

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 **APPLICATION**

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 / Skroeger@osler.com

File Number: 1265437

NOTICE TO THE RESPONDENT

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date: February 26, 2025

Time: 10:30 A.M.

Where: Edmonton Law Courts (by WebEx – See **Appendix “A”**)
<https://albertacourts.webex.com/meet/virtual.courtroom86>

Before: The Honourable Justice M. J. Lema

Go to the end of this document to see what you can do and when you must do it.

Remedy claimed or sought:

1. The Applicant, Freedom Cannabis Inc. (“**Freedom**”), seeks the following orders pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”):
 - (a) an Order, substantially in the form attached as **Schedule “A”** hereto, among other things (the “**SISP Order**”):
 - (i) approving the sale and investment solicitation process attached as Exhibit “A” to the Affidavit of JohnFrank Potestio sworn February 18, 2025 (the “**February Affidavit**”), 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;
 - (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 substantially in the form attached as **Schedule “B”** hereto (the “**Stay Extension Order**”), among other things:
 - (i) extending the Stay Period (as defined in paragraph 13 of the Initial Order granted by this Honourable Court on August 8, 2024 (the “**Initial Order**”) (as subsequently amended and restated by an Amended and Restated Initial Order granted by this Honourable Court on August 15, 2024, the “**ARIO**”) 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**”) is entitled to the benefit of, and protection under, the Administration Charge (as defined below) in its capacity as counsel to Freedom; and
 - (c) such further and other relief as counsel may advise and this Honourable Court may deem just and appropriate.
2. Capitalized terms used but not otherwise defined herein have the meaning given to such terms in the Initial Order (as defined below), the SISP or the February Affidavit.

Grounds for making this application:

Background

3. Freedom is a privately owned licensed producer of cannabis products that is in the business of cannabis cultivation, processing, extraction, wholesale distribution and business to business sales.
4. As a result of continuing financial problems resulting from oversaturation in the cannabis market, a complex and administrative-heavy regulatory and licensing regime, the continued illicit cannabis market and an increased taxation burden from excise duties, Freedom sought protection under the *CCAA*.
5. On August 8, 2024 the Honourable Justice Mah granted the Initial Order which, among other things:
 - (a) declared that Freedom is a company to which the *CCAA* applies;
 - (b) granted the Stay Period up to and including August 18, 2024;
 - (c) authorized and empowered Freedom to obtain and borrow under an interim credit facility from JL Legacy Ltd. (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**”);
 - (d) granted the Administration Charge up to the maximum amount of \$250,000 (the “**Administration Charge**”);
 - (e) granted the Directors’ Charge; and
 - (f) appointed KPMG as Monitor of Freedom in these proceedings.
6. 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.

7. The Stay Period was subsequently extended by Orders of this Court granted on September 18, 2024, October 11, 2024 (the “**October 11 Order**”) and December 18, 2024 (the “**December 18 Order**”). The Stay Period currently expires on February 28, 2025.
8. The October 11 Order and December 18 Order’s further increased availability under the DIP Term Sheet and the corresponding DIP Lender’s Charge and it now stands at \$3,900,000. The DIP Term Sheet currently matures on February 28,2025.

Proposed SISP

9. 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. In order to realize such value, Freedom is proposing to implement the SISP immediately. The SISP has been designed by the Monitor, in consultation with Freedom and the Stalking Horse Bidder (who is a subsidiary of JLL, Freedom’s senior secured lender) to canvass the market for the best potential implementable transaction for the sale or investment in all or substantially all of Freedom’s Property and/or Business.
10. The SISP is proposed to be implemented as a single stage process whereby all interested parties are encouraged to submit Qualified Bids based on any configuration of the Property and/or Business they wish. A Qualified Bid under the SISP may be comprised of either: (a) an *en bloc* bid for all or substantially all of the Property and/or Business; (b) a partial bid for a portion of the Property and/or Business; or (c) a refinancing, investment or recapitalization bid, and which meet the requirements for a “Qualified Bid” under the SISP.
11. The key deadlines under the SISP are as follows:

Milestone	Date
Binding Offer (Qualified Bid) Deadline	April 9, 2025 at 3:00 p.m. MST
<i>If no Qualified Bids are Received other than the Stalking Horse Bid</i>	
Selection of Stalking Horse Bid as Successful Bid	April 9, 2025

Hearing of Approval Motion	April 23, 2025 or based on Court availability
Closing of Stalking Horse Bid	On or before 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
Hearing of Approval Motion	April 30, 2025 or based on Court availability
Closing of Successful Bid	On or before June 30, 2025

Stalking Horse Bid and Break Fee

12. The SISP is proposed to be backstopped by the Stalking Horse Bid. Pursuant to the Stalking Horse Agreement, the Stalking Horse Purchaser will: (a) act as the Stalking Horse Bidder in the SISP; and (b) become the sole owner of 100% of the issued and outstanding shares of Freedom by way of a reverse approval and vesting order.
13. Pursuant to the Stalking Horse Agreement, the Stalking Horse Purchaser will be entitled to a Break Fee of \$400,000 paid to the Stalking Horse Purchaser (the “**Break Fee**”) if the Stalking Horse Purchaser is not the Successful Bidder (as defined in the SISP).
14. Inclusion of the Stalking Horse Agreement as part of the SISP will set a baseline price and establish commercial terms for a transaction involving Freedom’s Property and/or Business and provides a process to canvas the market in order to maximize the value obtained for Freedom’s Property and/or Business.
15. 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.

16. The Monitor supports the approval of the Stalking Horse Agreement for the purpose of acting as the Stalking Horse Bid under the SISP.

Second Amended DIP Term Sheet

17. Freedom will continue to require interim financing to fund its operations during the proposed extension of the Stay Period. Access to additional interim financing is necessary to Freedom's ongoing working capital requirements and the cost of these proceedings.
18. On February 14, 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.

Stay Extension

19. The Stay Period currently expires on February 28, 2025.
20. Freedom is seeking a further extension up to and including April 30, 2025 or such further date as this Honourable Court may deem appropriate.
21. Freedom requires an extension of the Stay Period in order to, among other things:
 - (a) implement the SISP;
 - (b) seek Court approval of the Stalking Horse Bid or a Superior Bid;
 - (c) if necessary, continue negotiations with Star Pre-Built Homes Ltd., the landlord for Freedom's leased premises; and
 - (d) if necessary, continue negotiations with the Canada Revenue Agency respecting Freedom's cannabis excise license under the *Excise Act* (Canada).
22. Freedom believes that its stakeholders will not be prejudiced by the proposed extension of the Stay Period.

23. Freedom has acted and continues to act in good faith and with due diligence in respect of all matters relating to the CCAA proceedings, and no creditor will be prejudiced by the proposed extension of the Stay Period.
24. The Monitor, and JLL, as Freedom's senior secured creditor, are supportive of the proposed Stay Extension Order.

Administration Charge

25. At the outset of these CCAA proceedings, Freedom was represented by Chaitons LLP and Sharek Logan & Van Leenen LLP. On February 4, 2025 Freedom filed a Notice of Change of Representation substituting Osler as its counsel of record. Accordingly, Osler seeks a declaration that it is entitled to the benefit and protection under the Administration Charge in its capacity as counsel for to Freedom.

Miscellaneous

26. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Affidavit or other evidence to be used in support of this application:

27. The Affidavit of JohnFrank Potestio sworn August 6, 2024;
28. The Affidavit of JohnFrank Potestio sworn August 13, 2024;
29. The Affidavit of JohnFrank Potestio sworn September 9, 2024;
30. The Affidavit of JohnFrank Potestio sworn October 2, 2024;
31. The Affidavit of JohnFrank Potestio sworn December 11, 2024;
32. The Affidavit of JohnFrank Potestio sworn December 18, 2024;
33. The Affidavit of JohnFrank Potestio sworn February 18, 2025;
34. The Fifth Report of the Monitor, to be filed;

35. The pleadings and materials filed in these proceedings; and
36. Such further and other materials or evidence as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

37. *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36;
38. *Judicature Act*, RSA 2000, c J-2;
39. *Rules of Court*, Alta Reg 124/2010; and
40. Such further and other acts and regulations as counsel may advise and this Honourable Court may permit.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

APPENDIX A

WEBEX INSTRUCTIONS

File #(s) : 2403 15089

Style of Cause: FREEDOM CANNABIS INC. v. COMPANIES' CREDITORS ARRANGEMENT ACT

Date/Duration:

Feb 26, 2025 10:30 AM

Total: 120 Minute(s)

Booking Type/List: Commercial

Purpose of Hearing: Commercial Hearing

Counsel: Randal Steven Van de Mosselaer; Stephen Phillip Kroeger;

Special Requirements:

Requirements: Courtroom Required

Equipment: Video Conferencing

Notes: CCM

Counsel: Please ensure that all relevant parties have received Webex information.

Virtual Courtroom 86 has been assigned for the above noted matter:

Virtual Courtroom Link:

<https://albertacourts.webex.com/meet/virtual.courtroom86>

Instructions for Connecting to the Meeting

1. Click on the link above or open up Chrome or Firefox and cut and paste it into your browser address bar.
2. If you do not have the Cisco Webex application already installed on your device, the site will have a button to install it. Follow installation instructions. Enter your full name and email address when prompted
3. Click on the **Open Cisco Webex Meeting**.
4. You will see a preview screen. Click on **Join Meeting**.

Key considerations for those attending:

1. Please connect to the courtroom **15 minutes prior** to the start of the hearing.
2. Please ensure that your microphone is muted and remains muted for the duration of the proceeding, unless you are speaking. Ensure that you state your name each time you speak.
3. If bandwidth becomes an issue, some participants may be asked to turn off their video and participate by audio only.
4. **Note: Recording or rebroadcasting of the video is prohibited.**
5. **Note: It is highly recommended you use headphones with a microphone or a headset when using Webex. This prevents feedback.**

For more information relating to Webex protocols and procedures, please visit:
<https://www.albertacourts.ca/qb/court-operations-schedules/webex-remote-hearings-protocol>

You can also join the meeting via the “Cisco Webex Meetings” App on your smartphone/tablet or other smart device. You can download this via the App marketplace and join via the link provided above.

Thank you,

SCHEDULE A

SISP ORDER

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 (APPROVING SALE AND INVESTMENT
SOLICITATION PROCESS)**

CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT:

OSLER, HOSKIN & HARCOURT LLP
Suite 2700, Brookfield Place
225 – 6th 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
WAS PRONOUNCED:
NAME OF JUDGE WHO
MADE THIS ORDER:
LOCATION OF HEARING:**

February 26, 2025

The Honourable Justice M. J. Lema

Edmonton, Alberta

UPON the application of Freedom Cannabis Inc. (the “**Applicant**”); **AND UPON** having read the Application, the Affidavit of JohnFrank Potestio sworn February 18, 2025 and the Exhibits thereto (the “**Potestio Affidavit**”), the Fifth Report of KPMG Inc., in its capacity as Court-appointed monitor of the Applicant (in such capacity, the “**Monitor**”) dated February ●, 2025;

AND UPON being advised that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this motion and either have not indicated their opposition or alternatively consent to the within Order;

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 February [●], 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**”), the Bidding Procedures for Sale and Investment Solicitation Process in the form attached hereto as Schedule “A” (the “**SISP**”), or the Stalking Horse Purchase Agreement (as defined below).

APPROVAL OF THE SALE AND INVESTMENT SOLICITATION PROCESS

3. The SISP (subject to any amendments thereto that may be made in accordance with the terms therewith and with this Order) is hereby approved and the Monitor, in consultation with the Freedom Group, is hereby authorized and directed to implement the SISP pursuant to the terms thereof. The Freedom Group and the Monitor are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order.

4. The Freedom Group, the Monitor, and their respective affiliates, partners, directors, officers, employees, counsel, representatives, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any Person in connection with or as a result of implementing or otherwise in connection with the SISP, except to the extent such losses, claims, damages or liabilities that arise or result from their respective gross negligence or wilful misconduct, as applicable, as determined by this Court in a final order that is not subject to appeal or other review.
5. Pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Monitor and the Freedom Group are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the SISP.
6. Notwithstanding anything contained herein or in the SISP, and in no way limiting the protections provided to the Monitor in the ARIO, the Monitor shall not take possession of any Property or be deemed to take possession of any Property, including pursuant to any provision of the Cannabis Legislation (as defined in the ARIO).

APPROVAL OF THE STALKING HORSE AGREEMENT

7. The Applicant is hereby authorized and empowered to enter into the Stalking Horse Subscription Agreement (the “**Stalking Horse Agreement**”) among the Applicant, 2644323 Alberta Ltd. (the “**Stalking Horse Purchaser**”) and JL Legacy Ltd. (the “**Guarantor**”), in the form attached to the Potestio Affidavit, nunc pro tunc, with such minor amendments as may be acceptable to the Company and the Stalking Horse Purchaser, with the approval of the Monitor.
8. The Stalking Horse Agreement is hereby approved and accepted solely for the purposes of being the Stalking Horse Bid under the SISP; provided that, nothing herein approves the transactions contemplated in the Stalking Horse Bid, and the approval of any transactions contemplated by the Stalking Horse Agreement shall be considered by this Court on a subsequent motion made to this Court if the Stalking Horse Agreement is the Successful Bid pursuant to the SISP.

9. The Break Fee (as defined in the Stalking Horse Agreement) is hereby approved and the Applicant is hereby authorized and directed to pay the Break Fee to Stalking Horse Purchaser (or as it may otherwise direct) subject to and in accordance with the terms of the Stalking Horse Agreement.

PROTECTION OF PERSONAL INFORMATION

10. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 and any similar legislation in any other applicable jurisdictions, the Monitor, the Applicant and their respective advisors are hereby authorized and permitted to disclose and transfer to prospective SISP participants (each a "**SISP Participant**") and their respective advisors personal information of identifiable individuals ("**Personal Information**"), records pertaining to the Freedom Group's past and current employees, and information on specific customers, but only to the extent desirable or required to negotiate or attempt to complete a transaction under the SISP (a "**Transaction**"). Each SISP Participant to whom such Personal Information is disclosed shall maintain and protect the privacy of such Personal Information and limit the use of such Personal Information to its evaluation of a Transaction, and, if it does not complete a Transaction, shall return all such information to the Monitor or the Freedom Group or, in the alternative, destroy all such information and provide confirmation of its destruction if requested by the Freedom Group or the Monitor. The Successful Bidder(s) (as defined in the SISP) shall maintain and protect the privacy of such information and, upon closing of the Transaction(s) contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or the Property (as defined in the SISP) acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Freedom Group, and shall return all other personal information to the Freedom Group or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Monitor or the Freedom Group.

GENERAL

11. The Applicant or the Monitor may, from time to time, apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties under this Order or in the interpretation of this Order.

12. This Order shall have full force and effect in all provinces and territories in Canada.
13. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.
14. The Applicant and the Monitor be at liberty, and are hereby authorized and empowered, to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
15. This 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.

Justice of the Court of King's Bench of Alberta

- 6 -

SCHEDULE "A"

SISP

[Attached]

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:¹

¹ 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.

Milestone	Date
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 (as defined below)	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 (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
<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
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:
 - 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 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.

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: pritpatel@kpmg.ca / 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

The Applicant

Freedom Cannabis Inc.

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

Attention: Randal Van de Mosselaer / Joanna Cameron / Justin Kanji
Email : rvandemosselaer@osler.com / jcameron@osler.com / jkanji@osler.com

SCHEDULE B
STAY EXTENSION ORDER

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 (STAY EXTENSION)

CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT:

OSLER, HOSKIN & HARCOURT LLP
Suite 2700, Brookfield Place
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Calgary AB T2P 1N2

Solicitor: Randal Van de Mosselaer
Telephone: 403.260.7060
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File Number: 1265437

**DATE ON WHICH ORDER
WAS PRONOUNCED:**

February 26, 2025

**NAME OF JUDGE WHO
MADE THIS ORDER:**

The Honourable Justice M. J. Lema

LOCATION OF HEARING:

Edmonton, Alberta

UPON the application of Freedom Cannabis Inc. (the “**Applicant**”); **AND UPON** having read the Application, the Affidavit of John Frank Potestio sworn February 18, 2025 and the Exhibits thereto, the Fifth Report of KPMG Inc., in its capacity as Court-appointed monitor of the Applicant (in such capacity, the “**Monitor**”) dated February ●, 2025;

AND UPON being advised that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this motion and either have not indicated their opposition or alternatively consent to the within Order;

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 February [●], 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**”).

STAY EXTENSION

3. The Stay Period, as ordered and defined in paragraph 13 of the ARIO, is hereby further extended until and including April 30, 2025.

AMENDMENT TO DIP TERM SHEET

4. The ARIO is hereby amended as follows:

- (a) Paragraph 31 shall read:

“The Applicant is hereby authorized and empowered to obtain and borrow under an interim credit facility from JL Legacy Ltd. (the “**DIP Lender**”) in order to finance the

Applicant's working capital requirements and other general corporate purposes and capital expenditures, including the costs of these proceedings, provided that borrowings under such credit facility shall not exceed \$4,500,000 unless permitted by further order of this Court."

(b) Paragraph 32 shall read:

"Such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Applicant and the DIP Lender dated as of August 6, 2024 (the "**DIP Term Sheet**"), the First Amendment to the DIP Term Sheet dated December 11, 2024 and the Second Amendment to the DIP Term Sheet dated February 14, 2025"

(c) Paragraph 37 shall read:

"The priorities of the Administration Charge, the Directors' Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – Directors' Charge (to the maximum amount of \$1,500,000); and

Third – DIP Lender's Charge (to the maximum principal amount of \$4,500,000 plus accrued interest, fees and expenses)"

ADMINISTRATION CHARGE

5. Osler, Hoskin & Harcourt LLP, in its capacity as counsel to the Freedom Group, shall be entitled to the benefits of the Administration Charge as granted in the ARIO together with the Monitor and its counsel. For greater certainty, no other current or former counsel to the Freedom Group shall have the benefit of the security provided by the Administration Charge for any services rendered after the date of this Order.

GENERAL

6. This Order shall be posted by the Monitor to <https://kpmg.com/ca/freedom>, and served by the Monitor on the service list maintained by the Monitor and on those who otherwise are reasonably known by the Monitor to be affected by this Order. Service may be effected by facsimile, electronic mail, personal delivery or courier.

Justice of the Court of King's Bench of Alberta