COURT FILE NUMBER	2401-09688	Clerk's Stamp
COURT	COURT OF KING'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
MATTER	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 BIO-TECH INC., DELTA 9 LIFESTYLE CANNABIS CLINIC INC., DELTA 9 CANNABIS STORE INC., AND DELTA 9 LOGISTICS INC.	
DOCUMENT	**SECOND REPORT OF THE MONITOR** **ALVAREZ & MARSAL CANADA INC.** **September 10, 2024**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** ALVAREZ & MARSAL CANADA INC. Bow Valley Square IV Suite 1110, 250 – 6th Avenue SW Calgary, Alberta T2P 3H7 Orest Konowalchuk / David Williams Telephone: (403) 538-4736 / 7536 Email: okonowalchuk@alvarezandmarsal.com david.williams@alvarezandmarsal.com **COUNSEL** Burnet, Duckworth & Palmer LLP David LeGeyt / Ryan Algar 2400, 525 – 8th Ave. SW. Phone: (403) 260-0210 / 0126 Fax: (403) 260-0332 Email: dlegeyt@bdplaw.com ralgar@bdplaw.com	

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TABLE OF CONTENTS

APPENDICES

INTRODUCTION

1. On July 15, 2024 (the "**Filing Date**"), Delta 9 Cannabis Inc. ("**Delta Parent**"), Delta 9 Bio-Tech Inc. ("**Bio-Tech**"), Delta 9 Lifestyle Cannabis Clinic Inc. ("**Lifestyle**"), Delta 9 Cannabis Store Inc. ("**Store**") and Delta 9 Logistics Inc. ("**Logistics**" and collectively, the "**Delta 9 Group**", the "**Company**" or the "**Applicants**") were granted an initial Order (the "**Initial Order**") by the Court of King's Bench of Alberta (the "**Court**"), in relation to proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc., ("**A&M**") was appointed as monitor (the "**Monitor**") in the CCAA Proceedings.

2. The Initial Order provided for limited relief to the Applicants including, but not limited to, the imposition of a stay of proceedings in favour of the Applicants and their assets (the "**Stay Period**") initially only through to July 25, 2024 (the "**Initial Stay Period**"), an administrative charge to a maximum amount of $350,000 (the "**Initial Administration Charge**") and a directors and officers charge to a maximum amount of $300,000 (the "**Initial Directors' Charge**").

3. On July 24, 2024, the Applicants sought and obtained the following relief form this Honourable Court:

    a) an amended and restated Initial Order (the "**ARIO**");

    b) an Order (the "**Bio-Tech SISP Order**") approving a sales and investment solicitation process with respect to Bio-Tech (the "**Bio-Tech SISP**"); and

    c) an Order (the "**Claims Procedure Order**") approving a claims procedure to determine the claims of creditors and establish a claims bar date to prove such claims (the "**Claims Procedure**").

4. The ARIO, among other things,

a) extended the Initial Stay Period to September 15, 2024;

b) approved the interim financing facility (the "**Interim Financing Facility**") and related charge (the "**Interim Financing Charge**") in the amount of $16 million, plus interest, costs and expenses;

c) approved a key employee retention plan (the "**KERP**") and related charge (the "**KERP Charge**") in the amount of $655,000;

d) increased the Initial Administration Charge from $350,000 to $750,000 (the "**Amended Administration Charge**");

e) increased the Initial Directors' Charge from $300,000 to $900,000, and extended the same in favour of legal counsel of the directors and officers to the Applicants, Norton Rose Fulbright LLP (the "**Amended Directors' Charge**"); and

f) granted a break fee charge in favour of the Plan Sponsor (the "**Break Fee Charge**") of $1.5 million, and the appointment of a chief restructuring officer (the "**CRO**").

5. Capitalized terms not defined in this Monitor's Second Report (this "**Report**" or the "**Second Report**") are as defined in the ARIO, the Prior Monitor Reports,[1] the Arbuthnot Affidavits,[2] or the materials filed by the Applicants, the Plan Sponsor, or any other party in connection with the CCAA Proceedings.

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[1] The Pre-Filing Report of the Monitor dated July 12, 2024 (the "**Pre-Filing Report**"), the First Report of the Monitor dated July 22, 2024, (the "**First Report**") are collectively referred to as the "**Prior Monitor Reports**".

[2] Including the Affidavit of John Arbuthnot IV sworn July 12, 2024 (the "**First Arbuthnot Affidavit**"), the Affidavit of John Arbuthnot IV sworn July 18, 2024, the Affidavit of John Arbuthnot IV sworn September 3, 2024 (the "**Third Arbuthnot Affidavit**") and together, with all other affidavits of John Arbuthnot IV and any supplements thereto sworn in these CCAA Proceedings (the "**Arbuthnot Affidavits**").

6. The Applicants have filed an application with this Honourable Court returnable September 11, 2024 (the "**Application**"). The relief sought by the Applicants includes:

   a) extending the Stay Period to November 1, 2024 (the "**Stay Extension**");

   b) increasing the borrowing limit of Tranche 1 of the Interim Financing Facility by $1.5 million, to a total of $4.5 million, and a corresponding increase in the amount of the Interim Financing Charge from $16 million to $17.5 million, plus interests, costs and expenses, as attached as Appendix "**A**" to this Report;

   c) approving the actions, activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and its counsel, as set out in this Report and the prior Reports of the Monitor; and

   d) such further and other relief as may be sought by the Applicants and this Honourable Court may deem appropriate in the CCAA Proceedings.

7. This Report should be read in conjunction with the Third Arbuthnot Affidavit, which is available on the Monitor's website at: www.alvarezandmarsal.com/delta9 (the "**Monitor's Website**").

PURPOSE

8. The purpose of this Report is to provide information to this Honourable Court in respect of the following:

   a) the activities of the Monitor since its First Report;

   b) an update on the Delta 9 Group's business and financial affairs;

   c) an update on the proposed SNDL Debenture repayment;

   d) an update on the proposed plan of arrangement or compromise (the "**Plan**");

e) an update on the Claims Procedure;

f) an update on the Bio-Tech SISP;

g) the actual cash flow results of Delta 9 Group compared to its Consolidated Cash Flow Forecast (defined and discussed below) for the period of July 20, 2024 to August 30, 2024;

h) the Applicants' updated cash flow forecast through to November 1, 2024 (the "**Updated Cash Flow Forecast**");

i) the Applicants' request to increase the Interim Financing Facility, and the corresponding increase to the amount of the Interim Financing Charge;

j) the request for approval of the Monitor's activities and the professional fees and costs of the Monitor and the Monitor's Legal Counsel (defined below);

k) the request for the Stay Extension; and

l) the Monitor's overall recommendations in respect of the foregoing.

TERMS OF REFERENCE AND DISCLAIMER

9. In preparing this Report, A&M, in its capacity as the Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicants and has held discussions with the Applicants' management ("**Management**") and their respective counsel and directors (collectively, the "**Information**"). Except as otherwise described in this Report, in respect of the Applicants' cash flow forecast:

a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

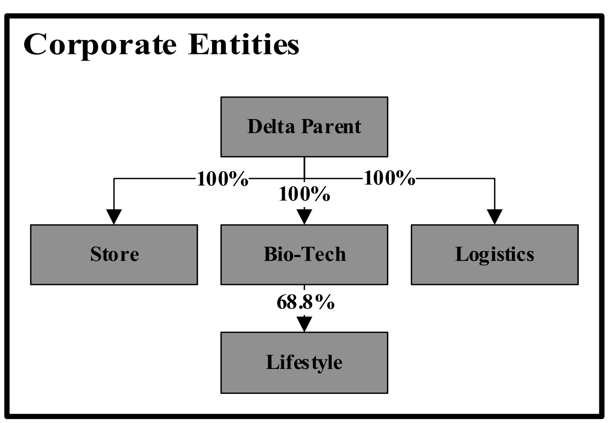
b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

10. Future-oriented financial information referred to in this Report was prepared based on the Applicants' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

11. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

BACKGROUND

12. Delta 9 Group is engaged in cannabis cultivation, processing, extraction, wholesale distribution, retail, and business-to-business sales. Delta 9 Group's organizational chart is summarized below:



13. As detailed in the Monitor's Prior Reports and the Arbuthnot Affidavits:

a) Delta Parent is a publicly traded corporation, which holds 100% of the issued and outstanding shares of Bio-Tech, Logistics, and Store;

b) Bio-Tech is the licensed producer in the Applicants' corporate structure, holding a licence issued by Health Canada pursuant to the *Cannabis Act*, SC 2018, c 16, which permits Bio-Tech to produce and sell cannabis, cannabis oils, extracts, and derivative products;

c) Logistics operates a distribution and cross-docking facility located in Winnipeg. As discussed further in this Report, the Company plans to wind-down Logistics' operations over the next 30 days;

d) Store previously operated 21 cannabis retail stores across Alberta and one cannabis retail store in Saskatchewan under the trade names "Delta 9 Cannabis Store," "Discounted Cannabis," and "Uncle Sam's Cannabis". As discussed further below, Store has disclaimed 3 lease agreements in Alberta in the CCAA Proceedings, leaving 18 stores currently in operation; and

e) Lifestyle previously operated a chain of 19 retail cannabis stores across Manitoba under the trade names "Delta 9 Cannabis Store" and "Garden Variety". Lifestyle has disclaimed one lease agreement in the CCAA Proceedings, leaving 18 retail stores currently in operation.

14. Further information regarding the cause of the Applicants' insolvency and these CCAA Proceedings, including the Initial Order, the ARIO, other Orders of this Honourable Court, the Arbuthnot Affidavits, other affidavits and the Prior Monitor's Reports are available on the Monitor's Website.

ACTIVITIES OF THE MONITOR

15. The Monitor's activities since the First Report have included the following:

a) engaging with its independent legal counsel, Burnet, Duckworth & Palmer LLP ("**BD&P**") and Taylor McCaffrey LLP ("**Manitoba Counsel**" and together with BD&P, the "**Monitor's Counsel**") regarding various matters pertaining to these CCAA Proceedings;

b) conducting numerous and ongoing discussions, communications and meetings with Management, the Delta 9 Group's legal counsel, the Plan Sponsor and the Plan Sponsor's counsel regarding the Delta 9 Group's business and financial affairs, the Claims Procedure, the Bio-Tech SISP, and the proposed Plan and creditors' meeting;

c) engaging in various discussions with, and providing reporting to, SNDL, the Plan Sponsor and the Company with respect to the repayment of the SNDL Debenture, and conducting further analysis of the same with the Monitor's Counsel;

d) assisting Management with the roll-out of the Delta 9 Group's post-filing communication plans to various trade creditors, suppliers and other stakeholders;

e) attending the Delta 9 site in Winnipeg to provide assistance and guidance (at the request of Management and the CRO) in operation and CCAA matters, generally, along with touring the facility and engaging with Company employees;

f) reviewing and discussing weekly payables with Management;

g) assisting in various communications and meetings with the Delta 9 Group's financial accounting team;

h) reviewing the Delta 9 Group's bank details and assisting the Delta 9 Group with the compilation of their budget to actual reporting for purposes of communicating the same to this Honourable Court;

i) responding to information requests from SNDL and its legal counsel and providing a weekly update on cash flows;

j) implementing the Bio-Tech SISP, with the assistance of the CRO and the SISP sales agent, Capital Commercial Real Estate Services Inc. (the "**Sales Agent**"); and

k) ongoing monitoring of the Delta 9 Group's financial affairs, and other activities by the Monitor.

OPERATIONAL UPDATE

Overview

16. The Company has been working diligently to ensure that its operations and communication with key customers and suppliers remain ongoing throughout the CCAA Proceedings. In consultation with the Monitor, the Company's activities include, but are not limited to, the following:

a) continuing employment of, and managing dialogue with, all employees, except those who have been terminated during the CCAA Proceedings, to operate Delta 9 Group and assist with major restructuring processes such as the Claims Procedure and Bio-Tech SISP;

b) administering the cash flow reporting and funding request process, under the direction of the Monitor, in accordance with the Interim Financing Facility provided by SNDL. To date, the Interim Lender has advanced all of Tranche 1 ($3 million) of the Interim Financing Facility. The remainder of the Interim Financing Facility under Facility 2 ($13 million) has not been advanced as of the date of this Report;

c) attending to ongoing communication with various key stakeholders of the Company, including, customers, suppliers, shareholders and other stakeholders;

d) assisting the Monitor with preparation of marketing materials, list of potential bidders, and addressing due diligence requests, consistent with the Bio-Tech SISP Order; and

e) assisting the Monitor with the administration of the Claims Procedure Order.

Closure of Retail Stores

17. The Company conducted an assessment of Lifestyle and Store's retail locations, and identified **[four]** initial locations for closure due to unprofitability and a low likelihood of turnaround. In total, the Company issued **[three]** notices to disclaim an agreement pursuant to section 32 of the CCAA (the "**Disclaimers**"). On August 1, 2024, the Company delivered Disclaimers to the landlords of Store's retail locations in Calgary and Grande Prairie, and, on August 29, 2024, delivered a Disclaimer to the St. Albert landlord (the "**Alberta Landlords**"). On August 22, 2024, the Company delivered a Disclaimer to the landlord of Lifestyle's retail location in Kirkfield, Manitoba (the "**Manitoba Landlord**" and together with the Alberta Landlords, the "**Landlords**").

18. Following the Monitor's determination that the Disclaimers would enhance the prospects of a viable Plan for the Company and would not cause significant financial hardship to the Landlords, the Monitor approved the Disclaimers. The Company's counsel has provided the Landlords with claims packages in accordance with the Claims Procedure Order. As of the date of this Report, none of Landlords have submitted a restructuring claim to the Monitor.

Logistics Wind-Down

19. The Company has expressed its intention to wind down Logistics' operations, primarily due to net working capital losses sustained after losing a key customer shortly after the commencement of the CCAA Proceedings. The Monitor has reviewed Logistics' financial performance and understands the Company's position and analysis regarding this decision. The Monitor is working closely with

the Company and its legal counsel to implement the wind-down process, including the sale of existing inventory and the disclaimer of relevant contracts.

Overholding Rent Dispute

20. The Monitor understands that on March 19, 2018, 6599362 Canada Ltd. ("**659**") and Bio-Tech entered into a lease agreement for the occupancy of the property located at 770 Pandora Avenue East, Winnipeg, Manitoba ("**Building D**"), which is currently being used for Bio-Tech and Logistics' operations. The Company and 659 are in dispute regarding the amount owed under the lease, with 659 asserting that the monthly rent should be $76,351.32 (the "**Overholding Rate**"), while the Company asserting that the monthly rent should be $37,642.65 (the "**Base Rate**").

21. In order to ensure that the Delta 9 Group can continue to occupy Building D for Bio-Tech to maintain its operations as a going concern, and to mitigate any prejudice faced by 659, the Company and 659 have agreed to pay the difference between the Overholding Rate and the Base Rate (the "**Overholding Rent**") to the Monitor for the period from July 15, 2024, to July 31, 2024, and for all subsequent months during which the Delta 9 Group continues to occupy Building D. This arrangement will remain in place until the parties resolve the question of the correct rent payable under the lease.

22. The Updated Cash Flow includes payments totaling approximately $174,000 in Overholding Rent to the Monitor. The Overholding Rent will be held by the Monitor until there is: (i) a settlement between Delta 9 and 659 as to how the Overholding Rent is to be distributed between the parties; or (ii) there is a Court Order directing the distribution of the Overholding Rent funds.

UPDATE ON THE PROPOSED SNDL DEBENTURE REPAYMENT

23. The ARIO authorized the Delta 9 Group to repay the SNDL Debenture utilizing Tranche 2 of the Interim Financing Facility.

24. To that end, the Monitor requested a written opinion from the Monitors' Counsel, confirming the validity and enforceability of the security interests held by SNDL solely in its capacity as lender under the SDNL Debenture (the "**SNDL Debenture Security**"), that the same has been validly executed and delivered, and has been perfected and registered in accordance with the laws of the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba.

25. The Monitor's Counsel has confirmed that, subject to standard qualifications and assumptions, the SNDL Debenture Security is enforceable in accordance with its terms as against the subject real and present and after-acquired personal property of the Applicants.

26. SNDL and the Delta 9 Group have each separately provided details to the Monitor of the amounts they understand to be owing under the SNDL Debenture. While the Monitor has worked closely with both parties to align SNDL and the Delta 9 Group on various calculations and interpretations of the SNDL Debenture, SNDL and the Delta 9 Group do not agree with certain terms, dates, and notices, resulting in materially different positions regarding the amount outstanding under the SNDL Debenture.

27. The Plan Sponsor has advised the Monitor that it is in discussions with SNDL to pay the undisputed amount of the SNDL Debenture, totaling approximately $11.6 million (the "**Undisputed Amount**"). As at September 6, 2024, and assuming the Undisputed Amount is paid as described above, there will be approximately $3.1 million in amounts that remain disputed (the "**Disputed Amount**"), consisting of $2.5 million of interest and approximately $615,000 relating to protective disbursements and other costs. The Monitor anticipates that further information regarding the payment of the Undisputed Amount and the treatment of the Disputed Amount will be provided by the Plan Sponsor and/or SNDL at the Application.

UPDATE ON THE PROPOSED PLAN

28. The ARIO granted the Applicants the authority to file a Plan, the terms of which were generally outlined in the Restructuring Term Sheet appended to the First Arbuthnot Affidavit. Since the granting of the ARIO, the Plan Sponsor and the Company, in consultation with the Monitor and the CRO, have been working to develop the proposed Plan to restructure the Delta 9 Group's operations.

29. The Plan Sponsor has provided a draft of the Plan and a related meeting order to the Monitor and the Company's legal counsel, who are currently reviewing and providing feedback.

30. The Monitor continues to work with the Plan Sponsor, the Company, and the affected stakeholders, including SNDL, to finalize the Plan. The Monitor understands that the Plan Sponsor anticipates filing the Plan with this Honourable Court in due course, and the Monitor will provide updates in future Reports.

UPDATE ON THE CLAIMS PROCEDURE

31. Pursuant to the Claims Procedure Order, the Monitor has undertaken the following activities:

    a) on July 29, 2024, the Monitor posted the filed Claims Procedure Order, the Notice to Claimants, the Proof of Claim Form, the Proof of Claim Instructions, and the Notice of Dispute Form to the Monitor's Website;

    b) on July 31, 2024, the Monitor mailed a claims package to each of the Known Claimants, which included the filed Claims Procedure Order, the Notice to Known Claimants, the Proof of Claims Form, the Proof of Claim Instructions, and the Notice of Dispute Form; and

    c) on July 30, 2024, the Monitor published notice of the Claims Procedure in the Globe and Mail and the Calgary Herald. On July 31, 2024, the Monitor published notice of the Claims Procedure in the Winnipeg Free

Press. On August 12, 2024, the Monitor published notice of the Claims Procedure in Insolvency Insider.

32. A summary of the claims of each entity and their status is as follows:

Delta 9 Cannabis Inc., Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Cannabis Store Inc., and Delta 9 Logistics Inc.
Summary of Claims
(In CAD $000s)

	Claims Accepted				Claims Under Review			Late Claims	Issued Responses
Claim per Entity	Deemed Accepted	Notices of Dispute Accepted	Proofs of Claim Accepted	Total	Proofs of Claim Under Review	Notices of Dispute Under Review	Total	Total	Notices of Disallowance
Unsecured									
Delta 9 Cannabis Inc.	-	864	-	864	12,514	-	12,514	3	10
Delta 9 Stores	221	-	-	221	4,933	8	4,941	-	-
Delta 9 Lifestyle	751	21	-	771	5,694	135	5,830	8	-
Delta 9 Bio-Tech	1,811	8	17	1,837	2,896	299	3,194	112	-
Delta 9 Logistics	58	16	-	74	-	-	-	-	-
	2,841	**909**	**17**	**3,767**	**26,037**	**442**	**26,479**	**123**	**10**
Secured									
Delta 9 Cannabis Inc.	-	-	-	-	-	-	-	-	-
Delta 9 Stores	-	-	-	-	-	-	-	-	-
Delta 9 Lifestyle	-	-	-	-	-	-	-	-	-
Delta 9 Bio-Tech	-	-	-	-	7,596	251	7,847	-	-
Delta 9 Logistics	-	-	-	-	-	-	-	-	-
	-	-	-	-	**7,596**	**251**	**7,847**	-	-
D&O[1]									
Delta 9 Cannabis Inc.	-	-	-	-	-	-	-	-	-
Delta 9 Stores	-	-	-	-	233	-	233	-	-
Delta 9 Lifestyle	-	-	-	-	356	-	356	-	-
Delta 9 Bio-Tech	-	-	-	-	8,842	-	8,842	-	-
Delta 9 Logistics	-	-	-	-	-	-	-	-	-
	-	-	-	-	**9,431**	-	**9,431**	-	-
Total Value	**$ 2,841**	**$ 909**	**$ 17**	**$ 3,767**	**$ 43,064**	**$ 693**	**$ 43,757**	**$ 123**	**$ 10**
Total Number	**164**	**4**	**2**	**170**	**23**	**13**	**36**	**4**	**1**

(1) CRA claims include both secured and unsecured claims against the Delta 9 entities, and also D&O claims for the same amounts

Excluded Claims

33. Excluded Claims (as defined in the Claims Procedure Order) relate to the following: (i) any claim secured by a charge now or hereinafter granted by the Court in connection with the CCAA Proceedings, (ii) any Claim arising under a contract entered into by the Applicants after the Filing Date or with respect to goods or services provided to any of the Applicants on or after the Filing Date, (iii) inter-company Claims against the Applicants by another Applicant, and (iv) any claims by SNDL or 2759054 Ontario Inc. operating as Fika Herbal Goods.

34. As at the Filing Date, certain restructuring claims may be outstanding relating to the issuance of disclaimer notices and expiration dates therein, therefore the total value of claims is subject to change.

Summary of Proofs of Claims Received

35. As at the date of this Second Report, the Monitor has received 25 Proofs of Claims and 17 Notices of Dispute by mail, facsimile or email, of which:

a) 2 Proofs of Claims and 4 Notices of Dispute totalling $926,000 of unsecured claims, have been reviewed and accepted by the Applicants, in consultation with the Monitor;

b) a Notice of Disallowance has been issued for one proof of claim totalling $10,000;

c) 21 Proofs of Claims, totalling $26 million of unsecured claims (19 claims), a $7.6 million secured claim and a $9.4 million D&O claim remain under review by the Monitor and the Applicants; and

d) 13 Notices of Dispute, totalling $442,000 of unsecured claims (12 claims) and a $251,000 secured claim, remain under review by the Monitor and the Applicants.

36. The claims bar date was August 17, 2024 (the "**Claims Bar Date**"). The Monitor did not receive any response for 164 Known Claimants, with unsecured claims totaling approximately $2.8 million by the Claims Bar Date. These claims have been deemed to be accepted in accordance with the Claims Procedure Order.

37. The Monitor has received four claims (which are included in the chart above) totaling $123,708 submitted after the Claims Bar Date. The Monitor has accepted these late claims for review purposes only at this stage, and will report to the Court on the results of the review, along with an assessment of all other claims, in a subsequent Report.

BIO-TECH SISP UPDATE

38. Pursuant to the Bio-Tech SISP Order, the Monitor, in consultation with the Company and the CRO, has conducted a number of marketing and solicitation activities. The Monitor, in consultation with the Company, prepared and disseminated notices of the Bio-Tech SISP (the "**Bio-Tech SISP Notice**") through Insolvency Insider, the National Post, New Cannabis Ventures, StrattCann, and Newswire, which allowed for marketing coverage in North America. A copy of the Bio-Tech SISP Notice is attached as Appendix "**B**".

39. In addition to the Bio-Tech SISP Notice, the Monitor, in consultation with the Company and the CRO, prepared an initial offering summary (the "**Teaser**") and a non-disclosure agreement ("**NDA**") in a form acceptable to the Company and the Monitor. A copy of the Teaser is attached as Appendix "**C**" to this Report. The Monitor, in consultation with the Company and the CRO, also prepared an initial list of potential bidders, including strategic purchasers, capital providers, and commercial real estate specialists (collectively, the "**Prospective Bidders**") for the Company's review and approval. On July 31, 2024 the Monitor distributed the Teaser and the NDA to the Prospective Bidders, as well as posting the Teaser on the Monitor's Website.

40. As of the date of this Report, the Monitor has sent 76 Teasers and NDAs to

Prospective Bidders and has received multiple executed NDAs from Prospective Bidders, all of whom have been provided with access to the virtual data room. The Monitor is continuing to provide, in consultation with the Company and the CRO, due diligence information to the Prospective Bidders who have executed NDAs and assist with arranging site tours and Management meetings. The Monitor will provide a further update to the Court in a subsequent Report.

CASH FLOW RESULTS COMPARED TO FORECAST

41. The Delta 9 Group's actual cash receipts and disbursements as compared to the Consolidated Cash Flow Forecast presented in the Pre-Filing Report during the period of July 20, 2024 to August 30, 2024 (the "Reporting Period") is summarized below.

Delta 9 Cannabis Inc., Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Cannabis Store Inc., and Delta 9 Logistics Inc.
Cash Flow Variance - Prepared by Management
For the period from July 20, 2024 to August 30, 2024
unaudited, in CAD $000's

	Forecast	Actual	Variance
Receipts			
Accounts Receivable - Government	843	792	(51)
Accounts Receivable - Other	1,183	961	(222)
Cannabis Sales	6,846	6,690	(156)
Total Receipts	**8,872**	**8,443**	**(429)**
Operating Disbursements			
Cannabis Product Purchases	4,784	4,944	(160)
Payroll and Source Deductions	1,776	1,767	9
Consultant Fees	45	38	7
Rent, Utilities and Insurance	599	741	(142)
Logistics, Product Treatment and Lab Testing	346	154	193
Production Supplies and Materials	200	314	(114)
SG&A Expenses	430	349	80
Contingency	90	-	90
GST Remittance	40	-	40
Total Operating Disbursements	**8,309**	**8,307**	**3**
Net Cash Flow from Operations	**562**	**136**	**(427)**
Non-Operating Disbursements			
Critical Supplier Payments	200	39	161
Professional Fees	1,875	1,838	37
Debt Service	280	-	280
Total Non-Operating Disbursements	**2,355**	**1,877**	**478**
Net Cash Flow	**(1,793)**	**(1,741)**	**51**
Opening Cash	**115**	**115**	-
Net Cash Flow	(1,793)	(1,741)	51
Interim Financing Advance/(Repayment)	2,000	3,000	1,000
Ending Cash	**322**	**1,374**	**1,051**
Opening Interim Financing Balance	**-**	**-**	**-**
Advances	2,000	3,000	**1,000**
Repayments	**-**	**-**	**-**
Closing Interim Financing Balance	**2,000**	**3,000**	**1,000**

42. Over the Reporting Period, the Delta 9 Group experienced a positive cash flow variance of approximately $51,000, a result of various temporary and permanent timing differences, which are described below:

a) a negative timing variance related to accounts receivable collections being lower than originally forecasted. Management has advised that this is as a result of customers being generally slower in paying Delta 9 than anticipated;

b) a negative permanent variance related to cannabis sales being lower than originally projected;

c) a negative permanent variance from cannabis product purchases related to an additional inventory purchase, primarily to assist with improving inventory at the Lifestyle retail locations;

d) a positive permanent variance to payroll and source deductions related to payroll being lower than anticipated for certain hourly employees;

e) a positive timing variance to consulting fees related to the billing frequency of CRO fees being adjusted from weekly to bi-weekly payments;

f) a negative permanent variance to rent, utilities and insurance, primarily related to: (i) the payment of post-filing July 2024 rent for the Bio-Tech Facility in Winnipeg and a retail store operated by Lifestyle; and (ii) certain utilities costs being higher than forecasted;

g) a positive permanent variance to logistics, product treatment and lab testing related to lower actual expenditures than originally forecasted;

h) a negative permanent variance to production supplies and materials, primarily related to the purchase of additional cannabis product inputs required to maintain production;

i) a positive permanent variance to sales, general, and administrative expenses related to lower actual expenditures than originally forecasted;

j) a positive permanent variance to the contingency not being required;

k) a positive timing variance related to a delay in GST payments. Management has advised that GST will be paid in Week 1 of the Updated Cash Flow Forecast;

l) a positive permanent variance related to the reduction in potential critical supplier costs compared to what was originally forecasted. The Company has largely worked through its critical supplier discussions at the date of this Report;

m) a positive timing variance to professional fees primarily related to the delayed payment of D&O counsel retainer fees; and

n) a positive timing variance related to a delay in secured loan repayments to SNDL. Payment will be made to SNDL in Week 1 of the Updated Cash Flow Forecast.

43. As at August 30, 2024, available ending cash was $1.37 million compared to forecast available cash of approximately $322,000, largely due to the positive and timing variances noted above and the timing of the most recent draw on Tranche 1 of the Interim Financing Facility. Based on the upcoming forecast period (as defined below), the Company will require an increase in its Interim Financing Facility.

UPDATED CASH FLOW FORECAST

44. Management has prepared a weekly Updated Cash Flow Forecast for the 9-week period from August 31, 2024 to November 1, 2024 (the "**Forecast Period**"), using the probable and hypothetical assumptions set out in the notes to the Updated Cash Flow Forecast. A copy of the Updated Cash Flow Forecast, together with a

summary of the assumptions are attached hereto as Appendix "**D**" and "**E**", respectively.

45. The Updated Cash Flow Forecast is summarized below:

Delta 9 Cannabis Inc., Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Cannabis Store Inc., and Delta 9 Logistics Inc.
Management Prepared 9 Week Cash Flow Forecast
For the period from August 31, 2024 to November 1, 2024
unaudited, in CAD $000's

	9 Week Total
Receipts	
Accounts Receivable - Government	1,401
Accounts Receivable - Other	1,719
Cannabis Sales	11,287
Total Receipts	**14,407**
Operating Disbursements	
Cannabis Product Purchases	8,620
Payroll and Source Deductions	2,368
Consultant Fees	63
Rent, Utilities and Insurance	1,295
Overholding Rent	174
Logistics, Product Treatment and Lab Testing	315
Production Supplies and Materials	420
SG&A Expenses	585
Contingency	135
Excise Tax Remittance	314
GST Remittance	193
Total Operating Disbursements	**14,483**
Net Cash Flow from Operations	**(75)**
Non-Operating Disbursements	
Potential Critical Supplier Payments	50
Key Employee Retention Plan	105
Professional Fees	1,415
Debt Service	1,118
Total Non-Operating Disbursements	**2,688**
Net Cash Flow	**(2,763)**
Opening Cash	**1,374**
Net Cash Flow	(2,763)
Interim Financing Advance/(Repayment)	1,500
Ending Cash	**110**
Opening Interim Financing Balance	**3,000**
Advances	1,500
Repayments	-
Closing Interim Financing Balance	**4,500**
Opening Overholding Rent Funds Balance	**-**
Funds Held by Monitor	**174**
Closing Overholding Rent Funds Balance	**174**

46. A summary of the Updated Cash Flow Forecast and select assumptions underlying the same are as follows:

a) total projected cash receipts of approximately $14.4 million;

b) total projected operating cash disbursements of approximately $14.5 million and non-operating cash disbursements of approximately $2.7 million, resulting in a net decrease in cash of approximately $2.8 million during the Forecast Period; and

c) subject to Court approval, borrowings from the Interim Financing Facility of an additional $1.5 million.

47. Pursuant to section 23(1)(b) of the CCAA, and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standards of Professional Practice No. 9, the Monitor hereby reports as follows:

a) the Updated Cash Flow Forecast has been prepared by Management for the purpose described in the notes to the Updated Cash Flow Forecast, using probable and hypothetical assumptions as set out in the notes;

b) the Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures, and discussion related to information supplied to it by Management. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purposes of the Updated Cash Flow Forecast. The Monitor also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the Updated Cash Flow Forecast;

c) based on the Monitor's preliminary review of the Updated Cash Flow Forecast, nothing has come to the Monitor's attention to believe that, in all material respects:

i. the hypothetical assumptions are inconsistent with the purpose of the Updated Cash Flow Forecast;

ii. as at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the Delta 9 Group's plans or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the hypothetical assumptions; or

iii. the Updated Cash Flow Forecast does not reflect the probable and hypothetical assumptions; and

d) since the Updated Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor does not express any assurance as to whether the Updated Cash Flow Forecast will be accurate. The Monitor does not express any opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

48. The Updated Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

INCREASED INTERIM FINANCING CHARGE AND BORROWINGS

49. Pursuant to paragraphs 32 to 37 of the ARIO, the Delta 9 Group, may, on further application to the Court, obtain and borrow additional interim financing under the Interim Financing Facility from the Interim Lender in order to financing the Applicants' working capital requirements and other general corporate purposes and capital expenditures.

50. As of the date of this Report, the Interim Lender has advanced the $3 million available under Tranche 1. As previously discussed, the Monitor understands that the Interim Lender will be advancing nearly the entirety of Tranche 2 to SNDL as payment of the Undisputed Amount. The current limit under the Interim Financing Charge is $16 million.

51. In order for the Company to complete the Bio-Tech SISP and restructuring under the proposed Plan, it will require additional funding of approximately $1.5 million in order to pay for operational and restructuring costs throughout the Stay Extension period.

52. Accordingly, the Monitor respectfully supports the Company's request of this Honourable Court to approve the Applicants request to increase the limit on the Interim Financing Charge from $16 million to $17.5 million.

APPROVAL OF PROFESSIONAL FEES AND EXPENSES

53. The Monitor and the Monitor's Counsel have now rendered their invoices for their respective fees and disbursements for services in connection with the CCAA Proceedings through to August 24, 2024 (the "**Invoices**") and the Monitor is now seeking approval of the invoices from this Honourable Court.

54. The Applicants seek approval from this Honourable Court of the professional fees and disbursements of the Monitor for the period to August 24, 2024 (the "**Monitor Taxation Period**"), BD&P for the period to August 23, 2024 (the "**BD&P Taxation Period**"), and Taylor McCaffrey LLP for the period to August 13, 2024 (the "**Taylor McCaffrey Taxation Period**").

55. The total fees and expenses of the Monitor during the Monitor Taxation Period are $428,005 (exclusive of GST), a summary of which is included below:

Delta 9 Group Summary of the Monitor's Statements of Account For the period July 1, 2024 to August 24, 2024						
Invoice	**Period**	**Fees**	**Disbursements**	**Sub-total**	**GST**	**Total**
Alvarez & Marsal Canada						
1	July 1-27, 2024	207,882	4,089	211,971	10,599	222,570
2	July 28 - August 10, 2024	85,878	16,819	102,697	5,135	107,832
3	August 11-24, 2024	113,337	-	113,337	5,667	119,003
	Total	407,097	20,908	428,005	21,400	449,405

56. The total fees and expenses of the Monitor's Counsel during the BD&P Taxation Period total $289,154 (exclusive of GST), a summary of which is included below:

Delta 9 Group Summary of the Monitor's Counsel's Statements of Account For the period June 16, 2024 to August 24, 2024							
Invoice	**Period**	**Fees**	**Disbursements**	**Sub-total**	**GST**	**PST**	**Total**
BD&P LLP							
203488133	June 16-30, 2024	15,001	22	15,023	751	-	15,774
203488994	July 1-27, 2024	165,306	385	165,691	8,283	-	173,974
203489319	July 28 - August 10, 2024	51,860	126	51,985	2,599	-	54,585
203489516	August 11-24, 2024	56,455	-	56,455	2,823	-	59,278
	Total	288,621	533	289,154	14,456	-	303,610

57. The total fees and expenses of the Monitor's Counsel during the Taylor McCaffrey Taxation Period total $6,309 (exclusive of GST), a summary of which is included below:

Delta 9 Group Summary of the Monitor's Counsel's Statements of Account For the period July 17, 2024 to August 13, 2024							
Invoice	**Period**	**Fees**	**Disbursements**	**Sub-total**	**GST**	**PST**	**Total**
Taylor McCaffrey LLP							
708371	July 17 - August 13, 2024	5,912	397	6,309	312	414	7,034
	Total	5,912	397	6,309	312	414	7,034

58. The Invoices outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. If necessary, copies of the Invoices will be made available to the Court upon request, if necessary.

59. The Monitor respectfully submits that its professional fees and disbursements and those of the Monitor's Counsel are fair and reasonable in the circumstances, given the substantive tasks required to be performed by the Monitor and the Monitor's Counsel in connection with the CCAA Proceedings.

EXTENSION TO THE STAY OF PROCEEDINGS

60. Pursuant to the ARIO, the Stay Period will expire on September 15, 2024. The Applicants are seeking the Stay Extension to November 1, 2024.

61. The Monitor supports the Stay Extension for, among others, the following reasons:

a) it will afford the Applicants and the Monitor sufficient time to:

i. continue implementing the Bio-Tech SISP;

ii. allow for the Company and the Monitor to finalize the review of Claims under the Claims Procedure and understand the results and implications of the final determination of the claims on the Plan; and

iii. allow the Plan Sponsor and the Applicants, in consultation with the Monitor, to develop and file the Plan to restructure Delta 9 Group's operations for the benefit of its senior creditors and all stakeholders;

b) assuming an additional $1.5 million on the Interim Financing Facility, the Applicants are forecasted to have sufficient liquidity up to November 1, 2024; and

c) the Monitor does not believe any creditor of the Applicants who will be materially prejudiced by the proposed Stay Extension.

CONCLUSIONS AND RECOMMENDATIONS

62. Based on the current information that has been made available to the Monitor by the Applicants, the Monitor is of the opinion that the relief sought by the Applicants is appropriate and respectfully recommends that this Honourable Court approve:

a) the Stay Extension to November 1, 2024;

b) the proposed increase to the Interim Financing Facility and Interim Lender's Charge from $16 million to $17.5 million; and

c) the activities, fees and disbursements of the Monitor and the Monitor's Counsel, as set out in the Pre-Filing Report, First Report and Second Report.

All of which is respectfully submitted this 10th day of September, 2024.

ALVAREZ & MARSAL CANADA INC.,
in its capacity as Monitor of Delta 9 Cannabis Inc.,
Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc.,
Delta 9 Cannabis Store Inc., and Delta 9 Logistics Inc., and
not in its personal or corporate capacity

Orest Konowalchuk, CPA, CA, CIRP, LIT	David Williams, CPA, CIRP, LIT
Senior Vice-President	Senior Manager

APPENDIX "A"

AMENDMENT NO. 1 TO THE INTERIM FINANCING TERM SHEET

This amending agreement (this "**Agreement**") is made as September 5, 2024, between all of the entities identified on the signature page hereto as a borrower (collectively, the "**Borrowers**"), and 2759054 Ontario Inc. o/a Fika Herbal Goods, as interim lender (the "**Interim Lender**").

WHEREAS:

A. The Borrowers and the Interim Lender entered into a binding Interim Financing Term Sheet dated as of July 18, 2024 (the "**Interim Financing Term Sheet**"); and

B. The Borrowers and the Interim Lender have agreed to make certain amendments to the Interim Financing Term Sheet on and subject to the terms and conditions set out in this Agreement;

NOW THEREFORE in consideration of the premises and the agreements set out herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrowers and the Interim Lender agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

Unless otherwise defined herein, capitalized terms used in this Agreement, including in the recitals hereto, shall have the meaning ascribed to such terms in the Interim Financing Term Sheet.

Section 1.2 References to the Interim Financing Term Sheet

Upon execution of this Agreement, the Interim Financing Term Sheet shall be deemed to have been amended as of the date hereof. The terms "hereof", "herein", "this Interim Financing Term Sheet", "the Interim Financing Term Sheet" and similar terms used in the Interim Financing Term Sheet, shall mean and refer to, from and after the date hereof, the Interim Financing Term Sheet as amended by this Agreement.

Section 1.3 Continued Effectiveness

Nothing contained in this Agreement shall be deemed to be a waiver by the Interim Lender of compliance by the Borrowers with any covenant or agreement contained in the Interim Financing Term Sheet, or a waiver of any default or event of default under the Interim Financing Term Sheet, and each of the parties hereto agrees that the Interim Financing Term Sheet as amended by this Agreement shall remain in full force and effect, and time shall remain of the essence.

Section 1.4 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the Borrowers and the Interim Lender and their respective successors and permitted assigns.

Section 1.5 Currency

All references in this Agreement to dollars, monetary amounts or to $ are expressed in the lawful currency of Canada unless otherwise specifically indicated.

Section 1.6 Invalidity of any Provisions

Any provision of this Agreement, which is prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition in such jurisdiction without invalidating the remaining terms and provisions hereof and no such invalidity shall affect the obligation of the Borrowers to pay the debts, liabilities and obligations of the Borrowers under the Interim Financing Facility.

Section 1.7 Captions and Headings

The inclusion of headings preceding the text of the sections of this Agreement and the headings following each Article in this Agreement are intended for convenience of reference only and shall not affect in any way such construction or interpretation thereof.

ARTICLE 2
AMENDMENTS

Section 2.1 Amendments

The Interim Financing Term Sheet is hereby amended as follows:

(a) Paragraph D of the recitals is amended by deleting "$16,000,000" and replacing it with "$17,500,000";

(b) The first paragraph of Section 3 titled "**Interim Financing Facility**" is amended by deleting "$16,000,000" and replacing it with "$17,500,000";

(c) Subparagraph (a) of the first paragraph of Section 3 titled "**Interim Financing Facility**" is amended by deleting "$3,000,000" and replacing it with "$4,500,000"; and

(d) Clause (iii) of subparagraph (a) of Section 10. titled "**Funding Conditions**" is amended by deleting "$16,000,000" and replacing it with "$17,500,000";

ARTICLE 3
CONDITIONS PRECEDENT

Section 3.1 Conditions Precedent

This Agreement shall not become effective until:

(a) this Agreement is duly executed and delivered to the Interim Lender; and

(b) the Court grants an order amending the ARIO approving the increase to the Interim Financing Facility and the Interim Lender's Charge.

ARTICLE 4
MISCELLANEOUS

Section 4.1 Governing Law

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

Section 4.2 Time of the Essence

Time shall be of the essence in this Agreement in all respects.

Section 4.3 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[*The remainder of this page has been left intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set out above.

2759054 ONTARIO INC. O/A FIKA HERBAL GOODS, as Interim Lender

Signed by:

Per: Mark Vasey

2B9E634ED2884FB...

Name: Mark Vasey
Title: CEO

DELTA 9 CANNABIS INC., as Borrower

Signed by:

Per: John Arbuthnot

19ED67A19EB1423...

Name: John Arbuthnot
Title: Authorized Signatory

DELTA 9 LOGISTICS INC., as Borrower

Signed by:

Per: John Arbuthnot

19ED67A19EB1423...

Name: John Arbuthnot
Title: Authorized Signatory

DELTA 9 CANNABIS STORE INC., as Borrower

Signed by:

Per: John Arbuthnot

19ED67A19EB1423...

Name: John Arbuthnot
Title: Authorized Signatory

DELTA 9 BIO-TECH INC., as Borrower

Signed by:
John Arbuthnot
19ED67A19EB1423...

Per: ______________________________
Name: John Arbuthnot
Title: Authorized Signatory

DELTA 9 LIFESTYLE CANNABIS CLINIC INC., as Borrower

Signed by:
John Arbuthnot
19ED67A19EB1423...

Per: ______________________________
Name: John Arbuthnot
Title: Authorized Signatory

APPENDIX "B"

Notice of Sales and Investment Solicitation Process re: Delta 9 Bio-Tech Inc.

On July 15, 2024, Delta 9 Bio-Tech Inc. ("**Bio-Tech**") and four related entities were granted an initial order by the Court of King's Bench of Alberta (the "**Court**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"). Alvarez & Marsal Canada Inc. was appointed pursuant to the CCAA as monitor (the "**Monitor**").

On July 24, 2024, the Court approved a sales and investment solicitation process (the "**SISP**") to solicit interest in, and opportunities for, a sale of, or investment in, all or part of Bio-Tech's assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of Bio-Tech as a going concern, or a sale of all, substantially all, or one or more components of Bio-Tech's assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise.

The Property includes a 95,000 sq ft. Health Canada approved cannabis production facility located at 760 Pandora Avenue East, Winnipeg, MB. The Business has been able to cultivate premium quality cannabis at a cash cost of $0.60 to $0.70/gram with an industry-competitive cost structure (favourable labour, land-leasing, and power cost). Further, an opportunity exists for modest capital investment to expand production and further reduce costs.

Interested parties wishing to pursue the Opportunity are to submit a formal binding offer to the Monitor in accordance with the SISP, by the following deadline:

Bid Deadline: 5:00 p.m. Mountain Time on **October 28, 2024**

Copies of the SISP Procedure Document and other Court filed materials are available at: https://www.alvarezandmarsal.com/delta9.

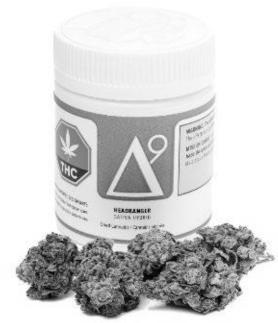
Interested parties who wish to obtain additional information and participate in the SISP may contact the Monitor at: delta9@alvarezandmarsal.com.

APPENDIX "C"

Delta 9 Cannabis Inc.

*Alvarez & Marsal Canada Inc., acting in its capacity as the Court-appointed monitor ("**A&M**" or the "**Monitor**"), has commenced a Court-ordered sale and investment solicitation process (the "**SISP**") in connection with Delta 9's restructuring proceedings which were commenced on July 15, 2024, when each of Delta 9 Cannabis Inc., Delta 9 Bio-Tech Inc. ("**Bio-Tech**", or the "**Company**"), Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Cannabis Store Inc. and Delta 9 Logistics Inc. were granted an initial order by the Court of King's Bench of Alberta (the "**Court**"), under the Companies' Creditors Arrangement Act RSC 1985, c. C-36 as amended (the "**CCAA**").*

Overview



- Bio-Tech is a federally-licensed cannabis company, focused on the production and sale of cannabis products. Bio-Tech was founded in 2013 and is one of Canada's first licensed producers, obtaining its first license in March 2014.
- Bio-Tech is the largest cannabis producer in the province of Manitoba and owns a 98,804 sq ft. cultivation and processing facility in in Winnipeg, Manitoba (the **"Facility"**), with current annual production capacity of 10,000 kg of dried cannabis (and with an option to double that capacity with a further investment).

- The Facility contains 297 modular "grow pods", which are 320 sq ft shipping containers that have been retrofitted to support specific, micro-cultivation processes for cannabis plants.
- In addition to its large-scale cultivation capabilities, the Facility includes automated bottling and rolling equipment for processing branded consumer products.

- Bio-Tech has supply agreements in place in six Canadian provinces (Alberta, British Columbia, Manitoba, Newfoundland, Ontario, and Yukon).

Opportunity Summary

Bio-Tech Asset Summary		Real Estate Opportunity
• Acquisition of cannabis production operations • Acquisition of Delta 9 strain IP • Acquisition of Grow Pod IP and up to ~300 units	• Significant production, packaging and cooling equipment • $68.4 million of tax loss carry-forwards	• Potential sale leaseback opportunity with Bio-Tech business acquirer • Investment opportunity (alternate use)
• Potential bidders have the opportunity to acquire Bio-Tech shares or assets outright (including real estate) or enter into long-term lease with a new owner of the real estate. • The acquisition of any of the assets may be made on an individual or *en bloc* basis. Offers made on two or more asset groups but not *en bloc* should allocate the amount of their offer accordingly.		

Bio-Tech Business Overview

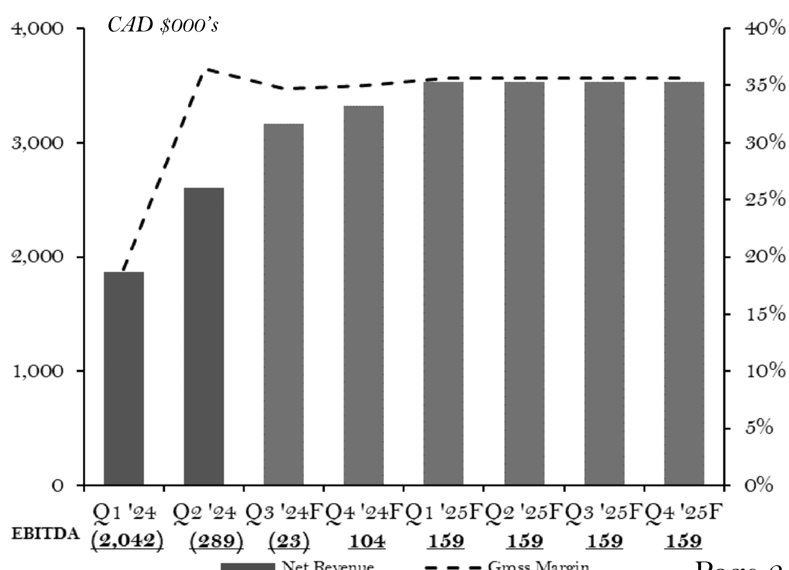
- Bio-Tech is currently operating out of a 98,804 sq ft. Health Canada approved production facility in Winnipeg, Manitoba, situated on 9 acres of owned land.
- The Company has an industry-competitive cost structure and has obtained favourable labour, land-leasing, and power cost ($0.045/kWh).

- The Company has been able to cultivate premium quality cannabis at a cash cost of $0.60 to $0.70/gram.
- Revenue forecast substantiated through contractual arrangements with Delta 9 retail network and bulk contracts.
- For an investment of $4.0 million, there exists an opportunity to double production capacity (to 20,000 kg/year) in the same footprint through an upgraded 500 watt retrofitted air cooled lighting system. This expansion is expected to reduce the cash cost to $0.36 to $0.40/gram.
- $68.4 million of tax loss carry-forwards to shelter future operating income.

Bio-Tech Financial Summary

- YTD (through June 30, 2024), Bio-Tech generated net revenue[1] of $4.5 million and gross profit of $1.3 million. During the same period, Bio-Tech experienced negative EBITDA. However, the Company has performed cost cutting initiatives that are currently underway, including cost cuts related to public company reporting.
- Please refer to the financial model in the virtual data room for important notices and disclaimers regarding the financial summary presented herein.

Net Revenue[1] & Gross Margin



(1) Net revenue is presented net of excise taxes

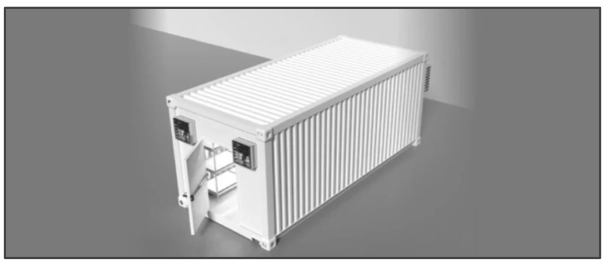
Other Opportunities

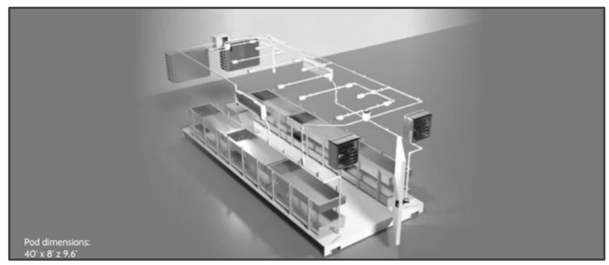
- **Grow Pod Technology IP & Units**

    - Bio-Tech production occurs out of 297 self-contained cannabis growing pods (the "**Grow Pods**"), which offer greater energy, cost efficiency, and control over the growing process. Bio-Tech has invested significant resources into developing and refining its proprietary Grow Pod technology.

    - Each Grow Pod can produce up to 40 kg of cannabis annually, with a payback period of approximately 3-4 harvests. The Grow Pods are equipped with technology to automate fertigation, irrigation, light, temperature, air movement and CO_2. The pods are also completely secure with access-controlled doors and security cameras.

    - The current annual production with the Grow Pods is approximately 10,000 kg annually, which can be scaled to 20,000 kg with an estimated capital investment of $4.0 million.





- **Delta 9 Brands and Genetic Strains**

    - The Company's industry-leading and widely recognized brands such as *Delta 9 Cannabis, Busted Nugs, RAZL, and 770 Cannabis.*

    - The original *Delta 9 Cannabis* label has been a trusted brand to Canadians in the recreational and medicinal cannabis space since its initial launch in 2014. Bio-Tech has invested significant amounts to develop numerous strains that contain industry-leading levels of terpenes and CBD.

Delta 9 Cannabis
In-House Brand
- Launched in 2014
- Value positioned
- Strain agnostic and specific dried flower and pre-rolls
- Limited-time-only and seasonal product offerings
- #1 Selling Brand in Delta 9 Retail Network

Busted Nugs
Milled to Perfection
- Launched in 2023, with additional SKU's in 2024.
- Value positioned
- High terpene, milled dried flower and pre-rolls.
- Limited-time-only and seasonal product offerings
- #2 Selling brand in Delta 9 Retail Network

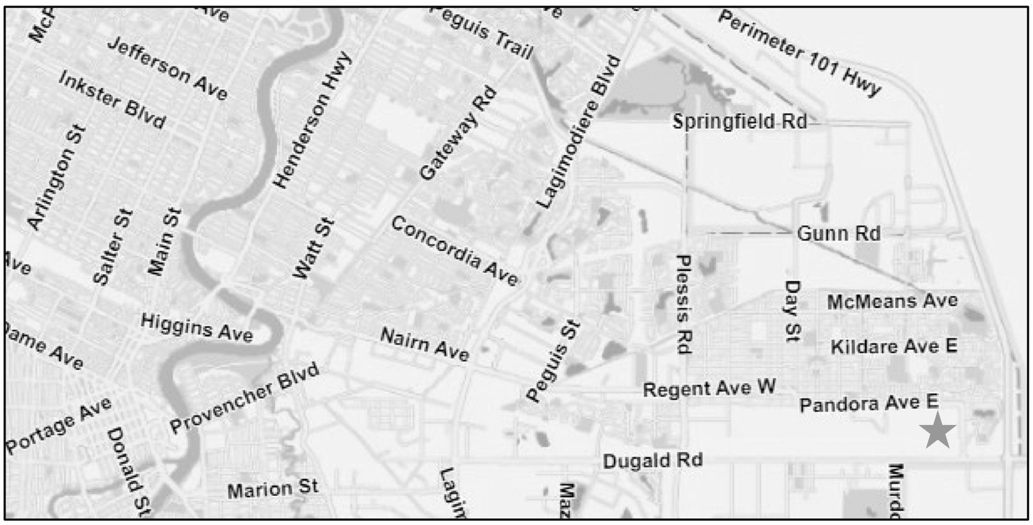
RAZL
Time to Party
- Launched Q2 2024
- Value positioned
- 5:10 vape cartridges
- High CBD, THC and balanced variations

770 Cannabis
In-House Brand
- Future Launch TBD
- Mainstream positioned
- New, never before seen genetics
- Premium dried flower
- High THC and terpene content

Real Estate Opportunity

- Capital Commercial Real Estate Services Inc. (the "**Real Estate Broker**"), by and through A&M as Court-appointed Monitor, is pleased to offer for sale a 100% freehold interest in a large-scale cannabis production facility, located at 760 Pandora Avenue East, Winnipeg, MB, R2C 3A6.

Property Highlights	
Land Size	9.5 acres
Zoning	M3 – Manufacturing Heavy
Building Size	98,804 SF
Loading	Dock Removed and Limited Grade
Features	Sprinklered Heavy Power Sloped Ceiling 22'-30'



Location

- Located in prominent location along Pandora Avenue East with direct access to major transportation routes.

Facility Details

- On August 6, 2021, Health Canada approved two expansions to the Health Canada License. The approvals allow for an expansion of the licensed perimeter of the Delta Facility from 80,000 square feet to approximately 95,000 square feet.
- Further information regarding the Facility and other pertinent information will be available with the Real Estate Broker.

Bryn Oliver
Principal
204-985-1379
Bryn.Oliver@Capitalgrp.ca
Services provided by Bryn Oliver Personal Real Estate Corporation

Trevor Clay
Broker, Principal
204-985-1365
Trevor.Clay@Capitalgrp.ca
Services provided by Trevor Clay Personal Real Estate Corporation

Luke Paulsen
Vice President, Sales & Leasing
204-985-1358
Luke.Paulsen@Capitalgrp.ca
Services provided by Luke Paulsen Personal Real Estate Corporation

SISP

- Delta 9 commenced CCAA proceedings on July 15, 2024 and the SISP was approved by the Court on July 24, 2024. The SISP has been designed to solicit interest in a sale of, or investment in, all of Bio-Tech's assets and business operations, including the Facility.

- In accordance with the SISP, a binding offer (a **"Binding Offer")** from potential bidders must be submitted by no later October 28, 2024 (the "**Bid Deadline**"). A Binding Offer shall be accompanied by a deposit equal to 10% of the purchase price or total investment contemplated. A Binding Offer may be made on an individual basis or *en bloc* basis. Offers made on two or more asset groups but not *en bloc* should allocate the amount of the offer accordingly.

- Following the Bid Deadline the Monitor, together with Bio-Tech and the Interim Lender, will assess the Binding Offers and select the successful bid. In the event that multiple competitive Binding Offers are received, an auction will be held on October 30, 2024, to select a successful bidder.

Date	Event
July 15, 2024	Filing date
July 24, 2024	Court approval of the SISP
October 28, 2024	Bid Deadline
October 30, 2024	Auction (if required)
November 8, 2024	Target date for Approval Application Hearing
November 12, 2024	Closing Date Deadline

- A&M and the Real Estate Broker expressly disclaim any liability in connection with the SISP, and the Court-ordered SISP provides:
  - The SISP does not create any contractual or other legal relationship between Bio-Tech, Delta 9, the Monitor or the Real Estate Broker and any other party including SISP participants; and
  - Neither the Monitor nor the Real Estate Broker shall not have any liability whatsoever to any other person, party, or SISP participant, except in cases of gross negligence or willful misconduct.

Next Steps

Interested parties who wish to pursue a transaction and receive additional diligence materials will be required to sign a Non-Disclosure Agreement, which can be obtained by contacting A&M by email as noted below. CCAA documents can be accessed on the Monitor's website at: www.alvarezandmarsal.com/Delta9.

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APPENDIX "D"

Delta 9 Cannabis Inc., Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Cannabis Store Inc., and Delta 9 Logistics Inc
Management Prepared 9-Week Cash Flow Forecast
For the period from August 31, 2024 to November 1, 2024
unaudited, in CAD $000's

	Notes	Week 1 06-Sep-24	Week 2 13-Sep-24	Week 3 20-Sep-24	Week 4 27-Sep-24	Week 5 04-Oct-24	Week 6 11-Oct-24	Week 7 18-Oct-24	Week 8 25-Oct-24	Week 9 01-Nov-24	9 Week Total
Receipts											
Accounts Receivable - Government	1	201	150	150	150	150	150	150	150	150	1,401
Accounts Receivable - Other	2	110	210	210	210	210	199	190	190	190	1,719
Cannabis Sales	3	1,141	1,198	1,198	1,250	1,300	1,300	1,300	1,300	1,300	11,287
Total Receipts		**1,452**	**1,558**	**1,558**	**1,610**	**1,660**	**1,649**	**1,640**	**1,640**	**1,640**	**14,407**
Operating Disbursements											
Cannabis Product Purchases	4	910	990	990	990	980	980	925	925	930	8,620
Payroll and Source Deductions	5	-	592	-	592	-	592	-	592	-	2,368
Consultant Fees	6	-	16	-	16	-	16	-	16	-	63
Rent, Utilities and Insurance	7	321	-	112	-	375	-	112	-	375	1,295
Overholding Rent	8	-	97	-	-	39	-	-	-	39	174
Logistics, Product Treatment and Lab Testing	9	35	35	35	35	35	35	35	35	35	315
Production Supplies and Materials	10	40	40	40	40	40	100	40	40	40	420
SG&A Expenses	11	65	65	65	65	65	65	65	65	65	585
Contingency	12	15	15	15	15	15	15	15	15	15	135
Excise Tax Remittance	13	-	89	-	-	-	225	-	-	-	314
GST Remittance	14	33	-	-	-	80	-	-	-	80	193
Total Operating Disbursements		**1,419**	**1,939**	**1,257**	**1,753**	**1,629**	**2,028**	**1,192**	**1,688**	**1,579**	**14,483**
Net Cash Flow from Operations		**33**	**(381)**	**301**	**(143)**	**31**	**(379)**	**448**	**(48)**	**61**	**(75)**
Non-Operating Disbursements											
Potential Critical Supplier Payments	15	50	-	-	-	-	-	-	-	-	50
Key Employee Retention Plan	16	-	-	-	-	-	-	105	-	-	105
Professional Fees	17	115	340	-	375	-	300	-	285	-	1,415
Debt Service	18	558	-	-	-	280	-	-	-	281	1,118
Total Non-Operating Disbursements		**722**	**340**	**-**	**375**	**280**	**300**	**105**	**285**	**281**	**2,688**
Net Cash Flow		**(689)**	**(721)**	**301**	**(518)**	**(249)**	**(679)**	**343**	**(333)**	**(220)**	**(2,763)**
Opening Cash		**1,374**	**684**	**714**	**1,015**	**497**	**998**	**320**	**663**	**330**	**1,374**
Net Cash Flow		(689)	(721)	301	(518)	(249)	(679)	343	(333)	(220)	(2,763)
Interim Financing Advance/(Repayment)		-	750	-	-	750	-	-	-	-	1,500
Ending Cash		**684**	**714**	**1,015**	**497**	**998**	**320**	**663**	**330**	**110**	**110**
Opening Interim Financing Balance		**3,000**	**3,000**	**3,750**	**3,750**	**3,750**	**4,500**	**4,500**	**4,500**	**4,500**	**3,000**
Advances		-	750	-	-	750	-	-	-	-	1,500
Repayments		-	-	-	-	-	-	-	-	-	-
Closing Interim Financing Balance		**3,000**	**3,750**	**3,750**	**3,750**	**4,500**	**4,500**	**4,500**	**4,500**	**4,500**	**4,500**
Opening Overholding Rent Funds Balance		**-**	**-**	**97**	**97**	**97**	**135**	**135**	**135**	**135**	**-**
Funds Held by Monitor		-	97	-	-	39	-	-	-	39	174
Closing Overholding Rent Funds Balance		**-**	**97**	**97**	**97**	**135**	**135**	**135**	**135**	**174**	**174**

UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS & MONITOR'S REPORT ON THE CASH FLOW STATEMENT

John Arbuthnot
Director

Orest Konowalchuk, LIT
Senior Vice President

APPENDIX "E"

Delta 9 Cannabis Inc., Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Cannabis Store Inc., and Delta 9 Logistics Inc
Notes to Management Prepared 9-Week Cash Flow Forecast
For the period from August 31, 2024 to November 1, 2024

Disclaimer
*In preparing this cash flow forecast (the "**Forecast**"), the Applicants have relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions discussed below with respect to the requirements and impact of a filing under the Companies' Creditors Arrangement Act ("**CCAA**"). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or protections will be realized. The Forecast is presented in thousands of Canadian dollars.*

Note 1 (AR - Government): Forecast collections of existing and forecast accounts receivable, primarily from the Manitoba Liquor & Lotteries Corporation and the Alcohol, Gaming, Lottery and Cannabis Authority of Alberta. Payment terms are generally 15 to 30 days.

Note 2 (AR - Other): Forecast collections of existing and forecast accounts receivable from private customers. Payment terms are generally 30 to 60 days.
Note 3 (Cannabis Sales): Forecast sales of inventory are based on the trailing 3-month sales for Store and Lifestyle retail locations, plus a forecasted increase resulting from the purchase of additional inventory for Delta 9 Group's retail locations, discussed in Note 4 below.
Note 4 (Cannabis Product Purchases): Forecast purchases are based on the trailing 3-month purchases of cannabis products for Store and Lifestyle retail locations, plus an additional average of $161,000 of purchases per week to maintain higher inventory levels and inventory SKU diversity. Payments for cannabis products are made on a COD basis.
Note 5 (Payroll and Source Deductions): Forecast salaries, wages, statutory remittances and benefits for salaried and hourly employees disbursed bi-weekly.
Note 6 (Consultant and Contractor Fees): Bi-weekly payments to consultant and contractors related to the CCAA Proceedings.
Note 7 (Rent, Utilities & Insurance): Forecast monthly rent payments for Delta Group's logistics facility and retail locations, as well as monthly utilities and insurance costs. Rent is payable on the 1st of every month, utilities are payable on the 21st of every month and insurance is payable on the 20th of every month.
Note 8 (Overholding Rent): On March 19, 2018 6599362 Canada Ltd. ("**659**") and Delta 9 entered into a lease agreement for the occupancy of the property located at 770 Pandora Avenue East, Winnipeg, Manitoba ("**Building D**"), which is currently used by for Bio-Tech and Logistics operations. Delta 9 and 659 are in dispute regarding the amount owed under the lease, with 659 asserting that the monthly rent should be $76,351.32, while Delta 9 asserting that the monthly rent should be $37,642.65. The overholding rent will be held by the Monitor until the parties resolve the question of the correct rent payable under the lease.

Note 9 (Logistics, Product Treatment and Lab Testing): Forecast shipping costs and required quality control and biological testing for cannabis product.
Note 10 (Production Supplies and Materials): Estimated supplies and materials related to cannabis product sales.
Note 11 (S&GA Expenses): Estimated selling, general, and administrative expenses required for operations
Note 12 (Contingency): A weekly contingency of $15,000 has been included to account for possible unforeseen expenditures
Note 13 (Excise Tax Remittance): Excise tax and regulatory fees relating to the sale of cannabis product in the CCAA Proceedings
Note 14 (GST Remittance): Goods and Sales tax, net of input tax credits.
Note 15 (Potential Critical Supplier Payments): Estimate for potential critical supplier payments that may be required for operations
Note 16 (KERP): Payment for a portion of the KERP due to certain employees on October 15, 2024. The remaining $550,000 is payable upon the completion of a Restructuring and upon a Qualifying Bio-Tech Transaction (both defined in the KERP), neither of which are expected to occur within the Stay Extension period.
Note 17 (Professional Fees & Expenses): Expected professional fees to be incurred by Delta Group's legal advisors as well as the CCAA Monitor, Monitor's Counsel, Plan Sponsor's Counsel and Director's & Officers' Counsel. Forecasted fees are to be paid on a bi-weekly basis.
Note 18 (Debt Service): Forecast debt service for the senior secured indebtedness payable to SNDL.

John Arbuthnot
Director