Clerk's Stamp:

COURT FILE NUMBER	2401-09688
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DELTA 9 CANNABIS INC., DELTA 9 LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE CANNABIS CLINIC INC. and DELTA 9 CANNABIS STORE INC.
APPLICANTS	DELTA 9 CANNABIS INC., DELTA 9 LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE CANNABIS CLINIC INC. and DELTA 9 CANNABIS STORE INC.
DOCUMENT	**AFFIDAVIT OF MARK TOWNSEND**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Miller Thomson LLP** Barristers and Solicitors 43rd Floor, 525 – 8th Avenue SW Calgary, AB T2P 1G1 Attention: Larry Ellis / James W. Reid Phone: (416) 597-4311/ (403) 298-2418 Email: lellis@millerthomson.com / jwreid@millerthomson.com File No. 0283153.0006

AFFIDAVIT OF MARK TOWNSEND
Sworn October 21, 2024

I, Mark Townsend, of the City of Vancouver, in the Province of British Columbia, SWEAR AND SAY THAT:

1. I am the Managing Partner of Broderick Capital Corp. ("**Broderick Capital**"), a mergers & acquisitions and capital raising advisory firm, and advisor to 2759054 Ontario Inc. o/a Fika Herbal Goods ("**Fika**" or the "**Plan Sponsor**"). I, through 1198184 B.C. Ltd., am also the Chief Restructuring Officer (in such capacity, the "**CRO**") of Delta 9 Cannabis Inc. ("**Delta Parent**"), Delta 9 Logistics Inc. ("**Delta Logistics**"), Delta 9 Lifestyle Cannabis Clinic Inc. ("**Delta Lifestyle**") and Delta 9 Cannabis Store Inc. ("**Delta Retail**"; together with Delta Logistics, Delta Lifestyle and Delta Parent, and collectively, the "**Plan Entities**") and Delta 9 Bio-Tech Inc. ("**Bio-Tech**", and collectively with the Plan Entities, the "**Applicants**" or "**Delta 9**").

2. As such, I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case, I verily believe the same to be true.

3. I swear this affidavit in support of an application (the "**Application**") by Fika for the relief sought in its Application returnable on November 1, 2024, including an Order (the "**Creditors' Meeting Order**"), among other things:

(a) accepting the filing of the plan of compromise and arrangement dated October 21, 2024 (the "**Plan**") of the Plan Sponsor;

(b) authorizing the Plan Entities to establish a single class of creditors for the purpose of considering and voting on the Plan, namely, the "**Affected Creditors Class**", as described in the Plan;

(c) authorizing the Plan Entities to call, hold and conduct a virtual meeting of the Affected Creditors Class (the "**Creditors' Meeting**") to consider and vote on a resolution to approve the Plan, and approving procedures to be followed with respect to the Creditors' Meeting;

(d) setting a date for the hearing of the application for an order sanctioning the Plan (the "**Plan Sanction Hearing**"), should the Plan be approved for filing and approved by the requisite majorities of creditors at the Creditors' Meeting; and

(e) such further and other relief as counsel may request and this Honourable Court may deem appropriate.

4. Additional information about the circumstances underlying these proceedings (the "**CCAA Proceedings**") is set out in the First Affidavit of John Arbuthnot IV sworn July 12, 2024 (the "**First Arbuthnot Affidavit**"), and the pre-filing report of Alvarez & Marsal Canada Inc. in its capacity as the monitor (the "**Monitor**") dated July 16, 2024 ("**Pre-Filing Report**"), the First Report of the Monitor dated July 22, 2024 (the "**First Report**"), the Second Affidavit of John Arbuthnot IV sworn on July 18, 2024 (the "**Second Arbuthnot Affidavit**"), the Third Affidavit of John Arbuthnot IV (the "**Third Arbuthnot Affidavit**"), sworn September 3, 2024, the Second Report of the Monitor dated September 10, 2024, and the Third Report of the Monitor, to be filed.

A. Background and Relief Sought

5. On July 15, 2024, the Honourable Justice D.R. Mah granted an Initial Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**") which, among other things, appointed Alvarez & Marsal Canada Inc. as the Monitor of the Applicants.

6. On July 24, 2024 (the "**Comeback Hearing**"), the Honourable Associate Chief Justice K.G. Nielsen granted the following orders:

(a) an Amended and Restated Initial Order (the "**ARIO**"), among other things:

(i) extending the stay of proceedings under the Initial Order from July 25, 2024 to September 15, 2024;

(ii) approving the break-fee of $1,500,000 (the "**Break Fee**") set out in the Restructuring Term Sheet dated July 12, 2024 between the Plan Sponsor and the Applicants (the "**Restructuring Term Sheet**") and granting a charge (the "**Plan Sponsor Protection Charge**") to secure the Break Fee;

(iii) approving an interim financing loan agreement between the Applicants and the Plan Sponsor dated July 18, 2024 (the "**Interim Financing Agreement**") and a charge securing the Interim Financing Agreement not exceeding the principal sum of $16,000,000, plus interest, costs and expenses in favour of the Plan Sponsor, as security for any advances made by the Plan Sponsor pursuant to the Interim Financing Agreement (the "**Interim Financing Charge**");

(iv) approving a key employee retention plan (the "**KERP**") and corresponding charge to secure obligations under the KERP up to the amount of $655,000 (the "**KERP Charge**");

(v) approving an increase to the Administration Charge from $350,000 to $750,000 and the Directors' Charge from $300,000 to $900,000; and

(vi) appointing me as the CRO of the Applicants;

(b) an Order (the "**SISP Order**") approving the sales and investment solicitation process ("**Bio-Tech SISP**") in respect of a going-concern sale of the assets and/or shares of Bio-Tech;

(c) an Order (the "**Claims Procedure Order**"), approving a claims procedure with respect to the Plan Entities (the "**Claims Procedure**"); and

(d) an Order (the "**Sealing Order**") sealing the confidential appendix of the First Report of the Monitor dated July 18, 2024, comprising of an unredacted copy of the KERP.

7. On September 11, 2024 (the "**Second Stay Extension and Approval Hearing**"), the Honourable Justice C.D. Simard granted a Stay Extension and Approval Order, among other things:

(a) extending the Stay Period, as defined in the ARIO, granted on July 24, 2024, up to and including November 1, 2024;

(b) approving Amendment No. 1 to the Interim Financing Term Sheet (the "**Amended Interim Financing Term Sheet**"), attached as Schedule "A" to the Second Report of the Monitor;

(c) authorizing Delta 9 to borrow up to $17,500,000 from the Plan Sponsor under the Amended Interim Financing Term Sheet and approving the increase of the Interim Financing Charge, as defined in paragraph 35 of the ARIO, to the amounts outstanding under the Amended Interim Financing Term Sheet;

(d) approving the accounts of the Monitor's legal counsel, Burnet, Duckworth & Palmer LLP, for its fees and disbursements, as set out in the Second Report; and

(e) approving the Monitor's activities, actions and conduct, as set out in the Pre-Filing Report, the First Report and the Second Report.

8. Unless otherwise indicated in this affidavit, monetary references herein are references to Canadian dollars. Capitalized terms used that are not otherwise defined in this affidavit have the meaning given to them in the First Arbuthnot Affidavit or the Plan, as applicable.

B. UPDATE SINCE COMEBACK HEARING

9. Since the Comeback Hearing, the Applicants, the CRO, the Plan Sponsor and the Monitor have worked to, as applicable:

(a) carry out the Bio-Tech SISP in respect of the sale of Bio-Tech's assets and/or shares;

(b) implement the process set out in the Claims Procedure Order;

(c) negotiate and finalize the draft Plan for presentation to the Plan Entities' stakeholders; and

(d) otherwise take all necessary steps to advance this restructuring.

10. The purpose of the Plan is to, among other things: (i) facilitate and implement the restructuring of the Plan Entities in accordance with the Restructuring Term Sheet; (ii) effect a compromise, settlement, release and discharge of all Affected Claims in exchange for

distributions to Affected Creditors; and (iii) ensure the continuation of the Plan Entities and their retail operations.

11. I believe that the Plan preserves the value of the Plan Entities and is in the best interest of the Applicants' stakeholders. I believe that the Plan, if approved and implemented, will enable substantially greater recoveries for creditors than in a bankruptcy or liquidation of the Applicants. I understand that the Applicants and the Monitor support this position.

C. The Plan

(i) Overview

12. The Plan Sponsor seeks this Court's authorization, on behalf of the Applicants, to file the Plan, a copy of which is attached as Schedule "1" to the draft Creditors' Meeting Order. The Plan Sponsor also seeks this Court's authorization to convene the Creditors' Meeting to consider and vote on the proposed Plan.

13. The Plan Sponsor and the Applicants, in consultation with the Monitor and the CRO, have developed the Plan to restructure the Applicants' retail operations in order to successfully emerge from these CCAA Proceedings and ensure the continuation of the Applicants' retail business.

14. Court approval of the Plan is not being sought at this time. Rather, approval is being sought to file the Plan with the Court and to present it to Affected Creditors so that the Affected Creditors can vote on the Plan at the Creditors' Meeting.

15. In general, the Plan includes the following key elements, as more fully particularized in the Plan:

(a) The continuation of the Applicants' cannabis retail operations in the ordinary course and without disruption following Plan implementation;

(b) The Retail Restructuring, pursuant to which, on the Retail Implementation Date, the Plan Sponsor will acquire 100% ownership of Delta Retail, Delta Lifestyle, and Delta Logistics (collectively, the "**Delta Retail Entities**") in exchange for the following consideration:

(i) A convenience payment to be made to each "**Convenience Creditor**"[1] in full consideration for the irrevocable, full and final compromise and satisfaction of such Convenience Creditor's Affected Claim;

(ii) A "**Shareholder Equity Pool**"[2] will be established to be distributed *pro rata* among Qualifying Existing Common Shareholders of Delta Parent; and

(iii) A "**Creditor Equity Pool**"[3] and a "**Creditor Cash Pool**"[4] will be established to be distributed *pro rata* among eligible voting creditors; and

(c) The Bio-Tech Transaction, pursuant to which, on the Bio-Tech Closing Date, the Plan Sponsor will acquire a 100% equity interest in Delta Parent in exchange for the consideration set out in paragraph 32 below.

16. The proposed Creditors' Meeting Order discussed herein deals with the procedures relating to the Plan and the Creditors' Meeting.

(ii) Creditor Class and Affected Claims

17. The Plan proposes to create a single class of Affected Creditors for purposes of considering and voting on the Plan.

18. The Plan defines an Affected Creditor as "any Creditor of the Plan Entities with an Affected Claim, but only with respect to and to the extent of such Affected Claim". An "**Affected Claim**" is a Claim[5] that is not an Unaffected Claim (*i.e.* a claim that is not excluded from the scope of the Plan).

19. The following claims are "**Unaffected Claims**": Claims against Bio-Tech; Post-Filing Claims; Crown Claims; Secured Claims; Claims secured by a Charge; Employee Priority Claims; Intercompany Claims, claims subject to section 5.5(f) of the Plan; D&O Claims that cannot be

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[1] Convenience Creditor means an Affected Creditor having a Convenience Claim, as defined in the Plan.
[2] The Shareholder Equity Pool consists of 135,135 Class "A" voting common shares in the capital of the Plan Sponsor.
[3] The Creditor Equity Pool consists of 270,270 Class "A" voting common shares in the capital of the Plan Sponsor.
[4] Creditor Cash Pool means the amount of $750,000.
[5] Defined as any or all Pre-Filing Claims, Restructuring Period Claims and D&O Claims, including any Claim arising through subrogation against any Applicant or any Director or Officer.

compromised pursuant to the provisions of section 5.1(2) of the CCAA; and Claims that cannot be compromised pursuant to section 19(2) of the CCAA.

20. The Plan does not affect Persons who hold Unaffected Claims. Such claims will be dealt with in accordance with the relationship in effect on the Filing Date between the Plan Entities and the holders of such claims, or such other relationships as may be agreed between the Plan Entities and the holders of such claims.

21. As discussed further below beginning at paragraph 25, as a Secured Claim, SNDL Inc.'s ("**SNDL**") claim (the "**SNDL Claim**")[6] shall constitute an Unaffected Claim under the Plan. Subject to the terms and conditions of the Plan, from and after the Retail Implementation Date, the SNDL Claim shall constitute valid outstanding indebtedness of the Plan Entities, which shall be serviced in the ordinary course in accordance with the terms of the SNDL Credit Agreement. The SNDL Credit Agreement and the SNDL Security shall constitute Continuing Contracts[7] which shall remain in place, unaffected by the implementation of the Plan.

(iii) Convenience Claims

22. The Plan defines a "**Convenience Creditor**" as any creditor having a "**Convenience Claim**", which is a Claim that is equal to or less than $4,000, subject to some qualifications set out in the Plan. The Plan provides that Creditors may not divide a claim for the purpose of qualifying their Claim as a Convenience Claim.

23. Affected Creditors with Claims greater than $4,000 are permitted under the Plan to make an election (the "**Convenience Election**")[8] to reduce the amount of their Allowed Affected Claim to $4,000 to qualify as a Convenience Claim and shall be deemed to have released and waived the balance of any such Claim.

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[6] SNDL Claim means all amounts owing by the Plan Entities and by Bio-Tech to SNDL under the SNDL Credit Agreement, plus all accrued and outstanding pre-filing fees, costs, interest, or other amounts confirmed to be owing pursuant to the SNDL Credit Agreement pursuant to a Final Order or agreement between the Plan Sponsor and SNDL.
[7] "**Continuing Contract**" means a contract, arrangement, or other agreement (oral or written) for which a notice of disclaimer pursuant to section 32 of the CCAA has not been sent by any of the Applicants.
[8] A Convenience Election is made by delivery of a notice in a prescribed form to the Plan Entities and the Monitor.

24. The Plan provides that any Creditor that submits a Convenience Election will be deemed to vote in favour of the Plan. All such Creditors will receive a cash payment on the Retail Implementation Date equal to the Convenience Amount.[9]

(iv) Bio-Tech Creditors and SNDL Claim

25. As described in detail in the First Arbuthnot Affidavit, Bio-Tech is a wholly owned subsidiary of Delta Parent and is a licensed producer of cannabis. Bio-Tech is an Applicant in these CCAA Proceedings and its assets are subject to the ongoing Bio-Tech SISP, which is being carried out in accordance with the SISP Order. Binding bids in the Bio-Tech SISP are due on October 28, 2024, with an auction to be held, if necessary, on October 30, 2024.

26. Creditors of Bio-Tech are not considered Creditors for the purpose of the Plan and shall not be entitled to vote on the Plan.

27. As discussed above, as a Secured Claim, the SNDL Claim constitutes an Unaffected Claim under the Plan. Subject to the terms and conditions of the Plan, from and after the Retail Implementation Date, the SNDL Claim will constitute valid outstanding indebtedness of the Plan Entities, which will be serviced in the ordinary course in accordance with the terms of the SNDL Credit Agreement. The SNDL Credit Agreement and the SNDL Security constitute Continuing Contracts under the Plan and will remain in place, unaffected by the implementation of the Plan.

28. For certainty, the SNDL Security will remain valid and effective as against the Applicants, unaffected by the Plan in all respects, and will be discharged upon the full and final satisfaction of the SNDL Claim. The Plan Sponsor will keep the SNDL Credit Agreement in good standing and, if necessary, will provide a guarantee of the outstanding obligations of the Applicants under the SNDL Credit Agreement.

29. We understand that SNDL may have concerns with including the SNDL Claim as an Unaffected Claim. The Applicants have already booked time before this Court on December 5, 2024, to address another issue in dispute between the Applicants and SNDL. Any concerns that SNDL has can be addressed at that time.

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[9] The "Convenience Amount" is the lesser of (i) a cash amount equal to $4,000; and (ii) the amount of such Allowed Affected Claim.

(v) Bio-Tech Transaction

30. Pursuant to Article 10 of the Plan, the Plan Sponsor may, in its sole discretion and regardless of the outcome of the Bio-Tech SISP, acquire a 100% equity interest in Delta Parent (the "**Bio-Tech Transaction**").

31. The Plan Sponsor may, as a result of the Bio-Tech Transaction, also acquire the indirect ownership of Bio-Tech in the event that the Bio-Tech SISP does not result in a Successful Bid and a resulting successful transaction for Bio-Tech's share capital.

32. The consideration for the Bio-Tech Transaction is: (a) the commitment to pay the proceeds of a Successful Bid for Bio-Tech, and the Bio-Tech Excess (as defined below), to the Monitor, for the benefit of the creditors of Bio-Tech, as described in paragraphs 35 and 36; (b) the payment of all amounts noted in the Plan; (c) the retention by the Plan Entities, and guarantee by the Plan Sponsor, of all obligations and indebtedness outstanding under the SNDL Credit Agreement; and (d) the retention by the Plan Entities of all obligations and indebtedness outstanding under the Interim Lender's Charge.

33. As a result of certain regulatory provisions regarding the direct and indirect ownership of a licensed cannabis producer such as Bio-Tech, the Plan Sponsor will not be able to complete the Bio-Tech Transaction until such time as: (a) Bio-Tech has been sold as a going concern; or (b) Bio-Tech's cannabis licence has been terminated.

34. The implementation of the Bio-Tech Transaction is subject to certain conditions precedent, including the following:

(a) the Plan shall have been approved by the Required Majority[10] in accordance with the CCAA;

[10] "**Required Majority**" means a majority in number of Affected Creditors representing at least two thirds in value of the Allowed Affected Claims of Affected Creditors who are entitled to vote at the Meeting in accordance with the Meeting Order.

(b) the Bio-Tech Restructuring Steps Supplement[11] and the treatment of the Intercompany Claims pursuant to the Plan shall have been finally determined by the Plan Sponsor in its sole discretion;

(c) Health Canada confirmation of the termination of Bio-Tech's cannabis licences shall have been received in a form satisfactory to the Plan Sponsor in its sole discretion;

(d) the Sanction Order shall have been issued by the Court and it shall have become a Final Order;

(e) the Bio-Tech SISP Shall have concluded and, if applicable, any and all vesting orders required to close the transaction(s) contemplated by the Successful Bid in the Bio-Tech SISP shall have been granted by the Court, and such transaction(s) shall have closed;

(f) all agreements, resolutions, documents, and other instruments, which are reasonably necessary to be executed and delivered by the Plan Entities in order to implement the Plan or perform their respective obligations under the Plan or the Sanction Order, shall have been executed and delivered;

(g) all Material[12] filings shall have been made and any regulatory consents or approvals that are required or desirable in connection with the Plan shall have been obtained, and the Plan Sponsor shall be satisfied that the Plan Entities have the requisite approvals, permissions and authorizations to operate subsequent to the Retail Implementation Date and in accordance with the Plan; and

(h) the applicable consideration shall have been received by the Applicants.

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[11] The "**Bio-Tech Steps Supplement**" shall set out the steps, compromises and releases to be effected on the implementation of the Plan and will be finalized on or before the date that is 15 days before the Meeting Date.

[12] "**Material**" is defined as a fact, circumstance, change, effect, matter, action, condition, event, occurrence or development that, individually or in the aggregate, is, or would reasonably be expected to be, material to the business, affairs, results of operations or financial condition of the Plan Entities, taken as a whole.

35. In the event that the Bio-Tech SISP does result in a Successful Bid from a Person other than the Plan Sponsor or an affiliate, the Plan Sponsor, the Plan Entities, and Bio-Tech, as applicable, shall move to close such transaction as soon as practicable.

36. Following the closing of a Successful Bid, the proceeds of such transaction shall be paid to the Monitor in trust for the benefit of the applicable parties in accordance with the terms of the Plan, the applicable transaction agreement(s) and the applicable orders of the Court.

37. If the Bio-Tech SISP results in a Successful Bid providing cash proceeds greater than the Bio-Tech Threshold[13] (such amounts being defined in the Plan as the "**Bio-Tech Excess**") the Plan Sponsor shall pay 50% of the Bio-Tech Excess to Bio-Tech's other creditors (*i.e.* not SNDL), from its own funds, in excess of any other consideration being offered in the Plan, in accordance with their priorities. It is expected that the beneficiary of this contribution will be the Canada Revenue Agency.

(vi) Treatment of Affected Creditors and Distributions under the Plan

38. If the Plan is approved by the Required Majority and is sanctioned by the Court, the Plan provides that each Affected Creditor with an Affected Claim will be entitled to a distribution as follows:

(a) The Monitor shall make a payment to each Convenience Creditor on the Retail Implementation Date equal to such creditor's Convenience Amount, in exchange for the full and final compromise and satisfaction of such Convenience Creditor's Affected Claim;

(b) Each "**Eligible Voting Creditor**" shall be entitled to receive a Cash Payment[14] and Equity Payment[15] on the Retail Implementation Date, in full consideration for the irrevocable, full and final compromise and satisfaction of such Affected Creditor's Affected Claim;

[13] The "**Bio-Tech Threshold**" means an amount equal to the outstanding indebtedness on tranches 1 and 3 of the SNDL Credit Agreement as of the date on which a Successful Bid closes, such amount being $23,592,036.25 as of July 31, 2024.
[14] The "**Cash Payment**" is the applicable creditor's pro rata share of the $750,000 Creditor Cash Pool.
[15] "**Equity Payment**" is the applicable creditor's pro rata share of the equity comprising of the Creditor Equity Pool.

39. As indicated, the Plan provides that the Plan Sponsor shall establish the "**Shareholder Equity Pool**", consisting of 135,135 Class "A" voting common shares in the capital of the Plan Sponsor. It is contemplated that the equity comprising the Shareholder Equity Pool will be distributed to a shareholder trust to be held on behalf of the Qualifying Existing Common Shareholders[16] of Delta Parent in proportion to their holdings as of the Filing Date.

(vii) Releases

40. The Plan contemplates that upon being sanctioned and approved by the Court, it shall be effective and binding, and shall constitute (a) full, final and absolute settlement of all rights by any Affected Creditor; and (b) an absolute release, extinguishment and discharge of all indebtedness, liabilities and obligations of the Plan Entities in respect of any Affected Creditor.

41. The Plan provides for a release of the Plan Entities; the past and current employees, legal and financial advisors, and other representatives of the Plan Entities; the Directors and Officers; the Monitor and its legal advisors; and the Plan Sponsor.

42. The Plan further requires that the Plan Sponsor support a third-party release of Claims against Bio-Tech; Bio-Tech's past and current employees, legal and financial advisors, and other representatives; Bio-Tech's directors and officers; the Monitor and its legal advisors; and the Plan Sponsor as a component of the Bio-Tech Transaction.

43. I am advised by counsel and verily believe that these releases are typical of those found in other plans of arrangement and compromise under the CCAA.

(viii) Conditions Precedent to Plan Implementation

44. The implementation of the Plan is subject to certain conditions precedent, including:

(a) the Plan shall have been approved by the Required Majority in accordance with the CCAA;

[16] "**Qualified Existing Common Shareholders**" are all Existing Common Shareholders holding 50,000 or more Existing Delta Parent Common Shares immediately prior to the Retail Restructuring Effective Time.

(b) the Retail Restructuring Steps Supplement[17] and the treatment of the Intercompany Claims pursuant to the Plan shall have been finally determined by the Plan Sponsor in its sole discretion;

(c) the Sanction Order shall have been issued by the Court and it shall have become a Final Order;

(d) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit) the Plan or any part thereof or requires or purports to require a variation of the Plan;

(e) all agreements, resolutions, documents, and other instruments, which are reasonably necessary to be executed and delivered by the Plan Entities in order to implement the Plan or perform their respective obligations under the Plan or the Sanction Order, shall have been executed and delivered;

(f) all Material filings shall have been made and any regulatory consents or approvals that are required or desirable in connection with the Plan shall have been obtained, and the Plan Sponsor shall be satisfied that the Plan Entities have the requisite approvals, permissions and authorizations to operate subsequent to the Retail Implementation Date and in accordance with the Plan;

(g) new boards of directors of the Plan Entities, as determined by the Plan Sponsor, shall have been appointed;

(h) the Plan Implementation Fund and the Administrative Expense Reserve shall have been paid to the Monitor; and

(i) the Voting Trust, Creditor Equity Pool and Shareholder Equity Pool shall have been established to the satisfaction of the Applicants and such shares shall be authorized for issuance on the Retail Implementation Date.

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[17] The "**Retail Restructuring Steps Supplement**" shall set out the steps, compromises and releases to be effected on the implementation of the Plan and will be finalized on or before the date that is 15 days before the Meeting Date, in accordance with section 6.2 of the Plan.

45. If the Conditions Precedent are not satisfied or waived on or before the Outside Date[18], or if the Plan Sponsor determines that the satisfaction of any Condition Precedent is not achievable, then the applicable Party may provide written notice to the other Party and the Monitor that such Party is revoking or withdrawing the Plan and, upon delivery of such notice:

(a) the Plan shall be null and void in all respects;

(b) any settlement or compromise embodied in the Plan and any document or agreement executed pursuant to the Plan shall be deemed null and void; and

(c) in the case that the Plan Sponsor is the revoking party, the Plan Sponsor and the Plan Entities shall execute the Stalking Horse Purchase Agreement attached as Schedule "D" to the Plan and shall pursue a Court-supervised sale and investment solicitation process in respect of the Plan Entities.

D. CREDITORS' MEETING ORDER

46. The proposed Creditors' Meeting Order authorizes the Plan Entities to call a meeting of a single class of Affected Creditors to consider and vote on the Plan.

(i) Notification of Creditors' Meeting

47. It is proposed that the meeting be held on [November ●, 2024]. It is proposed that the Creditors' Meeting be held virtually by Microsoft Teams video-conference. The video conference details will be included with the Notice to Affected Creditors in the form substantially attached to the draft Creditors' Meeting Order.

48. The Creditors' Meeting Order provides for comprehensive notice of the Creditors' Meeting to Affected Creditors.

49. It is proposed that the "**Meeting Materials**" will be uploaded on the Monitor's website within two (2) business days after the granting of the Creditors' Meeting Order, and will be sent

[18] The "**Outside Date**" is January 31, 2025, or such later date as agreed to by the Plan Entities and the Plan Sponsor, with the consent of the Monitor.

by mail or personal delivery to each Affected Creditor within five (5) business days of the date of the Creditors' Meeting Order.

50. The Meeting Materials include:

(a) The Notice to Affected Creditors;

(b) The Creditors' Meeting Order;

(c) A blank form of Affected Creditor Proxy; and

(d) The Convenience Election Notice.

51. It is also contemplated that no later than seven (7) business days before the date of the Creditors' Meeting, the Monitor shall serve a report regarding the Plan, which I understand is required by section 23(1)(d.1) of the CCAA. Such report shall also be posted on the Monitor's website.

(ii) Conduct of Creditors' Meeting

52. The Creditors' Meeting Order provides that a representative of the Monitor shall act as a chairperson (in such capacity, the "**Chairperson**") of the Creditors' Meeting. The Monitor may appoint one or more scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Creditors' Meeting.

53. It is contemplated that:

(a) the quorum required at the Creditors' Meeting shall be at least one Affected Creditor with an Allowed Affected Claim, present at the meeting in person (by electronic means) or by proxy;

(b) if the requisite quorum is not present at the Creditors' Meeting, the Chairperson may adjourn the meeting for a period of not more than seven days in total, unless otherwise agreed to by the Plan Entities, the Plan Sponsor, and the Monitor; and

(c) in the event of any such adjournment, the Plan Entities and the Monitor will not be required to deliver any notice of adjournment of the Creditors' Meeting or adjourned Creditors' Meeting provided that the Monitor shall forthwith post notice of the adjournment on the Monitor's Website.

54. The only persons entitled to attend the Creditors' Meeting are (i) the Affected Creditors entitled to vote at the Meeting (or, if applicable, any person holding a valid Affected Creditor Proxy) and any such Affected Creditor's legal counsel; (ii) Convenience Class Creditors; (iii) the Chairperson, the scrutineers and the secretary; (iv) the Monitor and the Monitor's legal counsel; (v) one or more representatives of the Board and/or senior management of the Plan Entities and the Plan Entities' legal counsel; and (vi) one or more representatives of the Plan Sponsor and the Plan Sponsor's legal counsel.

55. Any other person may be admitted to the Meeting only on invitation of the Plan Entities, in consultation with the Monitor.

(iii) Assignment of Affected Claims prior to Creditors' Meeting

56. The Creditors' Meeting Order contemplates that an Affected Creditor may transfer their claim prior to the Creditors' Meeting provided that such creditor submit a notice of the transfer or assignment with satisfactory evidence (a "**Proof of Assignment**") to the Plan Entities, the Plan Sponsor and the Monitor, prior to the commencement of the Creditors' Meeting. The Creditors' Meeting Order provides for the procedures to submit a Proof of Assignment which must be complied with in order for a claim to be transferred or assigned.

(iv) Voting

57. At the Creditors' Meeting, Affected Creditors shall each be entitled to one (1) vote as part of the Affected Creditor Class, in an amount equal to their Affected Claim.

58. Any Affected Creditor that is entitled to vote at the Creditors' Meeting must:

(a) duly complete and sign an Affected Creditor Proxy substantially in the form attached as a Schedule to the Creditors' Meeting Order;

(b) specify in the proxy the name of the person with the power to attend and vote at the Creditors' Meeting on behalf of such Affected Creditor; and

(c) deliver such proxy to the Monitor so that it is received at or prior to 5:00 p.m. on the day that is two (2) Business Days before the Creditors' Meeting and such delivery must be made in accordance with the instructions accompanying such proxy.

59. Any Affected Creditor with a "Disputed Claim" against the Plan Entities shall be entitled to attend the Creditors' Meeting and shall be entitled to one vote in respect of their Disputed Claim. The Monitor shall keep a separate record of votes cast by Affected Creditors with Disputed Claims and shall report to the Court with respect thereto at the Sanction Hearing. If approval or non-approval of the Plan by Affected Creditors would be affected by the votes cast in respect of Disputed Claims, such result shall be reported to the Court as soon as reasonably practicable after the Creditors' Meeting.

(v) Amendments to Plan

60. The Creditors' Meeting Order provides that the Plan Entities may, at any time prior to the Meeting, amend, restate, modify and/or supplement the Plan, provided that the procedures for such modification (including notice thereof) set out in the Creditors' Meeting Order are complied with.

(vi) Approval and Court sanction of the Plan

61. To be approved, the Plan must receive an affirmative vote by the Required Majority. The results of the vote will be binding on all Affected Creditors, whether or not such Affected Creditor is present or voting at the Creditors' Meeting.

62. If the Plan is approved by the Required Majority, the Applicants will bring a motion seeking an order sanctioning the Plan under the CCAA.

E. CONCLUSION

63. I swear this Affidavit in support the relief sought on this Application and for no other or improper purpose.

SWORN BEFORE ME at Vancouver, British Columbia, on October 21, 2024.	)
A Notary Public for British Columbia	MARK TOWNSEND

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