amount equal to the Contract Cure Costs, if any, by wire transfer in immediately available funds to the Monitor or as the Monitor may direct in writing;
- (e) the Purchaser paying an amount equal to the CCAA Process Expense Amount by wire transfer in immediately available funds to the Monitor or as the Monitor may direct in writing; and
- (f) the Purchaser paying an amount equal to the Priority Payment Amount by wire transfer in immediately available funds to the Monitor or as the Monitor may direct in writing.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

The Company represents and warrants to the Purchaser, as follows, and acknowledges that the Purchaser is relying upon the following representations and warranties in connection with its purchase of the Purchased Shares.

### **4.1 Execution and Enforceability of Obligations**

This Agreement has been duly executed and delivered by the Company, and, subject to the granting of the SISP Order and the Approval and Reverse Vesting Order, constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

### **4.2 Existence and Corporate Authorization**

The Company (i) is a corporation validly existing and in good standing under the laws of the jurisdiction of its incorporation; (ii) subject to the granting of the SISP Order and the Approval and Reverse Vesting Order, has all requisite power and authority to execute and deliver this Agreement; and (iii) has taken all necessary corporate action to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereunder.



#### **4.3 Absence of Conflicts**

Subject to: (a) the granting of the SISP Order; (b) the granting of the Approval and Reverse Vesting Order; and (c) the receipt of any Transaction Regulatory Approvals, the execution and delivery of this Agreement by the Company and the completion by the Company of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not: (i) violate or conflict with any Applicable Law; (ii) result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under the certificate of incorporation, articles, by-laws or other constituent documents of the Company; or (iii) violate any Order.

#### **4.4 Approvals and Consents**

Other than the Transaction Regulatory Approvals, subject to the granting of the SISP Order and entry of the Approval and Reverse Vesting Order, the execution and delivery of this Agreement by the Company, and the consummation by the Company of the transactions contemplated herein, do not and will not require any consent or approval or other action, with or by, any Governmental Authority.

#### **4.5 No Actions**

There is not, as of the date hereof, pending or, to the Company's knowledge, threatened against the Company or any of its properties, nor has the Company received any written notice in respect of, any Claim, potential Claim, investigation or other proceeding before any Governmental Authority, that would prevent the Company from executing and delivering this Agreement, performing its obligations hereunder and consummating the transactions and agreements contemplated by this Agreement.

#### **4.6 Subsidiaries**

The Company does not have any subsidiaries other than 2563138 Alberta Ltd. and 2399751 Alberta Ltd., which are each 51% owned by the Company.

#### **4.7 Securities Law**

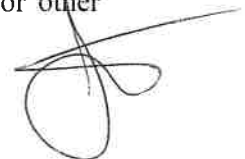
The Company is not a reporting issuer in any jurisdiction of Canada and is not in default of securities legislation in any Canadian jurisdiction.

### **ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF PURCHASER**

The Purchaser represents and warrants to the Company as follows, and acknowledges that the Company is relying upon the following representations and warranties in connection with the sale of the Purchased Shares:

#### **5.1 Execution and Enforceability of Obligations**

This Agreement has been duly executed and delivered by the Purchaser, and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other



similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

## **5.2 Existence and Good Standing**

The Purchaser (i) is a corporation validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization; (ii) has all requisite power and authority to execute and deliver this Agreement; and (iii) has taken all necessary corporate action to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated by this Agreement.

## **5.3 Absence of Conflicts**

Subject to: (a) the granting of the SISP Order; (b) the granting of the Approval and Reverse Vesting Order; and (c) the receipt of any Transaction Regulatory Approvals, the execution and delivery of this Agreement by the Purchaser and the completion by the Purchaser of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not (i) violate or conflict with any Applicable Law; (ii) result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under the certificate of incorporation, articles, by-laws or other constituent documents of the Company; or (iii) violate any Order.

## **5.4 Approvals and Consents**

Other than the Transaction Regulatory Approvals, subject to the granting of the SISP Order and entry of the Approval and Reverse Vesting Order, the execution and delivery of this Agreement by the Purchaser, the completion by the Purchaser of its obligations hereunder and the consummation by the Purchaser of the transactions contemplated herein, do not and will not require any consent, approval or other action, with or by, any Governmental Authority.

## **5.5 No Actions**


There is not, as of the date hereof, pending or, to the Purchaser's knowledge, threatened against the Purchaser or any of its properties, nor has the Purchaser received any written notice in respect of, any Claim, potential Claim, investigation or other proceeding before any Governmental Authority, that would prevent the Company from executing and delivering this Agreement, performing its obligations hereunder and consummating the transactions and agreements contemplated by this Agreement.

## **5.6 Availability of Funds**

The Purchaser has, or the Purchaser will have on Closing, sufficient unrestricted funds and financial capacity to its obligations to the pay the Cash Consideration at Closing.

## **5.7 Residence**

The Purchaser is not a non-resident of Canada within the meaning of the Tax Act.



## 5.8 Securities Law Matters

- (a) The Purchaser is acquiring the Purchased Shares in its capacity as principal, is not purchasing the Purchased Shares for the purpose of resale or distribution to a third party and is dealing at arm's length with the Company.
- (b) The Purchaser represents that it is an accredited investor, as defined by National Instrument 45-106 – *Prospectus Exemptions of the Canadian Securities Administrators*.
- (c) The Purchaser understands that the Purchased Shares are being issued to it upon an exemption from the prospectus requirements applicable under applicable Canadian securities laws and that there may be restrictions imposed on the Purchaser and the Purchased Shares which limit the Purchaser's ability to resell the Purchased Shares in Canada. Without limiting the foregoing, the Purchaser further acknowledges and agrees that any proposed transfer, resale or other disposition of the Purchased Shares shall be subject to Applicable Laws, including any restrictions and requirements under Canadian securities laws.

## ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF GUARANTOR

### 6.1 Due Authorization and Enforceability of Obligations

This Agreement has been duly executed and delivered by the Guarantor, and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

### 6.2 Existence and Good Standing

The Guarantor (i) is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization; (ii) has all requisite power and authority to execute and deliver this Agreement; and (iii) has taken all necessary corporate action to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated by this Agreement.

### 6.3 Absence of Conflicts

Subject to (a) the granting of the SISP Order; (b) the granting of the Approval and Reverse Vesting Order; and (c) the receipt of any Transaction Regulatory Approvals, the execution and delivery of this Agreement by the Guarantor and the completion by the Purchaser of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not: (i) violate or conflict with any Applicable Law; (ii) result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under the certificate of incorporation, articles, by-laws or other constituent documents of the Guarantor; or (iii) violate any Order.



#### 6.4 Approvals and Consents

Other than the Transaction Regulatory Approvals, subject to the granting of the SISP Order and entry of the Approval and Reverse Vesting Order, the execution and delivery of this Agreement by the Guarantor, and the consummation by the Guarantor of the transactions contemplated herein, do not and will not require any consent or approval or other action, with or by, any Governmental Authority.

#### 6.5 No Actions

There is not, as of the date hereof, pending or, to the Guarantor's knowledge, threatened against the Guarantor or any of its properties, nor has the Guarantor received any written notice in respect of, any Claim, potential Claim, investigation or other proceeding before any Governmental Authority, that would prevent the Guarantor from executing and delivering this Agreement, performing its obligations hereunder and consummating the transactions and agreements contemplated by this Agreement.

### ARTICLE 7 GUARANTEE

The Guarantor hereby irrevocably, absolutely and unconditionally guarantees to the Company (i) the due and punctual performance, when and as due, of all obligations, covenants and agreements of Purchaser (and any Affiliates to which this Agreement is assigned pursuant to Section 14.3) to be performed on or prior to the Closing Date arising under or pursuant to this Agreement and (ii) the punctual payment of all sums or amounts to be paid by the Purchaser (and such Affiliates on or prior to the Closing Date under and in accordance with the terms of this Agreement, including the payment obligations set forth in Section 3.2 hereto (the matters set forth in clauses (a) and (b), collectively, the "**Guaranteed Obligations**").

If the Purchaser (of its Affiliates) fails to perform any of the Guaranteed Obligations, then the Guarantor shall itself be jointly and severally liable for the Guaranteed Obligations and shall perform or take whatever steps as may be necessary to procure performance of the same.

Nothing herein shall be construed as imposing greater obligations or liabilities on the Guarantor than for which the Purchaser itself (or its Affiliates) would be liable under this Agreement or obliging the Guarantor to indemnify and hold harmless the Company against any losses, costs, or expenses for which the Purchaser itself would not be liable under this Agreement, except as set forth in this Article 7.

The guarantee by the Guarantor contained herein shall remain in full force and effect and shall continue to be enforceable by the Company until the (i) consummation of the Closing and the payment in full by the Purchaser of any and all amounts required to be paid by Purchaser pursuant to this Agreement, including the Cash Consideration or (ii) the earlier valid termination of this Agreement pursuant to Section 12.1 (a), (b), (c) or (e), upon which this guarantee and the obligations of the Guarantor pursuant to this Article 7 shall terminate automatically and be of no further force or effect without the need for any further action by any Person and the Guarantor shall stand discharged of all of its obligations under this guarantee. The Guarantor's obligations under this Article 7 shall not be terminated, modified, affected or impaired by reason of any relief or discharge of Purchaser (or its Affiliates) from any Purchaser's (or its Affiliates') respective



obligations in bankruptcy or similar proceedings, or by liquidation or dissolution. Notwithstanding anything contained herein, the guarantee shall remain in full force and effect and shall continue to be enforceable by the Company in the event of any willful breach of this Agreement by the Purchaser (or its Affiliates) or the Guarantor.

Except as otherwise set forth in this Agreement, the liability of the Guarantor under this Article 7 shall be unlimited and unconditional, and this Article 7 shall be a continuing guarantee.

The Guarantor hereby makes the representations and warranties set forth in Article 5 as to itself, and such representations and warranties shall apply mutatis mutandis as if the Guarantor were substituted for the Purchaser therein. The Parties agree that the Guarantor shall be entitled to, and the Guarantor does not waive, any defenses to the payment or performance of the Guaranteed Obligations that are available to the Purchaser under this Agreement.

### **ARTICLE 8 AS IS, WHERE IS**

The Purchaser acknowledges and agrees that it has conducted to its satisfaction an independent investigation and verification of the Business, the Purchased Shares, the Retained Assets, the Retained Liabilities and all related operations of the Company, and, based solely thereon and the advice of its financial, legal and other advisors, has determined to proceed with the transactions contemplated by this Agreement. The Purchaser has relied solely on the results of its own independent investigation and verification and, except for the representations and warranties of the Company expressly set forth herein, the Purchaser understands, acknowledges and agrees that all other representations, warranties, conditions and statements of any kind or nature, expressed or implied (including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the Company or the Business, or the quality, quantity or condition of the Purchased Shares or the Retained Assets) are specifically disclaimed by each of the Company, the Monitor, and their respective financial and legal advisors.

THE PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY EXPRESSLY AND SPECIFICALLY SET FORTH IN ARTICLE 4: (A) THE PURCHASER IS ACQUIRING THE PURCHASED SHARES ON AN "AS IS, WHERE IS" BASIS; AND (B) NONE OF THE COMPANY, THE MONITOR OR ANY OTHER PERSON (INCLUDING ANY REPRESENTATIVE OF THE COMPANY, OR THE MONITOR WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND THE PURCHASER IS NOT RELYING ON, ANY REPRESENTATIONS, WARRANTIES, GUARANTEES, CONDITIONS OR OTHER STATEMENTS OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING, THE BUSINESS, THE PURCHASED SHARES, THE RETAINED LIABILITIES, THE EXCLUDED ASSETS, THE EXCLUDED LIABILITIES, THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION PROVIDED TO (OR OTHERWISE ACQUIRED BY) THE PURCHASER OR ANY OF ITS REPRESENTATIVES, INCLUDING WITH RESPECT TO MERCHANTABILITY, PHYSICAL OR FINANCIAL CONDITION, DESCRIPTION, FITNESS FOR A PARTICULAR PURPOSE, OR IN RESPECT OF ANY OTHER MATTER OR THING WHATSOEVER, INCLUDING ANY AND ALL CONDITIONS, GUARANTEES, STATEMENTS, WARRANTIES OR REPRESENTATIONS,

EXPRESS OR IMPLIED, PURSUANT TO ANY APPLICABLE LAWS IN ANY JURISDICTION, WHICH THE PURCHASER CONFIRMS DO NOT APPLY TO THIS AGREEMENT, AND ARE HEREBY WAIVED IN THEIR ENTIRETY BY THE PURCHASER.

## ARTICLE 9 CONDITIONS

### 9.1 Conditions for the Benefit of the Purchaser and Company

The respective obligations of the Purchaser and the Company to consummate the transactions contemplated by this Agreement are subject to the satisfaction of, or compliance with, at or prior to the Closing Time, each of the following conditions:

- (a) the Approval and Reverse Vesting Order shall have been issued and entered and shall not have been stayed, varied, vacated or appealed (or any such appeal shall have been dismissed with no further appeal therefrom), such that the Approval and Reverse Vesting Order is a final order;
- (b) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction;
- (c) this Agreement will be the Successful Bid (as determined pursuant to the SISP);
- (d) the Parties shall have received the required Transaction Regulatory Approvals and all such Transaction Regulatory Approvals shall be in full force and effect, except for Transaction Regulatory Approvals that need not be in full force and effect prior to Closing; and
- (e) 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 transactions contemplated by this Agreement.

The Parties acknowledge that the foregoing conditions are for the mutual benefit of each of the Company and the Purchaser. Any condition in this Section 9.1 may be waived by either of the Company and by the Purchaser, in whole or in part, without prejudice to any of their respective rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver will be binding on any of the Company or the Purchaser, as applicable, only if made in writing.

### 9.2 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to consummate the transactions contemplated by this Agreement is subject to the satisfaction of, or compliance with, or waiver by the Purchaser of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Purchaser):

- (a) the representations and warranties of the Company contained in Article 4 shall be true and correct in all material respects as of the Closing Date, as if made at, and as of, such date;



- (b) the covenants contained in this Agreement to be performed or complied with by the Company at or prior to the Closing Time shall have been performed or complied with in all material respects as at the Closing Time;
- (c) since the date hereof, there shall not have occurred a Material Adverse Effect;
- (d) the Company shall have delivered to the Purchaser all of the deliverables contained in Section 13.2 in form and substance reasonably satisfactory to the Purchaser;
- (e) Star Prebuilt Homes Ltd. and the Company shall have entered into a lease amending agreement in a form reasonably satisfactory to the Purchaser that addresses the amounts, if any, that are required to cure any monetary defaults of the Company under the Prebuilt Lease; and
- (f) the Company shall have terminated the employment of the Terminated Employees.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 9.2 may be waived by the Purchaser in whole or in part, without prejudice to any of their 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 and such waiver is signed by the Purchaser. If any condition set out in Section 9.2 is not satisfied or performed on or prior to the date specified therefor, the Purchaser may elect on written notice to the Company to terminate this Agreement.

### **9.3 Conditions for the Benefit of the Company**

The obligation of the Company to consummate the transactions contemplated by this Agreement is subject to the satisfaction of, or compliance with, or waiver where applicable by the Company of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Company, as applicable):

- (a) the representations and warranties of the Purchaser and Guarantor contained in Article 5 and Article 6, respectively, will be true and correct in all material respects on and as of the date of this Agreement and on and as of the Closing Date as if made on and as of such date;
- (b) the covenants contained in this Agreement to be performed by the Purchaser at or prior to the Closing Time shall have been performed in all material respects as at the Closing Time;
- (c) Purchaser shall have delivered to the Company all of the deliverables contained in Section 13.3 in form and substance satisfactory to the Company, acting in a commercially reasonable manner.

The foregoing conditions are for the exclusive benefit of the Company. Any condition in this Section 9.3 may be waived by the Company in whole or in part, without prejudice to any of their 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 Company only if made in writing and such waiver is signed by the Company. If any condition set out in Section 9.3 is not satisfied or performed on or prior to



the date specified therefor, the Purchaser may elect on written notice to the Company to terminate this Agreement.

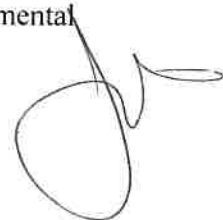
**ARTICLE 10**  
**ADDITIONAL AGREEMENTS OF THE PARTIES**

**10.1 Access to Books and Records**

- (a) During the Interim Period, the Company shall give, or cause to be given, to the Purchaser and their representatives reasonable access during normal business hours to the Retained Assets, including their 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 deems reasonably necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing, the Purchaser and their 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. Such investigations, inspections, surveys and tests shall be carried out at the Purchasers' sole and exclusive risk, during normal business hours, and without undue interference with the Business and the Company shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser and their Representatives.
- (b) The Purchaser shall, and shall cause the Company from and after the Closing Date, to retain and preserve all Books and Records for six (6) years, or for any longer periods as may be required by any Applicable Laws. The Purchaser shall make such Books and Records, as well as electronic copies of such Books and Records (to the extent such electronic copies exist), available to the Monitor, its successors, any trustee in bankruptcy or any receiver of the Company, and shall, at such party's expense, permit any of the foregoing persons to take copies of such Books and Records as they may reasonably require.

**10.2 Regulatory Approvals and Consents**

- (a) Prior to the application for the Approval and Reverse Vesting Order, the Company will use commercially reasonable efforts to obtain any Transaction Regulatory Approval required for the Transaction and that will remain necessary after application of the Approval and Reverse Vesting Order. If so requested in writing by the Company, the Purchaser will provide its reasonable cooperation to assist the Company in obtaining any such Transaction Regulatory Approval. Each of the Company and the Purchaser shall, as promptly as possible, make, or cause or be made, all filings and submissions (including with respect to the Licences), as applicable, required under any Applicable Law.
- (b) Without limiting the generality of the foregoing, the Purchaser shall, within the period of time prescribed by Applicable Law, notify the relevant Governmental



Authority of the change in any individual requiring security clearance as mandated by the *Cannabis Act*, S.C. 2018, c. 16 and the regulations thereto.

- (c) The Company agrees to use commercially reasonable efforts to timely prepare and file all documentation and pursue all steps necessary to renew (i) any of the Licences that are currently set to expire before the Closing Date; and (ii) any security clearances required in connection with the maintenance of any of the Licences.

### 10.3 Covenants Relating to the Interim Period

- (a) During the Interim Period, the Company hereby agrees, and hereby agrees to cause its representatives to, promptly notify the Purchaser of (i) any event, condition, or development that has resulted in the inaccuracy in a material respect or material breach of any representation or warranty, covenant or agreement contained in this Agreement; or (ii) any Material Adverse Effect occurring from and after the date hereof prior to the Closing Date.

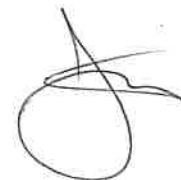
During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Reverse Vesting Order), the Company shall maintain the Business, operations of the Company and Retained Assets and cause the Freedom Subsidiaries to maintain the Retained Assets in substantially the same manner as conducted on the date hereof and in material compliance with all Applicable Laws and Licences.

### 10.4 Insurance Matters

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

### 10.5 Employee Matters

- (a) The Purchaser shall notify the Company and the Monitor, in writing, on or prior to the date that is six (6) days prior to the anticipated Closing Date, of the list of individuals to whom it does not wish to continue to employ after the completion of the Transaction.
- (b) The Purchaser agrees that the Company will continue to employ those employees not terminated pursuant to Section 9.2(d) from and after Closing on the same terms and conditions as they currently enjoy (such that no Employee Termination Costs are triggered).
- (c) All Liabilities owing to any such Terminated Employee in respect of such termination, including all amounts owing on account of statutory notice, termination payments, common law notice or pay in lieu thereof, severance, vacation pay, benefits, bonuses or other compensation or entitlements of any kind ("**Employee Termination Costs**") shall be Excluded Liabilities.



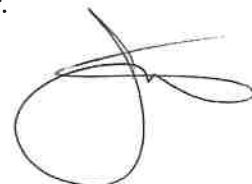
## ARTICLE 11 INSOLVENCY PROVISIONS

### 11.1 The Monitor

- (a) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of the Company and the Purchaser acknowledges and agrees that (i) the Monitor's obligations under this Agreement are and shall remain limited to those specifically set out in this Section 11.1; (ii) the Monitor is acting solely in its capacity as the Court-appointed Monitor of the Applicants pursuant to the Initial Order, as amended from time to time, and not in its personal or corporate capacity; and (iii) 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.
- (b) The Parties acknowledge that the Monitor may rely upon the provisions of this Section 11.1 as a third party beneficiary, notwithstanding that the Monitor is not a party to this Agreement.
- (c) The provisions of Sections 11.1(a) and (b) above shall survive the termination or non-completion of the transactions contemplated by this Agreement.

### 11.2 CCAA Proceedings

- (a) The Parties acknowledge and agree that the Company shall apply to the Court by no later than February 28, 2025 for the SISP Order, and all Parties will use best efforts to have the SISP Order issued.
- (b) The Company shall use best efforts to provide the Purchaser for review, three Business Days in advance of filing, drafts of such material motions, pleadings, reports or other filings relating to the process of consummating the Transaction to be filed with the Court, including the motions for issuance of the SISP Order and the Approval and Reverse Vesting Order.
- (c) In the event an appeal is taken or requested or a stay pending appeal is requested from the SISP Order or the Approval and Reverse Vesting Order, the Company shall promptly notify the Purchaser of such appeal, request or stay request and shall promptly provide the Purchaser a copy of the related notice of appeal or order of stay. The Company shall also provide the Purchaser with written notice of any motion or application filed in connection with any appeal from such orders. The Company agrees to take all action as may be reasonable and appropriate to defend against such appeal or stay request and the Company and the Purchaser agree to use their commercially reasonable efforts to obtain an expedited.
- (d) Resolution of such appeal or stay request, provided that nothing herein shall preclude the Parties hereto from consummating the Transaction contemplated hereby, if the Approval and Reverse Vesting Order shall have been issued and has not been stayed and the Purchaser, in its sole discretion, waives in writing the condition that the Approval and Reverse Vesting Order be a final order.

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### 11.3 Break Fee

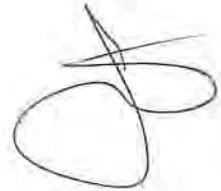
In consideration for the Purchaser's considerable expenditure of time and money and agreement to act as the "Stalking Horse Bidder" and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement and subject to Court approval, the Purchaser shall be entitled to a break fee for the Purchaser's legal and other costs incurred in connection with this Agreement in an aggregate amount of \$400,000 (the "**Break Fee**"), payable by the Company to the Purchaser in the event that the Successful Bidder is someone other than the Purchaser and this Agreement has not been terminated in accordance with Section 12.1(d). The payment of the Break Fee shall be approved by the SISP Order. The Break Fee shall be payable to the Purchaser out of the sale proceeds derived from and immediately upon completion of the Successful Bid. Each of the Parties hereto acknowledges and agrees that the Break Fee represents a fair and reasonable estimate of the costs that will be incurred by the Purchaser as a result of non-completion of the Transaction, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Shares, the Business or the Retained Assets, and no Party shall take a position inconsistent with this Section 11.3. The Company irrevocably waives any right they may have to raise as a defence that any such liquidation damages are excessive or punitive. Each of the Parties acknowledge and agree that the Break Fee is an integral part of this Agreement and of the Transaction, and that without these agreements, the Purchaser would not enter into this Agreement. Upon payment of the Break Fee to the Purchaser, the Purchaser shall be precluded from any other remedy against the Company in respect of the disclaimer, repudiation, breach or termination of this Agreement; provided that nothing herein shall preclude any Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or to compel specific performance of this Agreement.

## ARTICLE 12 TERMINATION

### 12.1 Termination

This Agreement may be terminated at any time prior to Closing as follows:

- (a) by mutual written agreement of each of the Company and the Purchaser, with the consent of the Monitor, and upon written notice thereof to the Purchaser;
- (b) automatically if this Agreement is not the Successful Bid (as determined pursuant to the SISP);
- (c) by the Purchaser or the Company, if Closing has not occurred on or before June 30, 2025 or such later date agreed to by each of the Company and the Purchaser in writing in consultation with the Monitor (the "**Outside Date**"), provided that the failure to close by the Outside Date is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement;
- (d) by the Company, with the consent of the Monitor, if the Purchaser fails to satisfy any of the conditions set forth in Section 9.3 on or before the Outside Date, and such conditions are not waived by the Company; and



- (e) by the Purchaser, if the Company fails to satisfy any of the conditions set forth in Section 9.2 on or before the Outside, and such conditions are not waived by the Purchaser.

## **12.2 Effect of Termination**

In the event of termination of this Agreement pursuant to Section 12.1, this Agreement shall become void and of no further force or effect without liability of any Party to any other Party to this Agreement except that no termination of this Agreement shall relieve any Party of any Liability for any wilful breach by it of this Agreement, or impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement in accordance with Section 14.1.

## **ARTICLE 13 CLOSING**

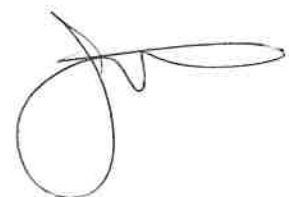
### **13.1 Location and Time of the Closing**

Subject to the conditions set out in this Agreement, the Closing shall take place virtually at the Closing Time on the Closing Date.

### **13.2 Company's Deliveries at Closing**

At Closing, the Company shall deliver to the Purchaser the following:

- (a) a true copy of the Approval and Reverse Vesting Order;
- (b) a certificate dated as of the Closing Date confirming that there has been no Material Adverse Effect; that all of the representations and warranties of the Company contained in this Agreement are true in all material respects as of the Closing Time with the same effect as though made on and as of the Closing Time, and that the Company has performed in all material respects its obligations under this Agreement required to be performed by it at or prior to the Closing Time;
- (c) resignation letters, effective as of the Closing Time, executed by each of the officers, directors or responsible persons nominated, elected or appointed to the board of the Company as the Purchaser may require;
- (d) evidence of completion of the Implementation Steps;
- (e) certificates or similar documents representing all of the issued and outstanding shares of the Company on the Closing Date, including the Purchased Shares;
- (f) evidence of the Transaction Regulatory Approvals having been obtained;
- (g) written confirmation to the Monitor (in form and substance satisfactory to the Monitor) that all conditions of Closing in favour of the Company in Sections 9.1 and 9.3 have been satisfied or waived;
- (h) the Books and Records of the Company; and



- (i) all other documents as reasonably requested by the Purchaser, acting reasonably.

### **13.3 Purchaser's Deliveries at Closing**

At Closing, the Purchaser shall deliver to the Company or, in the case of the amounts described in (a) and (b), to the Monitor:

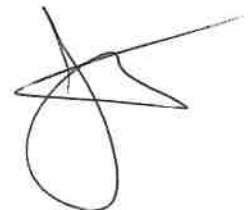
- (a) the Cash Consideration;
- (b) the Contract Cure Costs, if any;
- (c) a certificate dated as of the Closing Date from the Purchaser and Guarantor confirming that all of the representations and warranties of the Purchaser and Guarantor contained in this Agreement are true in all material respects as of the Closing Time with the same effect as though made on and as of the Closing Time, and that the Purchaser has performed in all material respects each of its obligations under this Agreement required to be performed by it at or prior to the Closing Time;
- (d) written confirmation to the Monitor (in form and substance satisfactory to the Monitor) that all conditions of Closing in favour of the Purchaser in Section 9.1 and 9.2 have been satisfied or waived; and
- (e) all other documents required to effect to the transaction contemplated by this Agreement, as reasonably requested by the Company, acting reasonably.

### **13.4 Monitor**

Upon receipt of such written confirmations referred to in Sections 13.2(g) and 13.3(d), the Monitor shall: (i) issue forthwith its Monitor's Certificate in accordance with the Approval and Reverse Vesting Order; and (ii) file as soon as practicable a copy of the Monitor's Certificate with the Court (and shall provide a true copy of such filed certificate to the Company and the Purchaser). The Parties hereby acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the Court without independent investigation upon receiving written confirmation from the Company and the Purchaser that all conditions to Closing have been satisfied or waived, and the Monitor will have no liability whatsoever to the Company or the Purchaser or any other Person as a result of filing the Monitor's Certificate.

### **13.5 Simultaneous Transactions**

All actions taken and transactions consummated at the Closing shall be deemed to have occurred in the manner and sequence set forth in the Implementation Steps and the Approval and Reverse Vesting Order (subject to the terms of any escrow agreement or arrangement among the Parties relating to the Closing), and no such transaction shall be considered consummated unless all are consummated.

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## ARTICLE 14 GENERAL MATTERS

### 14.1 Injunctive Relief

- (a) The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek specific performance, injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such specific performance, injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.
- (b) Each Party hereby agrees not to raise any objections to the availability of the equitable remedies provided for herein and the Parties further agree that by seeking the remedies provided for in this Section 14.1, a Party shall not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement.
- (c) Notwithstanding anything to the contrary herein, under no circumstances shall a Party be permitted or entitled to receive both monetary damages and specific performance and election to pursue one shall be deemed to be an irrevocable waiver of the other.

### 14.2 Survival

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

### 14.3 Assignment; Binding Effect

No Party may assign its right or benefits under this Agreement without the consent of the other Parties, except that without such consent the Purchaser may, upon prior notice to the Company and the Monitor, assign this Agreement, or any or all of its rights and obligations hereunder, to one or more of its Affiliates; provided that no such assignment or direction shall relieve Purchaser of its obligations hereunder. This Agreement shall be binding upon and enure to the benefit of the Parties and their respective permitted successors and permitted assigns. Although not Parties to this Agreement, the Monitor and its respective Affiliates and advisors shall have the benefits expressed to be conferred upon them in this Agreement, including in Article 8, Section 10.4 and Section 12.2 (in respect of the Monitor) hereof. Subject to the preceding sentence, nothing in this Agreement shall create or be deemed to create any third Person beneficiary rights in any Person not a Party to this Agreement.





#### 14.4 Notices

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (i) the date of personal delivery; (ii) the date of transmission by email, with confirmed transmission and receipt (if sent during normal business hours of the recipient, if not, then on the next Business Day); (iii) two (2) days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (iv) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by email will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

- (a) If to the Purchaser at:  
McLennan Ross LLP  
600 McLennan Ross Building  
12220 Stony Plain Road  
Edmonton, Alberta, T5N 3Y Email:  
ANNUALRETURNS@MROSS.COM  
with a copy (which shall not constitute notice) to:

McLennan Ross LLP  
600 McLennan Ross Building  
12220 Stony Plain Road  
Edmonton, Alberta, T5N 3Y4  
Attention: Chuck Russell, KC  
Email: chuck.russell@mross.com

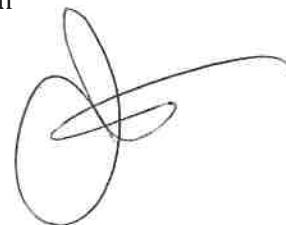
- (b) If to the Company at:  
Freedom Cannabis Inc.  
9827 279 Street  
Acheson, Alberta, T7X 6J4

Attention: JohnFrank Potestio  
Email: johnfrankpotestio@freedomcannabis.ca

with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP  
1055 Dunsmuir Street, Suite 3000  
Vancouver, BC V7X 1K8

Attention: Joanna Cameron and Randal Van de Mosselaer  
Email: jcameron@osler.com and rvandemosselaer@osler.com

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

and to:

KPMG Inc.  
333 Bay Street, Suite 4600  
Toronto ON M5H 2S5

Attention: Pritesh Patel and Tim Montgomery  
Email: pritpatel@kpmg.ca  
timmontgomery@kpmg.ca

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP  
199 Bay Street Suite 4000  
Commerce Court West  
Toronto ON M5L 1A9

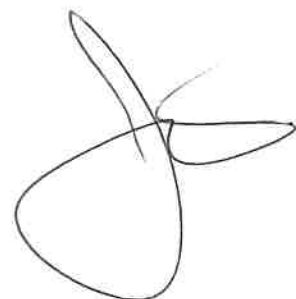
Attention: Chris Burr  
Email: chris.burr@blakes.com

Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

#### **14.5 Counterparts; Electronic Signatures**

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Execution of this Agreement may be made by electronic signature which, for all purposes, shall be deemed to be an original signature.

*[Signature pages to follow]*

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**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first written above.

**FREEDOM CANNABIS INC.**

By: DocuSigned by:  
John Frank Potestio \_\_\_\_\_

Name: John Frank Potestio

Title: CEO

I have the authority to bind the corporation.

**2644323 ALBERTA LTD.**

By: \_\_\_\_\_

Name: Name 1

Title:

I have the authority to bind the corporation.

**JL LEGACY LTD.**

By: \_\_\_\_\_

Name: Name 1

Title: Title 1

I have the authority to bind the corporation.


*Signature Page to Stalking Horse Subscription Agreement*

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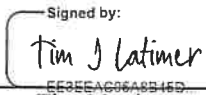
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IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

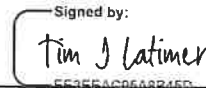
**FREEDOM CANNABIS INC.**

By:   
\_\_\_\_\_  
Name:  
Title:  
I have the authority to bind the corporation.

**2644323 ALBERTA LTD.**

By:   
\_\_\_\_\_  
Name: Tim J Latimer  
Title: Director  
I have the authority to bind the corporation.

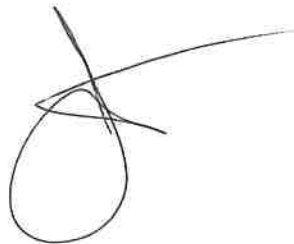
**JL LEGACY LTD.**

By:   
\_\_\_\_\_  
Name: Tim Latimer  
Title: Director  
I have the authority to bind the corporation.



**SCHEDULE 1.1(A)**  
**APPROVAL AND REVERSE VESTING ORDER**

**(See attached)**

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Clerk's Stamp:



COURT FILE NUMBER 2403-15089  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE OF EDMONTON

APPLICANTS: 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 FREEDOM CANNABIS INC.

DOCUMENT **ORDER**  
**(APPROVAL AND REVERSE VESTING ORDER)**

CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT: **OSLER, HOSKIN & HARCOURT LLP**  
Suite 2700, Brookfield Place  
225 – 6<sup>th</sup> Avenue S.W.  
Calgary AB T2P 1N2

Solicitor: Randal Van de Mosselaer  
Telephone: 403.260.7060  
Facsimile: 416.862.6666  
Email: rvandemosselaer@osler.com  
File Number: 1265437

**DATE ON WHICH ORDER** [●], 2025

**WAS PRONOUNCED:**

**NAME OF JUDGE WHO** The Honourable Justice [●]

**MADE THIS ORDER:**

**LOCATION OF HEARING:** Edmonton, Alberta

UPON THE APPLICATION of Freedom Cannabis Inc. (the “**Applicant**”) for an order (i) approving the transaction (the “**Transaction**”) contemplated by the Stalking Horse Subscription Agreement dated as of [●], 2025, by and among the Applicant (in such capacity the “**Purchased**”

**Entity**”), 2644323 Alberta Ltd. (the “**Purchaser**”) and JL Legacy Ltd. (the “**Guarantor**”) a copy of which is appended to the Affidavit of John Frank Potestio, sworn February [\*], 2025 as [**Exhibit ●**] (as may be amended from time to time in accordance with the terms thereof and this Order, the “**Stalking Horse Agreement**”); (ii) authorizing and directing the Applicant to issue the Purchased Shares (as defined in the Stalking Horse Agreement), and vesting in and to the Purchaser, all right, title and interest in and to the Purchased Shares, free and clear of any Claims and Encumbrances (as defined below); (iii) adding [**●**] (“**Residual Co.**”) as an applicant to these CCAA proceedings (“**CCAA Proceedings**”); and (iv) transferring and vesting all of the right, title and interest in of the Purchased Entity in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (each as defined in the Stalking Horse Agreement) to and in Residual Co.;

**AND UPON** having read the Application, the [**Number**] Affidavit of John Frank Potestio sworn [**●**], 2025 and the Exhibits thereto, the [**Number**] Report of KPMG Inc., in its capacity as Court-appointed monitor of the Applicant (in such capacity, the “**Monitor**”) dated [**●**], 2025;

**AND UPON** hearing counsel for the Applicant, counsel for the Monitor and such other parties that attend the hearing of the motion, no one else appearing although duly served as appears from the affidavit of service of [**●**] sworn [**●**], 2025;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

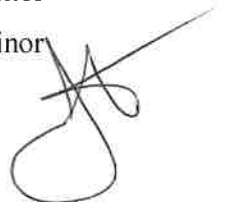
#### **SERVICE AND DEFINITIONS**

1. The time for service of the notice of application for this order (the “**Order**”) and supporting materials is hereby abridged and deemed good and sufficient and this application is properly returnable today.
2. Capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order of this Court dated August 15, 2024 (the “**ARIO**”) or the Stalking Horse Agreement, as applicable.

#### **APPROVAL OF THE TRANSACTION**

3. The Transaction and the Stalking Horse Agreement are hereby approved and the execution of the Stalking Horse Agreement by the Applicant, the Purchaser, and the Guarantor (collectively, the “**Parties**”) is hereby authorized and approved, with such minor

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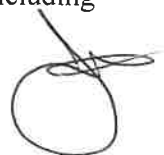


amendments as the Parties, with the consent of the Monitor, may deem necessary. The Parties are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction. In the event of any conflict between the terms of the Stalking Horse Agreement and this Order, this Order shall govern.

4. This Order shall constitute the only authorization required by the Applicant to proceed with the Transaction, and no shareholder or other approval shall be required in connection therewith, other than as contemplated by the applicable Transaction Regulatory Approvals.

#### **VESTING OF ASSETS, LIABILITIES AND SHARES**

5. Upon the delivery of the Monitor's certificate substantially in the form attached as Schedule "A" hereto (the "**Monitor's Closing Certificate**") to the Purchased Entity and the Purchaser, the following shall be deemed to occur commencing at the time of delivery of the Monitor's Closing Certificate (the "**Effective Time**") in the following sequence with one minute interval between each step unless specify otherwise (the "**Closing Sequence**"):
  - (a) first, all of the Purchased Entity's right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in Residual Co., with all applicable Claims and Encumbrances continuing to attach to the Excluded Assets in accordance with paragraph 7 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
  - (b) second, all of the Purchased Entity's right, title and interest in and to the Excluded Contracts shall vest absolutely and exclusively in Residual Co., with all applicable Claims and Encumbrances continuing to attach to the Excluded Contracts in accordance with paragraph 7 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
  - (c) third, all Excluded Liabilities shall be transferred to, assumed by and vested absolutely and exclusively in Residual Co., such that the Excluded Liabilities shall become the obligations of Residual Co., and shall no longer be obligations of the Purchased Entity, and all of the Purchased Entity's assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situate, including

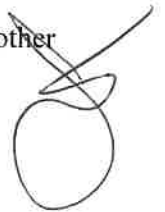




property held in trust for the Purchased Entity (the “**Purchased Entity’s Property**”), shall be and are hereby forever released and discharged from such Excluded Liabilities and all Claims and all Encumbrances (as defined below) affecting or relating to the Purchased Entity’s Property shall be expunged and discharged as against the Purchased Entity’s Property;

(d) fourth, in consideration for the Purchase Price, the Purchased Entity shall issue the Purchased Shares to the Purchaser, and all of the right, title and interest in and to the Purchased Shares shall vest absolutely in the Purchaser, and the Purchased Entity’s Property, other than the Excluded Assets and Excluded Contracts, will be retained by the Purchased Entity, free and clear of and from any and all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise, including any and all encumbrances, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including without limiting the generality of the foregoing: (i) any encumbrances or charges created by the ARIO or any other Order of the Court in the CCAA Proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry systems (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the Permitted Encumbrances listed on **Schedule “B”** hereto);

(e) fifth, all Equity Interests of the Purchased Entity outstanding prior to the issuance of the Purchased Shares, as well as any agreement, including all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by an individual, firm, corporation, governmental body or agency, or any other

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entity (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) which are convertible or exchangeable for any securities of the Purchased Entity or which require the issuance, sale or transfer by the Purchased Entity, of any shares or other securities of the Purchased Entity and/or the share capital of the Purchased Entity, or otherwise relating thereto, shall be deemed terminated and cancelled without consideration and the only Equity Interests of the Purchased Entity that shall remain shall be the Purchased Shares; and

- (f) lastly, the Purchased Entity shall be deemed to cease being an Applicant in these CCAA Proceedings in accordance with paragraph 18(c) hereof, and the Purchased Entity shall be deemed to be released from the scope and effect of the ARIO and all other Orders of this Court granted in respect of these CCAA Proceedings, save and except for this Order, the provisions of which (as they relate to the Purchased Entity) shall continue to apply in all respects.

6. As of the Effective Time:

- (a) The Purchased Entity shall continue to hold all right, title and interest in and to the Retained Assets, free and clear of all Claims and Encumbrances other than the Retained Liabilities;
- (b) The Purchased Entity shall be deemed to have disposed of the Excluded Assets and shall have no right, title or interest in or to any of the Excluded Assets;
- (c) The Purchased Entity shall be deemed to have disposed of the Excluded Contracts and shall have no right, title or interest in or to any of the Excluded Contracts; and

without limiting the provisions of paragraph 6 hereof, the Purchaser, the Purchased Entity, and the Monitor shall be deemed released from any and all claims, liabilities, (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to the Purchased Entity, provided, as it relates to the Purchaser and the Purchased Entity, such release shall not apply to (a) Taxes in respect of the business and operations conducted by the Purchased Entity after the Effective Time; or (b) Taxes expressly assumed as Retained Liabilities pursuant to the Stalking Horse Agreement, including without limiting the generality of the foregoing, all

Taxes that could be assessed against the Purchaser or the Purchased Entity (including their affiliates and any predecessor corporations) pursuant to sections 160 and 160.01 of the *Income Tax Act*, R.S.C. 1985 c. 1 (5th Supp.), or any provincial or foreign tax equivalent, in connection with the Purchased Entity. Nothing in this paragraph shall release or discharge any Claims with respect to Taxes that are transferred to Residual Co.

7. For greater certainty, any Person that, prior to the Effective Time, had a Claim or Encumbrance under or in respect of the Excluded Liabilities (other than the Retained Liabilities) against the Purchased Entity or its assets, properties or undertakings (each an “**Excluded Liability Claim**”) shall, as of the Effective Time, no longer have an Excluded Liability Claim against the Purchased Entity, but shall have an equivalent Excluded Liability Claim against Residual Co. from and after the Effective Time, with the same attributes, rights, security, nature and priority as such Excluded Liability Claim had immediately prior to its transfer to Residual Co., and nothing in this Order limits, lessens, modifies (other than by change in debtor) or extinguishes the Excluded Liability Claim of any Person as against Residual Co.
8. Except to the extent expressly contemplated by the Stalking Horse Agreement (and, for greater certainty, excluding the Excluded Assets, Excluded Contracts and Excluded Liabilities), all contracts to which the Purchased Entity is a party at the time of delivery of the Monitor’s Closing Certificate will be and remain in full force and effect upon and following delivery of the Monitor’s Closing Certificate and no Person who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:
  - (a) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of any of the Purchased Entity);
  - (b) the insolvency of the Purchased Entity or the fact that the Purchased Entity obtained relief under the CCAA;



- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the Stalking Horse Agreement, the Transaction, the provisions of this Order, or any other Order of this Court in these CCAA Proceedings; or
  - (d) any transfer or assignment, or any change of control, of any of the Purchased Entity or Purchased Entity's Property arising from the implementation of the Stalking Horse Agreement, the Transaction, or the provisions of this Order.
9. For greater certainty: (a) nothing in paragraph 8 hereof shall waive, compromise or discharge any obligations of the Purchased Entity or the Purchaser, in respect of any Retained Liabilities, (b) the designation of any Claim as a Retained Liability is without prejudice to the Purchased Entity's or the Purchaser's right to dispute the existence, validity or quantum of any such Retained Liability, and (c) nothing in this Order or the Stalking Horse Agreement shall affect or waive the Purchased Entity's or the Purchaser's rights and defences, both legal and equitable, with respect to any Retained Liability, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Retained Liability.
10. From and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Purchased Entity then existing or previously committed by the Purchased Entity, or caused by the Purchased Entity, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied in any contract, or lease existing between such Person and the Purchased Entity (including for certainty, those contracts, or leases constituting the Purchased Entity's Property) arising directly or indirectly from the filing by the Applicant under the CCAA and implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 8 hereof, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a contract, or a lease shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Purchased Entity or the Purchaser from performing their obligations under the Stalking Horse Agreement, or be a waiver of defaults by the Purchased Entity or the Purchaser under the Stalking Horse Agreement and the related documents.

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11. From and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Purchased Entity or the Purchaser relating in any way to or in respect of any Excluded Assets or Excluded Liabilities and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.
12. From and after the Effective Time, the Purchaser and/or the Purchased Entity shall be authorized to take all steps as may be necessary to effect the discharge and release as against the Purchased Entity and the Retained assets of the Excluded Liability Claims that are transferred to and vested in Residual Co. pursuant to this Order.
13. Upon delivery of the Monitor's Closing Certificate, and upon filing of a copy of this Order, together with any applicable registration fees, all governmental authorities and any other applicable registrar or government ministries or authorities exercising jurisdiction with respect to the Purchased Entity, the Purchased Entity's Property or the Excluded Assets (collectively, the "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Monitor's Closing Certificate and a copy of this Order as though they were originals and to register such transfers and interest authorizations as may be required to give effect to the terms of this Order and the Stalking Horse Agreement. Presentment of this Order and the Monitor's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of interest against the Purchased Entity's Property and the Monitor and the Purchaser is hereby specifically authorized to discharge the registrations on the Purchased Entity's Property and the Excluded Assets, as applicable.

#### **RELEASES**

14. Except as expressly provided for in the Stalking Horse Agreement, the Purchaser and the Guarantor shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims or Encumbrances against the Applicant.

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15. From and after the Effective Time, (a) the current directors, officers, employees, consultants, legal counsel and advisors of the Applicant; (b) the current directors, officers, employees, consultants legal counsel and advisors to Residual Co.; (c) the Monitor and its legal counsel and their respective current directors, officers, partners, employees, consultants and advisors (the persons listed in (a), (b), and (c) being collectively, the “**Released Parties**”) shall be deemed to be forever irrevocably released and discharged from any and all present and future liabilities, claims (including, without limitation, claims for contribution or indemnity), indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, duties, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) arising in connection with or relating to the CCAA Proceedings, the Stalking Horse Agreement, the consummation of the Transaction, any closing document, agreement, document, instrument, matter or transaction involving the Purchased Entity arising in connection with or pursuant to any of the foregoing, and/or any matter relating to the Purchased Entity’s cannabis excise licence and/or GST/HST arrears owing by the Purchased Entity for the period prior to the date of the Initial Order (collectively, the “**Released Claims**”), which Released Claims are hereby and shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, and are not vested nor transferred to Residual Co. or to any other entity and are extinguished, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar any claim for fraud or wilful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA. For greater certainty, “current” in this paragraph refers to individuals who remain in their respective role(s) up to one day prior to closing of the Transaction, as applicable.
16. Notwithstanding any other provision of this Order, for any real property lease that is not excluded from the Transaction (“**Lease**”), the landlord under any such Lease shall be entitled to enforce all of its rights and remedies as against the tenant with respect to any breach of a non-monetary obligation under the Lease, if (a) such non-monetary breach under the Lease arises or continues after the Effective Time; (b) such non-monetary breach

is capable of being cured; and (c) the tenant has failed to remedy the default after having received notice of such default pursuant to the terms of the Lease. Without limiting the foregoing, the landlord under the Lease shall not rely on a notice of default sent prior to the filing of the Monitor's Closing Certificate ("**Prior Default Notice**") to terminate or otherwise enforce the terms of the Lease as against the tenant and any such Prior Default Notice shall be deemed unenforceable.

#### **PRIORITY PAYMENT AMOUNT AND CCAA PROCESS EXPENSE AMOUNT**

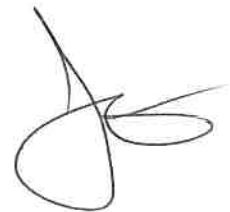
17. The Priority Payment Amount and the CCAA Process Expense Amount, if any, shall be paid by the Purchaser to the Monitor in cash on the Closing Date, consistent with the Implementation Steps and in accordance with the terms of the Stalking Horse Agreement.

#### **RESIDUAL CO.**

18. As of the Effective Time:
- (a) Residual Co. shall be a company to which the CCAA applies;
  - (b) Residual Co. shall be added as an applicant in these CCAA Proceedings and all references in any Order of this Court in respect of these CCAA Proceedings to (i) an "Applicant" shall refer to and include Residual Co.; and (ii) "Property" shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of Residual Co. (collectively the "**Residual Co. Property**"), and, for greater certainty, each of the Charges (as defined in the Initial Order), shall constitute a charge on the Residual Co. Property;
  - (c) The title and the style of cause in these proceedings shall be amended to delete FREEDOM CANNABIS INC. as a party in these CCAA Proceedings and to add the name of Residual Co. [●], as a party in these CCAA Proceedings; and
  - (d) The Non-Applicant Stay Parties shall no longer be subject to the Stay Period in these CCAA Proceedings.

**MONITOR**

1394-2204-3922.2



19. Nothing in this Order, including the release of the Purchased Entity from the purview of these CCAA Proceedings pursuant to paragraph 5(e) hereof and the addition of Residual Co. as an Applicant in these CCAA Proceedings, shall affect, vary, derogate from, limit or amend any rights, approvals and protections afforded to the Monitor in these CCAA Proceedings and KPMG shall continue to have the benefit of, any and all rights and approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order, any other Orders in these CCAA Proceedings or otherwise, including all approval, protections and stays of proceedings in favour of KPMG in its capacity as Monitor, all of which are expressly continued and confirmed.
20. No action lies against the Monitor by reason of this Order or the performance of any act authorized by this Order, except with leave of the Court following a motion brought on not less than fifteen (15) days' notice to the Monitor and its legal counsel. The entities related or affiliated with the Monitor or belonging to the same group as the Monitor (including, without limitation, any agents, employees, legal counsel or other advisors retained or employed by the Monitor) shall benefit from the protection granted to the Monitor under the present paragraph.
21. The Monitor shall not, as a result of this Order or any matter contemplated hereby:
- (a) be deemed to have taken part in the management or supervision of the management of the Purchased Entity or Residual Co. or to have taken or maintained possession or control of the business or property of the Purchased Entity or Residual Co., or any part thereof; or
  - (b) be deemed to be in possession of any property of the Purchased Entity or Residual Co. within the meaning of any applicable federal or provincial environmental legislation or Cannabis Legislation (as defined in the ARIO) or otherwise.
22. Notwithstanding anything contained in this Order, the Monitor, its employees and representatives are not and shall not be or be deemed to be, a director, officer, or employee of Residual Co. de facto or otherwise, and shall incur no liability as a result of acting in accordance with this Order or any other order of the Court made in these CCAA

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Proceedings, other than any liability arising as a direct result of the gross negligence or wilful misconduct of the Monitor.

23. Nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of Residual Co.
24. The Monitor may rely on written notice from the Purchased Entity and the Purchaser regarding the satisfaction or waiver of conditions to closing under the Stalking Horse Agreement without independent verification, and shall have no liability with respect to delivery of the Monitor's Closing Certificate.

#### MISCELLANEOUS

25. The Monitor is directed to file with the Court a copy of the Monitor's Closing Certificate forthwith after delivery thereof in connection with the Transaction.
26. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, the Purchased Entity or the Monitor, as the case may be, are authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser, all human resources and payroll information in the Purchased Entity's records pertaining to past and current employees of the Purchased Entity. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Purchased Entity.
27. Notwithstanding:
  - (a) the pendency of these CCAA Proceedings;
  - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 195, c. B-3, as amended (the "BIA"), in respect of Residual Co. and any bankruptcy order issued pursuant to any such applications; and

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- (c) any assignment in bankruptcy made in respect of the Purchased Entity or Residual Co.;

the execution of the Stalking Horse Agreement, the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to Residual Co., the issuance and vesting of the Purchased Shares in and to the Purchaser, any payment of the Priority Payment Amount and the CCAA Process Expense Amount by the Monitor and any payments by or to the Purchaser, the Purchased Entity, Residual Co., or the Monitor authorized herein, or pursuant to the Stalking Horse Agreement) shall be binding on any trustee in bankruptcy that may be appointed in respect of the Purchased Entity and/or Residual Co. and shall not be void or voidable by creditors of the Purchased Entity or Residual Co., as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal, provincial or foreign legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

28. The Monitor, the Purchaser and any other interested party shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
29. This Court shall retain exclusive jurisdiction to, among other things, interpret, implement and enforce the terms and provisions of this Order, the Stalking Horse Agreement and all amendments thereto, in connection with any dispute involving the Purchased Entity or Residual Co. and to adjudicate, if necessary, any disputes concerning the Purchased Entity or Residual Co. related in any way to the Transaction.
30. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction (including, but not limited to, the United States of America), to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are

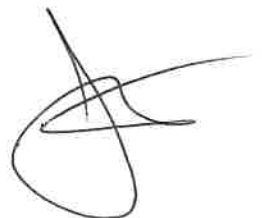
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hereby respectfully requested to make such order and to provide such assistance to the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

31. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.
32. This Order all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order without the need for entry or filing.

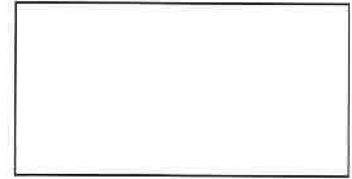
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Justice of the Court of King's Bench of Alberta

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**SCHEDULE A**  
**MONITOR'S CLOSING CERTIFICATE**

Clerk's Stamp:



COURT FILE NUMBER                    2403-15089  
COURT                                        COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE OF                    EDMONTON

APPLICANTS:                            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 FREEDOM CANNABIS INC.

DOCUMENT                                **MONITOR'S CLOSING CERTIFICATE**

CONTACT INFORMATION OF            **OSLER, HOSKIN & HARCOURT LLP**  
PARTY FILING THIS                    Suite 2700, Brookfield Place  
DOCUMENT:                                225 – 6<sup>th</sup> Avenue S.W.  
    Calgary AB T2P 1N2

Solicitor: Randal Van de Mosselaer  
Telephone: 403.260.7060  
Facsimile: 416.862.6666  
Email: [rvandemosselaer@osler.com](mailto:rvandemosselaer@osler.com)  
File Number: 1265437

**RECITALS**

- A. Pursuant to the Initial Order of the Honourable Justice M. Lema of the Court of King's Bench Alberta (the "**Court**") dated August 8, 2024, as amended and restated on August 15, 2024, Freedom Cannabis Inc., 2563138 Alberta Ltd. and 2399751 Alberta Ltd. (the "**Freedom Group**"), were granted protection from their creditors pursuant to the

*Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and KPMG Inc. was appointed as the monitor of the Freedom Group (in such capacity, the "Monitor").

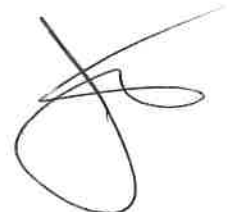
- B. Pursuant to an Approval and Reverse Vesting Order granted by Honourable Justice [●] dated [●], 2025 (the "ARVO") the Court approved a Stalking Horse Subscription Agreement between 2644323 Alberta Ltd. (the "Purchaser") and the Monitor.
- C. Capitalized terms not otherwise defined herein shall have the meanings given to them in the ARVO.

**THE MONITOR CERTIFIES** the following:

- 1. The Monitor has received the Cash Consideration.
- 2. The Monitor has received written confirmation from the Purchased Entity and the Purchaser, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived, as applicable, by the parties to the Stalking Horse Agreement.
- 3. This Monitor's closing certificate was delivered by the Monitor at \_\_\_\_\_ on \_\_\_\_\_, 2025.

KPMG Inc., in its capacity as Monitor of the Freedom Group and not in its personal or corporate capacity.

By: \_\_\_\_\_  
Name: Name1  
Title: Title1

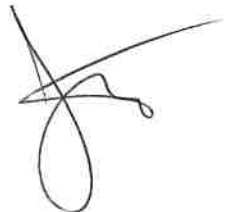


**SCHEDULE B**  
**PERMITTED ENCUMBRANCES**

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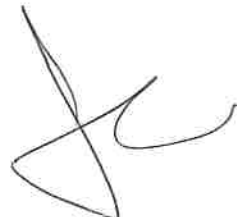
**SCHEDULE 1.1(B)**  
**PERMITTED ENCUMBRANCES**

1. DIP Lender's Charge to be discharged upon Closing.
2. With regards to the Senior Loan Agreements:
  - a. Any and all existing security registrations of the Guarantor over the Company's present and after acquired personal property in any jurisdiction in Canada, including, but not limited to, Alberta Personal Property Registry Registration Numbers:
    - i. 19062141817;
    - ii. 19062142062; and
    - iii. 20013029595.
3. Alberta Personal Property Registry - Star Prebuilt Homes Ltd. bearing Registration Number 20012821719.
4. Alberta Personal Property Registry - Royal Bank of Canada bearing Registration Number 23121233796.

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**SCHEDULE 2.2  
EXCLUDED ASSETS**

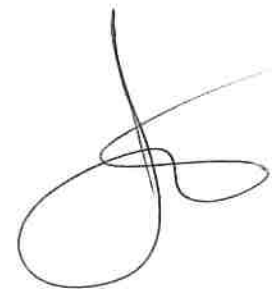
- The Excluded Contracts.
- Any interest the Company may have in Viridis Natural Health Products Ltd. and/or 2082312 Alberta Ltd.
- All Tax Liabilities of the Company for any tax period or the portion thereof prior to the Filing Date including any Liabilities to which the Existing RTPs relate.

A handwritten signature in black ink, consisting of a stylized, cursive script that appears to be the initials 'JC' or similar, located in the bottom right corner of the page.



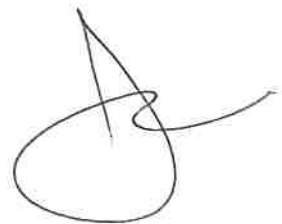
**SCHEDULE 2.3  
RETAINED CONTRACTS**

1. Senior Loan Agreements other than in respect of the Senior Loan Credit Bid Amount.
2. Prebuilt Lease, and any amendments thereto entered into prior to the Closing Date.
3. Equipment lease with Royal Bank of Canada in respect of 2021 Ford Transit 350 bearing serial number 1FDWE4FK8MDC26602.
4. All Licences.
5. All existing insurance contracts.
6. All Contracts with Employees other than the Terminated Employees.

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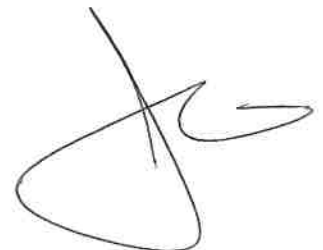
**SCHEDULE 2.4  
RETAINED LIABILITIES**

- All post-Filing Claims contemplated by the cash flow projections attached to any Monitor's reports filed in the CCAA Proceedings but not paid yet on the Closing Date.
- All Contract Cure Costs, if any.
- All Liabilities under the Retained Contracts from and after the Closing Time.
- The amount owing under the Senior Loan Agreements after release of the Senior Loan Credit Bid Amount including any principal outstanding in connection therewith, interest accrued thereunder and other fees owing in connection therewith.
- All trade payables relating to the Business incurred after the Filing Date but prior to the Closing Time that remain outstanding as at the Closing Time.
- Any Tax Liabilities (including source deductions) of Freedom Cannabis for (i) any tax period or the portion thereof beginning on or after the Closing Date; and (ii) accrued in respect of the period after the Filing Date (other than, for certainty, all Taxes owed or owing or accrued due by the Company in respect of the period prior to the Filing Date even if assessed after the Filing Date). All Liabilities of the Company arising from and after the Closing Time.
- All Liabilities related to the Permitted Encumbrances.

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**SCHEDULE 2.7(B)**  
**IMPLEMENTATION STEPS**

1. At least three (3) Business Days prior to the Closing Date, the Company shall form Residual Co. in accordance with the terms contained herein, in form satisfactory to the Purchaser, acting reasonably, and the directors thereof shall not include the directors or related parties of the Purchaser, and no such entity shall be a flow through entity for Canadian or U.S. tax purposes unless approved by the Purchaser.
2. No less than five (5) days before the Closing Date, the Company shall obtain director and shareholder approval of the respective Articles of Reorganization, if required.
3. Effective as of the Closing Time, the following steps shall take place sequentially pursuant to the Approval and Vesting Order:
  - (a) ResidualCo shall be added to the CCAA Proceeding as an applicant;
  - (b) the Company shall, to the extent it has not done so already, terminate all employees deemed to be Terminated Employees pursuant to Section 10.5;
  - (c) the Excluded Assets and the Excluded Liabilities shall be transferred from the Company to Residual Co.;
  - (d) the Company shall file or deposit the Articles of Reorganization with the applicable Government Authority;
  - (e) the Company shall issue the Purchased Shares;
  - (f) all outstanding Equity Interests in the Company shall be cancelled for no consideration pursuant to the Approval and Vesting Order;
  - (g) the Purchaser shall satisfy the Purchase Price in accordance with the terms of the Agreement;
  - (h) Closing shall be deemed to have occurred; and
  - (i) the Monitor shall deliver the Monitor's Certificate.

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**SCHEDULE 7.1(D)**  
**TRANSACTION REGULATORY APPROVALS**

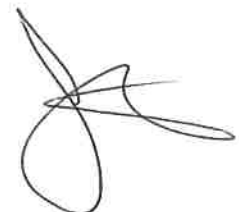
Any consent, approval and / or grant upon change of control of any of the Company as required under Cannabis Laws. For the purposes hereof "Cannabis Laws" shall mean (i) the Gaming Liquor and Cannabis Act (Alberta), RSA 2000 c. G-1, the Cannabis Act, S.C. 2018, c. 16 (Canada), and any other applicable governing legislation and the regulations thereunder, all as may be amended, supplemented or replaced from time to time and those which regulate the sale or distribution of cannabis (in various forms), cannabinoid product or paraphernalia commonly associated with cannabis and/or related cannabinoid products; and (ii) any and all other applicable provincial or municipal laws or regulations governing the cultivation, manufacture, production, storage, marketing or sale of cannabis that may be in effect from time to time.

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THIS IS **EXHIBIT "C"** TO THE AFFIDAVIT OF JOHNFRANK POTESIO  
SWORN BEFORE ME THIS 18<sup>TH</sup> DAY OF FEBRUARY 2025.

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Notary Public/Commissioner for Oaths in and for Alberta

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**THIS AMENDING AGREEMENT (the "Amending Agreement")**  
made this 14 day of February, 2025

**BETWEEN:**

FREEDOM CANNABIS INC.

(hereinafter referred to as "**Freedom**")

-and-

JL LEGACY LTD.

(hereinafter referred to as the "**DIP Lender**")

(collectively, the "**Parties**")

**SECOND AMENDMENT TO DEBTOR IN POSSESSION FINANCING TERM SHEET**

**WHEREAS:**

- A. Freedom is presently in proceedings under the *Companies' Creditors Arrangement Act (Canada)* (the "**CCAA Proceedings**") pursuant to an Initial Order granted August 8, 2024, an Amended and Restated Initial Order (the "**ARIO**") granted August 15, 2024, an Order Amending ARIO granted September 18, 2024, an Extension Order granted October 11, 2024 and the Order Extending Stay granted December 18, 2024;
- B. the DIP Lender is financing Freedom's CCAA Proceedings pursuant to a Debtor in Possession Financing Term Sheet dated August 6, 2024 (the "**DIP Agreement**") with a maturity date of December 31, 2024;
- C. The DIP Agreement was amended by an Amendment to Debtor in Possession Financing Term Sheet dated December 11, 2024 which, amongst other things, changed the maturity date to February 28, 2025;
- D. the CCAA Proceedings remain ongoing and will not be resolved by February 28, 2025;
- E. the Parties agree that Freedom is not in default of the DIP Agreement and the Parties wish to amend the terms of the DIP Agreement as contained herein; and
- F. the parties acknowledge that they have each received legal advice respecting this Amending agreement, that neither is under any duress or undue influence of the other, and that they are voluntarily entering into this Amending Agreement.



**NOW THEREFORE**, in consideration of the foregoing and the mutual agreements contained herein, the receipt and sufficiency of which is hereby acknowledged and for other good and valuable consideration, the Parties agree as follows:

1. Clause 2 of the DIP Agreement shall be amended and replaced with the following:

2.	<b>LOAN AMOUNT:</b>	CAD \$4,500,000
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2. Clause 3 of the DIP Agreement shall be amended and replaced with the following:

3.	<b>DIP FACILITY:</b>	<p>Revolving facility in the maximum amount of CAD \$4,500,000 (the "<b>DIP Facility</b>").</p> <p>The DIP Facility shall be used to fund the Borrower's cash flow shortfall during the CCAA Proceeding, including working capital requirements and restructuring fees in accordance with the cash flow projections approved by the Monitor and the DIP Lender, attached hereto as <b>Schedule "A"</b> (the "<b>Cash Flow Forecast</b>") until the earliest of: (i) the repayment of the DIP Facility in full; (ii) the completion of the sale of the Borrower's business and assets; or (iii) the termination of the CCAA Proceeding.</p>
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3. Clause 8 of the DIP Agreement shall be amended and replaced with the following:

8.	<b>MATURITY DATE:</b>	<p>Unless otherwise agreed by the DIP Lender in its discretion, acting reasonably, the term of the DIP Facility shall expire, and the Borrower shall repay all obligations owing to the DIP Lender under this Term Sheet on the earliest of (the "<b>Maturity Date</b>):</p> <ul style="list-style-type: none"><li>(a) April 30, 2025;</li><li>(b) The closing of a transaction for the sale of substantially all of the Borrower's assets, business or shares (the "<b>Transaction</b>");</li><li>(c) The date on which the CCAA Proceeding is terminated for any reason, including if the Borrower become bankrupt, whether voluntarily or involuntarily; or</li><li>(d) The occurrence of an Event of Default (as defined herein).</li></ul>
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4. The provisions of this Amending Agreement shall take effect immediately upon full execution.
5. This Amending Agreement may be executed by the Parties in counterparts and the execution of this Agreement may be communicated by facsimile transmission or PDF and all counterparts when so executed and taken together shall be of the same force and effect as if all the parties hereto had executed the same document.

**JL LEGACY LTD.**

Per: Tim Latimer Director  
T: 202-778-1925 | F: 202-513-1245 | E: T.Latimer@jll.com  
Name: Tim Latimer  
Title: Director

I have the authority to bind the Corporation.

**BORROWER'S ACKNOWLEDGMENT AND ACCEPTANCE:**

The undersigned hereby accept and agree to be bound by the terms and conditions of this Amending Agreement, expressly subject to Court approval of same.

Dated this 14 day of February, 2025.

**BORROWER:**

**FREEDOM CANNABIS INC.**

Per: [Signature]  
Name: John Frank Potestio  
Title: Chief Executive Officer

I have the authority to bind the Corporation

[Signature]