

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

**MOTION RECORD
(Approval and Vesting Order, Stay Extension, and Certain Additional Relief)
(Returnable March 1, 2022)**

February 22, 2022

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Counsel for Ayanda Cannabis Corporation

TO: SERVICE LIST

**ONTARIO
SUPERIOR COURT OF JUSTICE
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TAB 1

Estate/Court File No.: 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

NOTICE OF MOTION
(returnable March 1, 2022)

Ayanda Cannabis Corporation ("**Ayanda**" or the "**Company**") will make a motion to the court on Tuesday, March 1, 2022, at 11:30 a.m., or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard by video conference at the following location:

<https://millerthomson.zoom.us/j/84391581497?pwd=ZXBhYjIhWENQTnpRQ3JCTTBbVksQT09>

Meeting ID: 843 9158 1497
Passcode: 137060

THE MOTION IS FOR:

1. An order, substantially in the form attached at Tab 4 of the Motion Record, among other things ("**Approval and Vesting Order**"):
 - a. approving the Share Purchase Agreement ("**SPA**") between Ayanda and 12830353 Canada Inc., or its assignee (the "**Purchaser**"), dated February 2, 2022, and the transactions contemplated thereby ("**Transaction**");
 - b. authorizing and directing the Company to perform its obligations under the SPA and to take such additional steps and execute such additional

documents as may be necessary or desirable for the completion of the Transaction;

- c. transferring and vesting all of the Company's right, title, and interest in and to the Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the SPA) to and in a corporation to be incorporated ("**ResidualCo**");
 - d. releasing and discharging Ayanda from and in respect of all of the Excluded Liabilities;
 - e. authorizing and directing Ayanda to issue New Common Shares (as defined below) in accordance with the pre-closing reorganization;
 - f. vesting in the Purchaser all right, title, and interest in and to the New Common Shares;
 - g. approving the releases provided for in paragraph 18 of the Approval and Vesting Order ("**Releases**") in favour of certain third parties, including Ayanda's current directors, officers, employees, legal counsel, independent contractors that have provided legal or financial services to the Company, advisors, and Richter Advisory Group Inc., in its capacity as proposal trustee of Ayanda ("**Proposal Trustee**"), and its counsel; and
 - h. approving the success fee agreement between the Company and Hyde Advisory & Investments Inc. ("**Hyde Advisory**"), dated November 11, 2021, and authorizing the Company to pay Hyde Advisory the success fee payable under the agreement upon closing of the Transaction;
2. An order, substantially in the form attached at Tab 5 of this Motion Record, among other things ("**Stay Extension Order**");

- a. abridging the time for and validating service of this notice of motion and the motion record and dispensing with service on any person other than those served;
- b. approving debtor-in-possession interim financing in the maximum principal amount of \$400,000 (“**DIP Loan**”) to be provided by Cardinal Advisory Limited (“**DIP Lender**”) pursuant to a term sheet dated February 18, 2022, between Ayanda and the DIP Lender (“**DIP Term Sheet**”);
- c. granting super-priority charges over the assets, property and undertaking of Ayanda (collectively, the “**Property**”) for the benefit of (i) counsel to Ayanda, the Proposal Trustee, and legal counsel to the Proposal Trustee in the maximum amount of \$300,000 as security for their professional fees and disbursements (“**Administration Charge**”); and (ii) the DIP Lender with respect to the DIP Facility in the maximum amount of \$400,000 (“**DIP Charge**”);
- d. extending the time to file a proposal and the corresponding stay of proceedings for 45 days up to and including April 20, 2022;
- e. directing Shanil “Shaun” Ramdhany (“**Ramdhany**”) and Natalie Cain (“**Cain**”) to return any and all records of the Company in their possession and control;
- f. authorizing the Company to pay pre-filing obligations, provided that payment of such obligations are consistent with the cash flow forecast appended to the First Report (as defined herein) or are approved by the Proposal Trustee;

- g. declaring that Confidential Exhibits “A” to “E” to the Affidavit of Michael Sioen, sworn February 22, 2022 (“**Sioen Affidavit**”) be and are hereby sealed and shall be treated as confidential until further order of this Court; and
 - h. approving the first report of the Proposal Trustee, to be filed separately with the Court (“**First Report**”) and the actions and activities of the Proposal Trustee as described therein; and
3. Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE

Background

- 1. Ayanda is a niche Canadian cannabis company that carries on business as a cultivator of cannabis and cannabis products.
- 2. Health Canada has issued three licenses to Ayanda: (i) a Standard Cultivation, Standard Processing, and Sale for Medical Purposes Licence (“**Cultivation License**”); (ii) a Research Licence; and (iii) a Cannabis Licence (collectively, the “**Health Canada Licences**”).
- 3. The Company operates from a 55,000 square foot cultivation and processing facility located on a two-acre parcel of approximately 100 acres of farmland southwest of Hamilton, in Norfolk Country, Ontario. The facility includes one clone room, two grow rooms, a research lab, a packaging room and an extraction room.

Financial Difficulties

4. Ayanda filed a Notice of Intention to Make a Proposal dated February 4, 2022 (“**NOI**”), under which the Proposal Trustee was appointed.
5. Ayanda filed the NOI and commenced this proceeding in order to obtain protection from certain litigation creditors afforded by the BIA and the benefit from certain remedies available under the BIA.
6. The NOI filing was precipitated by a combination of factors, such as unprecedented industry competition, licensing delays, pandemic related setbacks and cost overruns, an inability to attract required capital, and protracted disagreement and dissension (along with threats of litigation) as between certain of Ayanda’s founders, investors, and senior management personnel.
7. In the months leading up to the NOI filing, Ayanda’s management made determined efforts to address its financial and operational challenges including, among other things, retaining leading cannabis industry consultant Hyde Advisory & Investments Inc. (“**Hyde Advisory**”) in August 2021 to undertake an investment solicitation process for the business. Such efforts proved unsuccessful and, beginning in early October 2021, Ayanda began exploring potential options for a sale of its business.

Sale Process

8. Ayanda retained Hyde Advisory in October 2021 to design and run a sale process for the business (“**Sale Process**”).

9. Hyde Advisory is a trusted senior advisor to the Canadian and global cannabis industry. The company has a wealth of experience in cannabis sector business investment, finance, operations, licensing, and regulatory compliance.
10. Assisted by Ayanda management, Hyde Advisory completed due diligence on the Company and undertook a marketing process that broadly and thoroughly canvased a comprehensive network of cannabis industry participants in Canada and abroad.
11. The Sale Process, which proceeded over the course of approximately two months, was commercially reasonable, professionally run and robust, and undertook steps similar to those that would have been undertaken by Ayanda, its advisors, and the Proposal Trustee during the course of these NOI proceedings.
12. Notwithstanding the very challenging current market conditions in the medical cannabis industry, the Sale Process was successful in generating buyer interest and ultimately resulted in an offer from the Purchaser for the purchase of Ayanda's business on a going concern basis, including particularly the Health Canada Licences.
13. Thereafter, Ayanda and the Purchaser engaged in extensive negotiations regarding pricing and the terms of the potential acquisition. The negotiations culminated in Term Sheet that the Purchaser provided to Ayanda on January 7, 2022, followed closely by the SPA on February 2, 2022.
14. Through the efforts of Ayanda and Hyde Advisory, including the extensive Sale Process, and subsequent negotiations between Ayanda and the Purchaser, the

price to be paid for the purchased assets represents the best indication of the value of the underlying business and the best offer available in the circumstances.

SPA and Transaction

15. Subject to the approval of this Court and the satisfaction of other closing conditions, the Purchaser will acquire 100% of Ayanda's issued and outstanding shares pursuant to the SPA.
16. The Transaction contemplates the use of a "reverse vesting order" ("**RVO**") to preserve the Health Canada Licences that are essential to the Company continuing on as a going concern.
17. A summary of the key terms and conditions of the SPA are as follows (all capitalized terms not otherwise defined herein shall have the meaning given to them in the SPA):
 - a. **Issuance of New Shares:** Ayanda will issue, assign, and transfer the New Common Shares to the Purchaser, free and clear of all Encumbrances;
 - b. **Share Consolidation and Cancellation:** the New Common Shares and Existing Shares will be consolidated at a ratio to be determined by Ayanda. Any fractional New Common Shares and Existing Shares will be cancelled such that the Purchaser will be the sole owner of Ayanda's issued and outstanding shares;
 - c. **Equity Interests Extinguished:** any and all Equity Interests, not including the Post-Consolidation Shares, that remain issued and outstanding

immediately following the Consolidation and Cancellation will be cancelled and extinguished without any Liability;

- d. **Preservation of Claims:** notwithstanding the Consolidation and Cancellation and the extinguishment of Equity Interests, each Class A Shareholder and Class B Shareholder shall have a claim against ResidualCo equal to the cost base of their Class A Common Shares or Class B Common Shares;
 - e. **Assumed Assets and Liabilities:** all of Ayanda's assets that are not Excluded Assets and all of the Assumed Liabilities will be retained by Ayanda on closing;
 - f. **Excluded Assets, Contracts and Liabilities:** all of the Excluded Assets, Excluded Contracts, and Excluded Liabilities will be transferred to and assumed by ResidualCo. All claims related to Excluded Liabilities will continue to exist as against ResidualCo and the Purchase Price and the Excluded Assets, if any, which will be available to satisfy such claims; and
 - g. **Approval and Vesting Order:** the obligation of Ayanda and the Purchaser to close the Transaction is subject to the grant of the Approval and Vesting Order.
18. In addition to seeking approval of the SPA, Ayanda is seeking certain additional relief that is important to the structure of the Transaction. Among other things, Ayanda is seeking:
- a. to vest the Excluded Assets, Excluded Contracts, and Excluded Liabilities in ResidualCo; and

- b. releases in favour of, among others, the Company's current directors, officers, employees, independent contractors that have provided legal or financial services to the Company, legal counsel and advisors, and the Proposal Trustee and its counsel (collectively, the "**Released Parties**").
19. The Releases are a requirement of the SPA. The Released Parties have made significant contributions to Ayanda's proposal proceedings, including negotiation of the Transaction, and have been instrumental in achieving the best possible outcome for Ayanda and its stakeholders. The Releases will also benefit Ayanda's stakeholders by preventing claims against Ayanda for contribution and indemnity thereby increasing the pool of assets available to Ayanda's stakeholders;
20. Given the breadth, duration and level of expressed buyer interest in the Sale Process, it is unlikely that an extended sale process would yield any other meaningful opportunities, or generate any additional value for Ayanda's stakeholders. Indeed, the Sale Process has shown that the Transaction represents the highest and best offer available for Ayanda's business and assts.
21. Further, Ayanda does not have the financial resources or the time to run an additional process post-NOI.
22. The Proposal Trustee will provide its view on the Sale Process, the necessity of the RVO structure, and the Transaction in the First Report.
23. The Proposal Trustee is supportive of the relief sought by Ayanda.

Interim Financing

24. Ayanda requires financing to fund operations and restructuring costs during the proposal proceedings. Without having access to the proposed funding the company would have no choice but to file for bankruptcy.
25. The DIP Lender is prepared to provide up to \$400,000 in funding to assist Ayanda with its short-term liquidity needs, and general corporate purposes.
26. The proposed DIP Loan is conditional upon court approval of the DIP Facility and the granting of the DIP Charge.
27. The Cash Flow Forecast demonstrates the need for the DIP Facility.
28. The Proposal Trustee will report on the reasonability of the DIP Term Sheet, the DIP Facility, and the DIP Charge in the First Report.

Administration Charge

29. In addition to the DIP Charge, the Company is requesting that the Court grant the Administration Charge.
30. The Proposal Trustee, counsel to the Proposal Trustee, and counsel to Ayanda (collectively, the “**Professional Group**”) seek the protection of a \$300,000 charge against the assets, undertaking, and property of Ayanda to secure payment of professional fees and disbursements incurred in the proposal proceedings, including with respect to the fees and disbursements of the Professional Group incurred in the preparation and filing of Ayanda’s NOI.

31. The Administration Charge will have first-ranking priority over all of Ayanda's property.
32. Ayanda believes that the Administration Charge is essential to a successful restructuring.
33. The services provided by the Professional Group have played and will continue to play a critical role in Ayanda's restructuring.
34. It is unlikely that the Professional Group will continue to participate in the proposal proceedings unless their reasonable fees and disbursements are secured by way of the proposed Administration Charge.
35. The quantum of the proposed Administration Charge is reasonable given the nature and scope of the services to be provided, the expected duration of the proposal proceedings and the uncertainty regarding Ayanda's ability to fund professional fees from free cash flow.
36. The Proposal Trustee is supportive of the proposed Administration Charge.

Extension of Time to File a Proposal

37. Under the BIA, unless the period is extended, Ayanda is currently required to file a proposal by March 6, 2022 ("**Stay Period**").
38. Ayanda has acted and continues to act in good faith and with due diligence in seeking to preserve its business as a going concern for the benefit of all of its stakeholders.

39. In order to close the Transaction and to formulate and make a proposal to its creditors, Ayanda seeks an extension of the Stay Period from March 6, 2022 to April 20, 2022.
40. Without the extension, Ayanda will not be in a position to close the Transaction.
41. The Proposal Trustee supports the requested Stay Extension.
42. No creditor will be materially prejudiced if the extension is granted.

Return of Records

43. Ayanda understands that Ramdhany and Cain, former employees of the Company, are in possession of certain of the Company's books and records. The Company is seeking an order directing Ramdhany and Cain account for and promptly return any and all Ayanda records in their possession and control.

Sealing Order

44. In order to protect Ayanda's ability to negotiate with other parties in the event that the Transaction does not close as intended, the Company is requesting that Confidential Exhibits "A" to "E" to the Sioen Affidavit be sealed until further order of this Court.

General

45. Sections 50.4, 50.6(1), 65.13, and 69 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
46. Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;

47. Sections 97, 100, 106, and 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
48. The equitable and inherent jurisdiction of the Court; and
49. Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. The First Report together with the appendices thereto;
2. The Sioen Affidavit, together with the exhibits thereto;
3. The Affidavit of David Hyde, sworn February 22, 2022, together with the exhibits thereto; and
4. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

February 22, 2022

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**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

Estate/Court File No.: 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceeding commenced at Toronto

**NOTICE OF MOTION
(Returnable March 1, 2022)**

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Counsel for Ayanda Cannabis Corporation¹

TAB 2

Estate/Court File No.: 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

AFFIDAVIT OF MICHAEL SIOEN
(sworn February 22, 2022)

I, Michael Sioen, of the Town of Norwich, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am a director and Chief Executive Officer of Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”). I have knowledge of the matters hereinafter deposed, which knowledge is either personal to me, obtained from a review of the documents referred to herein or, where indicated, based on information and belief upon being advised by others, in which case I verily believe such information to be true.

2. Capitalized terms used in my affidavit that are not otherwise defined shall have the meanings ascribed to them in the Share Purchase Agreement, dated February 2, 2022 (“**SPA**”), between Ayanda and 12830353 Canada Inc. (“**Purchaser**”).

I. OVERVIEW

3. I swear this affidavit in support of Ayanda’s motion for an order (“**Approval and Vesting Order**”), among other things:

- a. approving the transaction (“**Transaction**”) contemplated by the SPA;

– 2 –

- b. upon the filing of the Proposal Trustee's Certificate, vesting in the Purchaser all right, title, and interest in and to the New Common Shares, free and clear of all encumbrances and interests;
- c. transferring the Excluded Liabilities, Excluded Assets, and Excluded Contracts to, and vesting the same in ResidualCo on or before the closing of the Transaction; and
- d. approving the releases provided for in the Approval and Vesting Order ("**Releases**") in favour of certain third parties, including Ayanda's current directors, officers, employees, legal counsel, advisors, and Richter Advisory Group Inc. ("**Richter**"), in its capacity as proposal trustee of Ayanda ("**Proposal Trustee**"), and its counsel.

4. This affidavit is also sworn in support of an order, among other things: (i) approving an interim financing agreement and related super-priority charge in the amount of \$400,000; (ii) approving a first priority administration charge in the aggregate amount of \$300,000; (iii) extending the time for Ayanda to file a proposal in respect of Ayanda's NOI (as defined below) to April 20, 2022; (iv) approving the First Report of the Proposal Trustee, to be filed ("**First Report**"); and (v) directing that Ayanda director Shanil (Shaun) Ramdhany and his former administrative assistant, Natalie Cain, return certain Company records.

5. Ayanda is a niche Canadian cannabis company that carries on business as a cultivator of cannabis and cannabis products. "Ayanda" is a South African (Zulu) word meaning "Growing" and "Family".

6. Health Canada has issued three licences to Ayanda: (i) a Standard Cultivation, Standard Processing, and Sale for Medical Purposes Licence; (ii) a Research Licence; and (iii) a Cannabis Licence (collectively, the “**Health Canada Licences**”).

7. On February 4, 2022, Ayanda filed a notice of intention to make a proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“**BIA**”). Richter is the Proposal Trustee under the NOI proceeding.

8. The NOI filing was precipitated by a combination of factors, including unprecedented industry competition, licencing delays, pandemic related set-backs, cost overruns, an inability to attract additional working capital, and protracted disagreement and dissension (coupled with threats of litigation) as between Ayanda’s co-founders, investors, and senior management personnel.

9. In the months leading up to the NOI filing, Ayanda’s management made determined efforts to address its financial and operational challenges including, among other things, working with leading cannabis industry consultant Hyde Advisory & Investments Inc. (“**Hyde Advisory**”) in August 2021 to undertake an investment solicitation process for the business. Such efforts proved unsuccessful and, beginning in early October 2021, Ayanda began exploring potential options for a sale of its business.

10. Our sale efforts culminated in the SPA whereby the Purchaser agreed to acquire 100% of the issued and outstanding shares of Ayanda, subject to the approval of this Honourable Court and the satisfaction of other closing conditions.

11. As explained below, Ayanda has determined that the Transaction is the best possible transaction in the circumstances given the depressed state of the cannabis

market in Canada, the outcome of the sales process, and Ayanda's urgent financial challenges and liquidity issues. The Transaction will preserve the business as a going concern for the benefit of Ayanda's employees and suppliers, maintain the Health Canada Licences, and otherwise realize value for Ayanda's stakeholders.

12. Additionally, Ayanda anticipates that the net proceeds from the Transaction will be sufficient to not only repay the Company's creditors in full, but also to provide for distributions to its Class B Shareholders (defined below)

II. AYANDA

A. Background

13. Ayanda is a Canadian corporation that was incorporated in April 2016, as Ayanda Medical Marijuana Corporation. Ayanda changed its name to Ayanda Cannabis Corporation on November 5, 2018.

14. The Company was founded by myself, Shanil Ramdhany ("**Ramdhany**") and Susan Dagge ("**Dagge**").

15. Ayanda's business strategy has been to develop a vertically-integrated cannabis business capable of succeeding in the recreational as well as medical cannabis sectors. While Ayanda successfully constructed a state of the art Facility (as defined below), obtained certain required cannabis licences, and harvested a number of small cannabis crops, the Company has yet to realize any revenues.

16. Ayanda obtained a Standard Cultivation, Standard Processing, and Sale for Medical Purposes Licence on June 26, 2020, a Cannabis Licence under the *Excise Act*,

2001 on July 2, 2020, and a Research Licence on November 30, 2020. Attached as **Exhibit “A”** are copies of the Health Canada Licences.

B. Ayanda’s Operations

i. Facility

17. Ayanda operates from a 55,000 square foot facility (“**Facility**”) located on 100 acres of farmland southwest of Hamilton, Ontario on property municipally known as 324-372 Buford-Delhi Townline Road, Norfolk County, Ontario N0J 1P0 (“**Property**”).

18. Approximately 15,000 square feet of the Facility is built out and operational for cannabis cultivation, production, and processing. The Facility includes: (i) four cultivation rooms; (ii) five processing rooms; and (iii) secure storage. The remaining 40,000 square feet of the Facility provides expansion potential.

19. The Facility was constructed in accordance with applicable Health Canada regulations and industry requirements for cultivation, production, and processing of cannabis flower and related cannabis products.

20. Ayanda leases the Property from Luke and Blanche Sioen Farms Ltd. (“**Landlord**”), pursuant to a ground lease dated November 1, 2019 (“**Ground Lease**”). I am the sole shareholder, director, and officer of the Landlord.

21. The Ground Lease has a 10 year term with options to extend the lease for two additional five year terms. Attached as **Exhibit “B”** is a copy of the Ground Lease.

22. Ayanda pays the Landlord \$400 per year in rent plus utilities and all property taxes due and payable on the Property and Facility.

23. The Ground Lease was amended by a first amending agreement, dated April 30, 2021 (“**Amendment Agreement**”). Attached as **Exhibit “C”** is a copy of the Amendment Agreement.

ii. **Production**

24. We have developed marketable crops of consistently high quality. In terms of cannabis production, the Company cultivates 3,000 plants every grow cycle. A grow cycle typically lasts approximately three months and produces approximately 14 kilograms of dried flower.

C. **Creditor Profile**

25. Mike Sioen Farms Ltd. (“**Sioen Farms**”) is Ayanda’s only secured creditor. I am the sole owner and director of Sioen Farms.

26. Pursuant to the terms of a letter agreement, dated November 4, 2019 (“**First Loan Agreement**”), Sioen Farms, as lender, granted an unsecured loan of \$550,000 to Ayanda, as borrower (“**First Loan**”). The First Loan had an initial two year term, but was renewed on maturity for a further two years. Attached as **Exhibit “D”** is a copy of the First Loan Agreement.

27. As further described below, the proceeds of the First Loan were used to buy out one of Ayanda’s founders, and to help finance the Company’s operating expenses.

28. The total amount outstanding under the First Loan as of January 31, 2022, is \$520,020.

29. Sioen Farms, as lender, advanced a further \$1,000,000 (“**Second Loan**”) to the Company, as borrower, pursuant to a letter agreement dated March 9, 2021 (“**Second Loan Agreement**”). Attached as **Exhibit “E”** is a copy of the Second Loan Agreement.

30. The Second Loan is interest-free and is repayable on demand.

31. As security for the Second Loan, Ayanda provided Sioen Farms with a charge over all of the Company’s personal property pursuant to a general security agreement, dated March, 2021 (“**GSA**”). The GSA secures all outstanding obligations owed by Ayanda to Sioen Farms, including the First Loan. Attached as **Exhibit “F”** is a copy of the GSA.

32. The amount advanced by Sioen Farms pursuant to the Second Loan was borrowed from my uncle-in-law, Rene Huyge (“**Huyge**”). Huyge advanced \$1,000,000 to Sioen Farms, who in turn advanced the \$1,000,000 to Ayanda.

33. On May 24, 2021, Huyge agreed to convert \$500,000 of the Second Loan to 266,666 Class B Common Shares of Ayanda pursuant to a Subscription Agreement made between Ayanda and Huyge (“**Subscription Agreement**”). Attached as **Exhibit “G”** is a copy of the Subscription Agreement.

34. As result of Huyge’s share subscription, the amount outstanding under the Second Loan Agreement was reduced to \$500,000. This is documented by an Acknowledgement Agreement dated May 27, 2021, and made between Huyge, Sioen Farms, and Ayanda. Attached as **Exhibit “H”** is a copy of the Acknowledgement Agreement.

35. As of the date of my affidavit, Sioen Farms has not demanded repayment of the remaining \$500,000 amount owing on the Second Loan.

36. Attached as **Exhibit “I”** is a copy of the Personal Property Security Registration System (Ontario) Enquiry Results for Ayanda. The results confirm that Sioen Farms is the Company’s sole secured creditor.

37. Ayanda is otherwise current in terms of payments to trade creditors, such as suppliers of information technology, security services, and pest control services. Prior to the NOI filing these suppliers were all paid regularly and within their trade terms.

38. There are no outstanding source deductions.

D. Equity Interests and Share Capital Contributions

39. Ayanda’s articles of incorporation create two classes of shares: Class A Common Shares and Class B Common Shares. The holders of Class A Common Shares (“**Class A Shareholders**”) and the holders of Class B Common Shares (“**Class B Shareholders**”) are governed by a unanimous shareholders agreement dated as of May 14, 2022 (the “**Shareholders Agreement**”). Attached as **Exhibit “J”** is a copy of the Shareholders Agreement, without schedules.

40. Class A Common Shares, which are voting shares, were issued to myself, Ramdhany and Dagge at the time the Company was founded.

41. Class B Common Shares are non-voting shares. Between March 2019 and May 2021, these shares were issued to 30 private investors in connection with three rounds of “friends and family” equity financing. Specifically:

- a. Ayanda raised \$1,960,000 in share capital in March 2019, with \$300,000 being contributed by each of myself and Dagge, and the balance being

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raised on account of share subscriptions solicited from 11 of our family and friends;

- b. Ayanda raised \$1,512,500 in share capital in November 2019, with contributions being made on account of share subscriptions by a total of 21 family and friends; and
- c. Ayanda raised \$1,580,624 in share capital in April 2021, with new share subscriptions being made by one existing investor and three new family and friends investors.

42. Ayanda's co-founder, Ramdhany, paid \$10,000 to subscribe for 5,333 Class B Common Shares during the March 2019 equity raise. He also paid \$21 on account of his initial allotment of Class A Common Shares in April 2016. Ramdhany did not otherwise make any loans or capital contributions to the Company. Rather, his contributions were in the nature of sweat equity, which was the underlying value proposition for anyone who received Class A Common Shares.

III. MATTERS LEADING TO THE NOI FILING

A. Business and Financial Challenges

43. The Canadian cannabis industry currently finds itself under significant business pressures arising from challenging federal and provincial regulations and associated red tape, high levels of peer competition, a substantial oversupply of product, and a scarcity of investment capital.

44. Difficulties in accessing the broader capital markets are exacerbated by the significant capital expenditures necessary to build a competitive cannabis company. In addition to securing the required licences from Health Canada, and constructing high

grade and secure production facilities, successful cannabis companies must devote substantial resources to product development, design, and mass production.

45. Ayanda has struggled in this challenging business environment.

46. The COVID-19 pandemic has also adversely affected our business. The completion of the Facility was delayed by approximately three months on account of labour shortages. Certain required security equipment, such as cameras and motion detectors, were not available when needed, and came in over budget once supplied. Required Health Canada approvals also took much longer than we had hoped. In the result, our first crop was harvested about eight months later than planned.

47. By June 2020 we completed construction of a 15,000 square foot portion of the Facility. Our first crop was cultivated, dried, cured, bulk packaged, and ready for testing in July 2021.

48. However, despite having succeeded at cultivation, we had yet to obtain the Health Canada licence required to sell cannabis flower to the public, and to generate cash from sales. In this regard, it should be noted that the Health Canada Licences that we had permitted “business to business sales”, but not sales to the general public. Although we had harvested two crops, our production rate was only averaging about 10kg per month. The companies that we approached regarding selling our flower were interested in larger, and more long term, supply arrangements. Our crops were considered too small. In the end, despite our best efforts, we were not able to achieve any sales, even in respect of the 64kg in flower that we had successfully harvested.

49. At the same time, in summer 2021, the Company found itself very low on funds. Money raised from investors had largely been spent on completing the Facility, and establishing and maintaining the infrastructure and operations that cannabis companies require to stay licenced.

50. Having completed three rounds of “friends and family” financing but not having realized any revenue, the Company required new sources of capital. Additional funding was required to build out the unfinished portion of its Facility and to further commercialize operations by, for example, investing in marketing, sales, and packaging. I estimate that the additional funding required to pursue these initiatives would be in the hundreds of thousands of dollars.

51. Ayanda determined that it would not be possible to raise the necessary additional capital from family and friends. A decision was accordingly made to pursue alternative investment options. As further detailed in the affidavit of David Hyde sworn February 18, 2022 (“**Hyde Affidavit**”), the Company retained Hyde Advisory to solicit investment interest.

52. Hyde Advisory is a trusted senior advisor to the Canadian and global cannabis industry. It has a wealth of experience in cannabis sector business investment, finance, operations, licencing, and regulatory compliance.

53. Unfortunately, for the reasons explained in the Hyde Affidavit, Ayanda was unsuccessful in securing the sought after third party financing.

B. Decision to Explore Strategic Alternatives

54. In October 2021, in consultation with Hyde Advisory, Ayanda made the difficult decision to explore divestiture options. In addition to the challenges in raising debt or equity capital to implement its business plan, the decision to put the Company up for sale was made in consideration of at least two other factors.

55. First, and from a personal health perspective, I suffered a sudden and life-threatening intracranial hemorrhage (brain bleed) and was hospitalized for a period of several weeks in August and early September, 2021.

56. After taking a medically required four weeks off from work, I returned to Ayanda's offices at the end of September 2021 to learn that the Company's financial challenges had grown even more pressing. The company still had not obtained a sales licence and, without a revenue stream, lacked funding to sustain operations for more than a few months.

57. It was at this time, upon my return to the Company from medical leave in late September, 2021, that Ramdhany and Douglas James Cook ("**Cook**"), the Company's Chief Medical Officer at the time, told me that they believed Ayanda needed to change its strategic direction. Ramdhany and Cook concluded that there was no longer any money in recreational cannabis, and urged me to re-invent and re-invest in Ayanda and turn it into a medical cannabis company.

58. In order to commercialize a medical cannabis business, it would be necessary to build out a pharmaceutically focussed cannabis facility, conduct clinical trials in cannabis and, ultimately, to obtain Health Canada authorization for medicinal cannabis products.

To pursue this, the Ramdhany/Cook proposal was that we raise a further \$5 million in equity investment at \$0.50 per share.

59. Setting aside my concerns that there would not be investor interest sufficient to raise additional capital, the proposed equity issuance would heavily dilute the existing Class B Shareholders who were mainly family and friends. For this reason, and because Ramdhany and Cook had not presented an actionable business plan, I did not support the proposed change in strategic direction. Following much discussion and disagreement, Ramdhany, Cook and I remained at odds on the strategic direction of Ayanda. From that point forward, we spoke less frequently and I considered my business and personal relationship with Cook and Ramdhany to have broken down.

60. However, the Company continued to be in need of funds to sustain even the most basic operations. In addition to wages for four employees, and utilities (electrical, natural gas), we were incurring monthly overhead in respect of information technology and software services, security services, and pest control. Together these amounted to between \$30,000 and \$35,000 per month. In order to stay in operation and maintain our Health Canada Licences in good standing there was no room for reduction of these payables.

61. At an October 19, 2021 meeting of Ayanda's board of directors, Victoria Ringelberg ("**Ringelberg**"), Ayanda's Chief Financial Officer, advised that the Company would run out of cash in March 2022. During the same meeting, I told the board that I was unwilling to advance additional funds to the Company, and that if no one else was willing to invest, we would need to pursue a sale transaction.

62. By this point, in view of my personal health challenges, I had also begun to re-evaluate my work priorities. My family business is in tobacco farming. I continue to run three profitable tobacco farms in addition to my work with Ayanda. While I believe wholeheartedly in Ayanda's potential as a successful cannabis business, I needed to consider ways to reduce my own workload and focus on my health.

63. Without the required funds to commercialize the business, and in the absence of consensus on a strategic plan, Ayanda resolved to explore options for a divestiture of its business. As previously mentioned, Hyde Advisory was retained to assist in this effort.

64. Having been involved in earlier efforts to secure financing, Hyde Advisory was already familiar with Ayanda and well positioned to run a sales process.

65. As detailed in the Hyde Affidavit, Hyde Advisory completed extensive additional due diligence and undertook a marketing process that broadly and thoroughly canvased their comprehensive network of cannabis industry participants in Canada and abroad ("**Sale Process**").

66. In furtherance of the Sale Process, I participated in three Ayanda site visits with two potential purchasers in late November and early December 2021. I met multiple times with interested parties, and provided all manner of support, information, and assistance to David Hyde and his team. I was assisted in these efforts by Ringelberg, and one of Ayanda's investors and consultants, Yogan Appalsamy.

67. Notwithstanding the very challenging current market conditions in the medical cannabis industry, the Sale Process proved successful in generating buyer interest and

ultimately resulted in an offer from the Purchaser for the purchase of Ayanda's business on a going concern basis, which included preservation of the Health Canada Licences.

68. On December 28, 2021, we received a proposed term sheet from the Purchaser. Attached as **Exhibit "K"** is a copy of the this term sheet with the purchase price redacted. An unredacted copy of the December 28, 2021 term sheet has been filed with the Court as **Confidential Exhibit "A"**.

69. Thereafter, Ayanda and the Purchaser engaged in extensive back and forth negotiations regarding pricing and the terms of the potential acquisition. The parties exchanged at least six drafts of the term sheet over the course of a week.

70. On January 5, 2022, the Purchaser advised that the purchase price then on offer was the last and best offer that would be made. Ayanda accepted this offer and entered into a definitive term sheet dated as of January 7, 2022 ("**Term Sheet**"). Attached as **Exhibit "L"** is a copy of the Term Sheet with the purchase price redacted. An unredacted copy of the Term Sheet has been filed with the Court as **Confidential Exhibit "B"**.

71. At a shareholders meeting held on January 11, 2022, the Class A Shareholders unanimously approved the Term Sheet. Attached as **Exhibit "M"** is a copy of the minutes from the January 11, 2022 shareholders meeting, which include the resolution to approve the Term Sheet.

72. Following the shareholders meeting, on January 21, 2022, Miller Thomson LLP, counsel for the Company, wrote to Ayanda's shareholders to advise that the Company had entered into the Term Sheet, which provided for a sale of all of the issued and outstanding shares of Ayanda to the Purchaser. The letter explained the rationale for the

decision to sell, discussed the mechanics of the proposed transaction, and expressed the hope that eligible Class B Shareholders would be repaid a significant percentage of their original investment (“**January Shareholders Letter**”).

73. The January Shareholders Letter also reported that I agreed to take certain steps to increase the value of Class B Shareholder recoveries, including conveying my own Class B Common Shares to the purchaser for the nominal sum of \$1.00, resulting in increased recoveries for residual shareholders. Attached as **Exhibit “N”** is a copy of the January Shareholders Letter with the purchase price in the SPA redacted. An unredacted copy of the January Shareholders Letter has been filed with the Court as **Confidential Exhibit “C”**.

74. In terms of timing, the January Shareholders Letter reported that a share purchase agreement was in the process of being finalized, but that the closing of the transaction would require the approval of Health Canada such that it might not be completed until March or April of 2022.

75. Thereafter, Ayanda worked diligently with the Purchaser in an effort to finalize the terms of a share purchase agreement, which was ultimately executed on February 2, 2022.

76. During negotiation of the SPA, certain persons associated with the Company threatened to either hold up or defeat the transaction as a means of exerting leverage on the Company to collect amounts that they claimed to be owed to them.

77. In late January 2022, the Company received correspondence from litigation counsel for Cook. The correspondence claimed significant damages and advised that

Cook would “assert his OBCA rights as an oppressed shareholder”, and otherwise pursue claims based on “collusion, unjust enrichment and the OBCA”. In a lengthy and personal email exchange, Cook’s counsel threatened to sue myself and my wife, and other Ayanda officers and directors, as well as the Company. Our counsel was told that the promised court proceedings were imminent and was asked to accept service of process. Attached as **Exhibit “O”** is a copy of the relevant email correspondence dated between January 28 and January 31, 2022, exchanged between Ayanda counsel and Cook counsel.

78. On January 17, 2022, Ayanda was contacted by litigation counsel for Ramdhany. The letter referenced the pending transaction with the Purchaser and expressed an “urgency” in ensuring that Ramdhany was first paid amounts exceeding \$1,100,000, including \$183,618 on account of a purported share option exercise, and a further \$965,000 for alleged “services rendered”. Attached as **Exhibit “P”** is a copy of the January 17, 2022 letter, together with an earlier letter dated October 19, 2021 making claims to similar effect.

79. Ayanda is confident that the Cook and Ramdhany claims (the “**Contingent Claims**”) are without merit. However the assertion of the Contingent Claims created risks in respect of our ability to close a sale with the Purchaser on a timely basis in accordance with the original transaction structure (described below).

C. Original Transaction Structure

80. Pursuant to the Term Sheet, the Class A Shareholders were to sell their Class A Common Shares to the Purchaser and use drag along provisions in the Shareholders Agreement to cause a conveyance of all of the Class B Common Shares to the Purchaser. The net result would be that the Purchaser would own 100% of all issued and outstanding

equity of Ayanda, in exchange for the purchase price. The Term Sheet also required that a definitive share purchase agreement be negotiated on terms substantially the same as the terms of the Term Sheet. For clarity, the original transaction was to be completed entirely out of court and in reliance on drag along provisions provided for in the Shareholders Agreement.

81. Negotiations of the SPA took place throughout January 2022. I was involved in all aspects of these negotiations. As part of these negotiations, the Purchaser requested that Ayanda make a representation that there was no outstanding or contemplated claims against the Company. As drafts of the SPA were exchanged between Ayanda and the Purchaser, the SPA was updated to reflect the Contingent Claims. Upon being notified of the Contingent Claims the Purchaser and its counsel requested that a holdback from the purchase price be established in an amount equal to the total risk associated with the Contingent Claims (the “**Holdback**”). The range of the Holdback discussed was \$1,500,000 to \$2,500,000. The Purchaser and its counsel also requested escrow mechanics for the Holdback, and an indemnity on behalf of the Class A Shareholders to protect the Purchaser from an overrun on the Holdback.

82. The Purchaser’s requests for mechanics to protect it from the Contingent Claims significantly complicated the Transaction. Additionally, the threats made by Ramdhany and Cook, in particular Cook’s threats to sue officers and directors, further complicated the Transaction and established deterrents to completing the Transaction through an out of court sale. Included in the many complications were:

- a. the officers and directors, including myself, were not inclined to continue on in the face of threats of litigation. This was particularly true given that directors and officers did not have insurance;
- b. the Holdback represented a material portion of the purchase price and would have severely delayed a return of capital to Class B shareholders; and
- c. the Purchaser was concerned with the risk associated with the Contingent Claims and, I believe, contemplated exiting the Transaction altogether.

83. The Transaction contemplated by the Term Sheet offered Class B Shareholders a material recovery in a difficult cannabis market and I believed it was the duty of the Board of Directors to protect and complete the deal. To this end, Ayanda pivoted to developing an RVO (defined below) model whereby the Purchaser could acquire 100% of the issued and outstanding equity of Ayanda, free and clear from any and all liabilities, including the Contingent Claims.

84. In view of the foregoing, and in all of the circumstances, Ayanda considered it appropriate to commence these proceedings and seek approval of the Transaction, and resolution of claims, in the context of a court supervised BIA process.

85. The final form of SPA was unanimously approved by the Class A Shareholders at a duly constituted shareholders meeting held on February 2, 2022. Ramdhany was not invited to attend this meeting. The shareholders further resolved that the Company should file the NOI at the meeting. Attached as **Exhibit “Q”** is a copy of the minutes from the February 2, 2022 shareholders meeting, which include the resolution to approve the SPA and the filing of the NOI. The purchase price in the SPA has been redacted. An

unredacted copy of the minutes has been filed with the Court as **Confidential Appendix “D”**.

86. In approving the SPA, Ayanda’s shareholders recognized the reality that the Company did not have the resources to engage in a further, or extended sales process. Nor did the Company have the time and resources to entertain and address threats of litigation and court proceedings, distractions that could foreclose an opportunity to close on the sale in hand.

IV. TRANSACTION

A. SPA

87. The SPA provides that, subject to approval of this Court, and the satisfaction of other closing conditions, the Purchaser will acquire 100% of Ayanda’s issued and outstanding shares pursuant to the SPA. A copy of the SPA, with the purchase price redacted, is attached as **Exhibit “R”**. An unredacted copy of the SPA has been filed with the Court as **Confidential Exhibit “E”**.

88. The transaction contemplates the use of a “reverse vesting order” (“**RVO**”) in an attempt to preserve Ayanda’s Health Canada Licences, which are essential to the Company’s realization of going concern value.

89. The key terms of the SPA are as follows:

- a. **Issuance of New Shares:** Ayanda will issue, assign, and transfer New Common Shares to the Purchaser free and clear of all Encumbrances, in exchange for the Purchase Price;
- b. **Share Consolidation & Cancellation:** Following the issuance of the New Common Shares, the Existing Shares and the New Common Shares will be

consolidated. Any fractional Existing Shares and New Common Shares will be cancelled, such that immediately after the Closing Time, and following the Consolidation and Cancellation, the Purchaser will be the sole owner of all of Ayanda's issued and outstanding shares;

- c. **Retention of Assumed Assets & Liabilities:** All of Ayanda's assets that are not Excluded Assets and all of the Assumed Liabilities will be retained by Ayanda and owned by the Purchaser on closing;
- d. **Transfer of Excluded Assets, Excluded Contracts, and Excluded Liabilities:** all of the Excluded Assets, Excluded Contracts, and Excluded Liabilities will be transferred to and assumed by ResidualCo. All claims attaching to the Excluded Liabilities will continue to exist as against the Purchase Price, which will be available to satisfy such claims; and
- e. **Approval and Vesting Order:** the obligation of the Purchaser and Ayanda (together, the "**Parties**") to complete the Transaction is subject to a condition precedent that this Court grant the Approval and Vesting Order substantially in the form attached as Tab 3 of the Motion Record.

90. The SPA is conditional on, among other things:

- a. the granting of the Approval and Vesting Order;
- b. Health Canada's approval of the change in control of Ayanda to the Purchaser;
- c. renegotiation of the Ground Lease that allows for the continued operation of the Company's business on terms satisfactory to the Purchaser, including annual rent of \$400 or less;
- d. the Health Canada Licences remaining in good standing; and

- e. the Purchaser and I entering into a transition services agreement confirming that I will act as a consultant to assist with the transition of the business after closing.

91. Completion of the Transaction will preserve the Company's business, its Health Canada Licences, and economic activity and supply arrangements. It is anticipated that contractors supplying IT, HVAC, maintenance, electrical, security, and agricultural product and services will continue to supply without interruption. In addition to the jobs of three Ayanda employees that will be preserved, it is likely that the Purchaser will undertake substantial new hiring (up to 40 employees) in the course of building out the business.

B. Additional Relief Sought in the Approval and Vesting Order

i. Vesting of Excluded Liabilities, Excluded Assets, and Excluded Contracts in ResidualCo

92. To give effect to the structure of the Transaction, Ayanda is seeking approval to vest the Excluded Assets, Excluded Contracts, and Excluded Liabilities into ResidualCo. Vesting these assets and liabilities in ResidualCo ensures that the Purchaser will hold the Post Consolidation Shares free and clear of any and all Encumbrances. For greater certainty, the net proceeds from the Purchase Price will be vested in ResidualCo.

93. The proposed Approval and Vesting Order provides that Ayanda will be released and discharged of all liability under the Excluded Liabilities and Excluded Contracts, and all Claims and Encumbrances relating to Ayanda's Property (each as defined in the Approval and Vesting Order) will be released against Ayanda's Property, which will be owned by the Purchaser.

94. None of Ayanda's creditors will be prejudiced by transferring the Excluded Assets, Excluded Liabilities, and Excluded Contracts to ResidualCo because the Purchase Price will stand in the Company's place for purposes of distributing the proceeds of the Transaction to Ayanda's stakeholders.

95. Moreover, Ayanda anticipates that its Class B Shareholders will benefit from the Transaction because the net proceeds available from the Transaction are expected to be greater than the amounts owed to all of the Company's creditors.

ii. Releases

96. Ayanda also seeks approval of the Releases in favour of certain third parties including, among others, the Company's current directors, officers, employees, independent contractors that have provided legal or financial services to the Company, legal counsel and advisors, and the Proposal Trustee and its counsel (collectively, the **"Released Parties"**).

97. The Released Parties have made significant contributions to the negotiation of the Transaction and the SPA and their counsel and expertise were integral to achieving the best possible outcome for Ayanda and its stakeholders.

98. In furtherance of these proceedings and in an effort to enhance creditor recoveries, I will continue to forego receiving a salary. As indicated, I have also agreed to forego any recovery in relation to my Class B Common Shares (at my cost base of \$300,000) in order to maximize realizations for my fellow Class B Shareholders.

99. In addition, to create further value for Ayanda in the Transaction, I have agreed that the Purchaser may continue to lease the Property at the substantially below market rent of only \$400 per year. As noted above, this is a condition of the SPA.

100. Certain members of the Company's board of directors have the requisite security clearance required by Health Canada to preserve Ayanda's Health Canada Licences, a condition of the SPA. The Releases will ensure that the current members of the board continue to serve until the Transaction is closed and the business and the Health Canada Licences are in the hands of the Purchaser.

101. The Releases will also benefit the Company's stakeholders by protecting Ayanda against potential contribution and indemnity claims by the Company's current directors and officers, thereby maximizing the proceeds of the Transaction available to Ayanda's stakeholders.

102. The purpose of the Releases is to achieve finality for the Released Parties in respect of the SPA, the Transaction, and the proposal proceedings in the most efficient manner possible in the circumstances.

103. In all of the above circumstances, I believe that the Releases are critical to the success of the Transaction.

VI. ADDITIONAL RELIEF

A. Interim Financing

104. Ayanda requires interim financing to fund operations during the proposal proceedings, as indicated by the 13-week cash flow forecast prepared by Ayanda with the assistance of the Proposal Trustee (“**Cash Flow Forecast**”).

105. To facilitate these funding requirements, Cardinal Advisory Limited (“**DIP Lender**”) has agreed to advance \$400,000 to Ayanda, pursuant to and in accordance with the terms of the DIP Term Sheet, dated February 16, 2022 (“**DIP Term Sheet**”). Attached as **Exhibit “S”** is a copy of the DIP Term Sheet.

106. Below is a summary of the material terms of the DIP Term Sheet (all capitalized terms not otherwise defined herein shall have the meaning given to them in the DIP Term Sheet):

- a. **Amount:** \$400,000;
- b. **Purpose:** the DIP Facility will be used to fund the proposal proceedings, fund short-term liquidity requirements and for other general corporate purposes;
- c. **Interest:** 10% per annum, accrued monthly and payable in arrears on the DIP Termination Date;
- d. **Commitment Fee:** \$15,000 (3.75% of the DIP facility);
- e. **Term:** the DIP Facility shall terminate on the earliest of:
 - i. June 30, 2022, or such other date as may be agreed by the DIP Lender and Ayanda;
 - ii. three business days following the date the Transaction closes;
 - iii. the early termination or refinancing of the DIP Facility or the receipt by Ayanda of any other interim financing;
 - iv. termination, expiration, or conversion of the proposal proceeding;

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v. any material breach of the terms of the DIP Term Sheet, subject to a three day cure period beginning on the day that the DIP Lender provides written notice of such breach;

vi. repayment in full of all amounts owing under the DIP Facility; and

f. **Conditions:** the DIP Facility will be available to Ayanda after the Court issues an order approving the terms of the DIP Facility and authorizing Ayanda to enter into the DIP Term Sheet.

107. The proposed DIP Facility will assist Ayanda in satisfying its operating expenses and provide sufficient cash flow to finance the proposal proceedings.

108. It is contemplated that the DIP Facility will be secured by a second-ranking charge on all of Ayanda's property. This is a condition of the DIP Term Sheet.

B. Administration Charge

109. As part of these proceedings, the Proposal Trustee, Thornton Grout Finnigan LLP (counsel for the Proposal Trustee), and Miller Thomson LLP (counsel to Ayanda) (collectively, the "**Professional Group**") are seeking an administrative charge in the maximum aggregate amount of \$300,000 against all of the assets of Ayanda ("**Administration Charge**").

110. The Professional Group is requesting that the Administration Charge rank in priority to the interests of all secured and unsecured creditors of Ayanda.

111. The Company will incur professional fees in connection with the proposal proceedings, such as preparing for the hearing of this motion, communicating with shareholders following the NOI filing, and complying with statutory notices, mailings, and communications.

112. It is unlikely that the Professional Group will continue to participate in the Proposal Proceedings unless their reasonable fees and disbursements are secured by way of the proposed Administration Charge.

C. Extension of the Time to File a Proposal

113. Absent an extension of time, Ayanda will be required to file a proposal to its creditors by March 6, 2021.

114. The objectives of these proposal proceedings are to maintain Ayanda's business as a going concern, maximize the value of its business for the benefit of its stakeholders, and formulate a proposal to its creditors. Ayanda submits that an extension of time to make a proposal and the corresponding stay of proceedings will further these objectives.

115. The Company seeks an extension of the time required to file a proposal under the BIA for an additional 45 days from March 6, 2022, up to and including April 20, 2022.

116. If the extension is granted, Ayanda intends to use the time to formulate and prepare a proposal to its creditors. Such proposal is anticipated to provide for the repayment in full of the Company's creditors and make a distribution to Class B Shareholders, which shareholders are entitled by the Company's articles of incorporation to receive distributions in priority to other shareholders.

117. The Cash Flow Forecast was prepared by Ayanda with the assistance of the Proposal Trustee. Ayanda believes the projected cash flow will be sufficient for it to continue to operate during the proposed extension period.

118. I believe that no creditor will be materially prejudiced by the extension requested, and I am certain that all stakeholders will be better off by virtue of completion of the Transaction, than they would be in a bankruptcy liquidation scenario.

D. Return of Company Records

119. In the weeks following the commencement of these proceedings, Ayanda has repeatedly—and so far unsuccessfully—sought the return of important Company books and records believed to be in the possession of Ramdhany and his former administrative assistant, Natalie Cain (“**Cain**”).

120. Ayanda, by its counsel, wrote to Ramdhany’s litigation lawyer, Cassels Brock & Blackwell LLP (“**Cassels**”), on February 4, 2022, to advise as to the commencement of these NOI proceedings. The letter confirmed that in all of the circumstances, including the insolvency filing, it was necessary to terminate Ramdhany’s engagement with the Company as Chief Scientific Officer and Quality Assurance Person. Attached as **Exhibit “T”** is a copy of the February 4, 2022 letter to Cassels.

121. Cain was similarly advised of these proceedings by correspondence dated February 7, 2022. Attached as **Exhibit “U”** is a copy of the February 7, 2022 letter to Cain.

122. The correspondence to Ramdhany and Cain, and certain follow up emails that were exchanged with them between February 11 and February 15, 2022 (“**Follow Up Emails**”), also sought the prompt return of certain Ayanda books and records that I believe were removed from the Facility by them earlier this year. Attached as **Exhibit “V”** are copies of the Follow Up Emails.

123. As explained in the Follow-Up Emails, the Ayanda documents that were improperly removed from the Facility by Ramdhany and/or Cain include records documenting the destruction of cannabis that is ineligible to be sold (“**Destruction Records**”). The *Cannabis Act*, S.C. 2018, c. 16 and regulations, prescribe strict requirements for the maintenance, preservation, and safekeeping of Destruction Records.

124. Based on my review of security video footage taken at Ayanda’s Facility on January 12, 2022, I believe that Ramdhany and Cain attended at the Facility on that day and removed Ayanda property. In addition to the Destruction Records (relating to a 14 month time period), other records that are missing and that cannot be found include batch records, inspection records, deviation records, corrective and preventative action (CAPA) records, and COVID-19 records (collectively, the “**Missing Records**”). Attached as **Exhibit “W”** are copies of video footage screenshots showing Cain and Ramdhany attending at the Facility and removing property.

125. Later, after thoroughly searching the Facility, including Ramdhany’s office, I confirmed that the Missing Records had been removed from the site.

126. As is evident from the February 4, 2022 letter to Ramdhany, and the Follow-Up Emails to both Ramdhany and Cain, Ayanda has repeatedly asked for an accounting of, an explanation for, and the immediate return of any and all Company records that were taken by either of Ramdhany and Cain.

127. The Destruction Records are and remain particularly important. At the time the Follow Up Emails were exchanged, the CRA was requesting production of a portion of the Destruction Records (relating to September, 2021) in furtherance of what we were told was a CRA “desk audit” (or regulatory compliance check). Failure to make

information of this nature promptly available to the CRA and Health Canada may put our Health Canada Licences at risk, or otherwise subject Ayanda to additional audits and inquiries.

128. Although Cain corresponded with Company counsel on February 13, 2022, and returned the six pages of Destruction Records that were most urgently required by Ayanda (for submission to Canada Revenue Agency), there has otherwise been no further, complete, or satisfactory response to Ayanda's requests for the return of its property.

129. As explained in the February 4, 2022 correspondence and the Follow-Up Emails, the still missing Destruction Records, and other Missing Records, are now required by Ayanda. They are required to be conveyed to the Purchaser. Ayanda must also have them readily available to produce to Health Canada and/or the CRA upon request, and to fulfil ongoing licencing requirements. These records do not reside on Ayanda's computer servers and are not otherwise accessible to the Company.

130. Ramdhany and Cain will be served with this motion.

VI. CONCLUSION

131. In all of the above circumstances, Ayanda respectfully submits that it is both appropriate and necessary that the SPA and Transaction be approved, and that the additional relief sought on this motion be granted.

SWORN BEFORE ME via video-conference with the deponent in the Town of Norwich, Ontario, and the Commissioner in the Town of Whitby, Ontario this 22nd day of February, 2022

DocuSigned by:

Erin Craddock

F1990E71785E433

DocuSigned by:

Michael Sioen

4A4940E6C3D541C...

Michael Sioen

A Commissioner for taking Affidavits (or as may be)

Note: This affidavit was commissioned via simultaneous video-conference in accordance with the *Commissioners for taking Affidavits Act*, R.S.O. 1990, CHAPTER C.17, and the Law Society of Ontario: COVID-19 Response Statement interpretation of that Act, under which (i) the identity of the deponent was confirmed from government issued identification, (ii) the commissioner administered the oath or affirmation, (iii) the deponent affixed their electronic signature to the affidavit and transmitted the full electronic affidavit, as sworn or affirmed, including exhibits to the commissioner, (iv) the deponent confirmed their electronic signature to the commissioner, (v) the commissioner affixed their electronic signature to the affidavit including exhibits.

This is **Exhibit “A”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990E7178EE432...

A Commissioner, etc.

Licence No. - N° de licence
LIC-7XU9IV6IQY-2020

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Ayanda Cannabis Corporation

Licensed Site / Lieu autorisé :
324 BURFORD DEHLI TOWNLINE ROAD
NORWICH, ON, CANADA, N0J 1P0

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses:

- Standard Cultivation
- Standard Processing
- Sale for Medical Purposes

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes:

- Culture standard
- Transformation standard
- Vente à des fins médicales

Indoor Area(s) / Zone(s) intérieure(s)

Ayanda MMC Facility

Activities	Activités
<ul style="list-style-type: none">• to possess cannabis• to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis• to sell cannabis in accordance with subsection 11(5) of the <i>Cannabis Regulations</i>• for the purpose of testing, to obtain cannabis by altering its chemical or physical properties by any means• to produce cannabis, other than obtain it by cultivating, propagating or harvesting it• to sell cannabis in accordance with subsection 17(5) of the <i>Cannabis Regulations</i>• to sell cannabis products in accordance with section 27 and Part 14, Division 1 of the <i>Cannabis Regulations</i>	<ul style="list-style-type: none">• avoir du cannabis en sa possession• obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis• vendre du cannabis en vertu du paragraphe 11(5) du <i>Règlement sur le cannabis</i>• afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques• produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte• vendre du cannabis en vertu du paragraphe 17(5) du <i>Règlement sur le cannabis</i>• vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du <i>Règlement sur le cannabis</i>

Outdoor Area(s) / Zone(s) extérieure(s)

Conditions

Ayanda Cannabis Corporation must meet the requirements set out in the Health Canada document entitled "Mandatory cannabis testing for pesticide active ingredients - Requirements".
The only cannabis products that Ayanda Cannabis Corporation may sell or distribute to (i) a holder of a licence for sale, and, (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; and cannabis plant seeds.
The only cannabis products that Ayanda Cannabis Corporation may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; and cannabis plant seeds.

Conditions

Ayanda Cannabis Corporation doit respecter les exigences énoncées dans le document de Santé Canada intitulé « Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».
Les seuls produits du cannabis que Ayanda Cannabis Corporation peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; et graines provenant d'une plante de cannabis.
Les seuls produits du cannabis que Ayanda Cannabis Corporation peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; et graines provenant d'une plante de cannabis.

Effective date of the licence:

This licence is effective as of **June 26, 2020**

Expiry date of the licence:

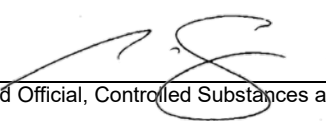
This licence expires on **June 26, 2023**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **26 juin 2020**

Date d'expiration de la licence:

La présente licence expire le **26 juin 2023**



Authorized Official, Controlled Substances and Cannabis Branch

Officiel autorisé, Direction générale des substances contrôlées et du cannabis

Canada Revenue
AgencyAgence du revenu
du Canada

July 6, 2020

Ayanda Cannabis Corporation
372 Burford Delhi Townline Road
Norwich, ON N0J 1P0

Dear Susan Dagge:

RE: Issuance of Cannabis Licence under the *Excise Act, 2001*

Your application for a cannabis licence under the *Excise Act, 2001* (Act) has been approved effective July 2, 2020.

Cannabis licence number

The following licence number should be recorded on all correspondence with the CRA:

77580 1921 RD0001

324 Burford Delhi Townline Road, Norwich ON N0J 1P0

Under the current circumstances, we are issuing your licence with minimal review. Accordingly, your licence has been approved for a period of 6 months. You will be contacted at a later date for further verification of the information and documentation provided during this application process. A more fulsome and detailed process will also be undertaken at the time of your renewal.

Renewal of Cannabis Licence

The expiry date for your licence will be **January 1, 2021**. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application **must** be submitted to your regional office not later than 30 days before the expiry date.

Acknowledgement of Security

We acknowledge receipt of the required security in the form of a certified cheque in the amount of \$46,440 (forty six thousand four hundred and forty dollars).

Obligations of a Cannabis Licensee

A cannabis licensee must continue to meet the conditions set out under the Act for the licence to remain valid. Please see EDN52, Obtaining and Renewing a Cannabis Licence for information about these conditions.

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

Further Approvals

Destruction of cannabis product

During the review of the cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16 of the Act, a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister of National Revenue (Minister). Your request has been approved. Please see attached Appendix A for more information. If this approved method of destruction changes, a request in writing must be submitted to the Regional Manager of Excise Duties and Taxes, and approval must be obtained prior to any destruction using the new, unapproved method.

As per section 187.1 of the Act, the Minister may refund to a cannabis licensee the duty paid on a cannabis product that is re-worked or destroyed by the cannabis licensee in accordance with section 158.16 if the licensee applies for the refund within two years after the cannabis product is re-worked or destroyed.

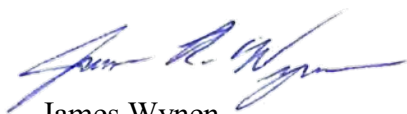
Subparagraph 158.3(a)(iv) of the Act provides that duty is not payable on a cannabis product that is destroyed by the cannabis licensee in a manner approved by the Minister.

Cannabis product taken for analysis

We also reviewed your request for approval of a method of taking cannabis products for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister. Your request has been approved. Please see attached Appendix B for more information. If this approved method of taking a cannabis product for analysis changes, a request must be submitted in writing to the Regional Manager of Excise Duties and Taxes, and approval must be obtained prior to any cannabis being taken for analysis using the new method.

Should you have any questions regarding the above or any other Excise Duties and Taxes matter, please call our toll free line at 1-866-667-9851. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,



James Wynen,
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs Division

Enclosures (2).

Appendix A

Request for approval of method of destruction

During the review of your cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16, a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister. Subparagraph 158.3(a)(iv) also states that duty is not payable on a cannabis product that is destroyed by a cannabis licensee in a manner approved by the Minister.

Based on the information that you provided, we understand the following:

- The location of the destruction will be at 324 Burford Delhi Townline Road in Norwich, Ontario;
- The method of destruction will be shredding, mixing with vinegar/sand and subsequently burying on said site.
- The method will be ongoing; and
- The controls in place will be controls detailed as per the Standard Operating procedure denoted with Health Canada.

You also indicated that you will maintain a record of all destructions conducted by using a Cannabis Destruction Record (Certificate of Destruction).

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization to destroy cannabis products under the following conditions (these conditions would apply to any cannabis products in your possession):

- Adequate records and information, including the date of destruction, type and quantity of cannabis products being destroyed, etc. must be kept/maintained;
- Once the destruction is complete, create a record/certificate of destruction, which should accompany any refund claims submitted for the destruction of duty-paid products; and
- All records for the destruction must be maintained at 372 Burford Delhi Townline Road in Norwich, Ontario.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Appendix B

Request for approval of a method of taking cannabis products for analysis

In addition to the review of your cannabis licence application, we considered your request for approval of a method of taking for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister.

Based on the information provided, we understand the following:

- The analysis will be conducted at an authorized Health Canada Testing facility;
- The third party will provide microbiological and analytical testing of cannabis and products derived from it so that the licensee can be assured of the quality and reproducibility of their products;
- The method will be ongoing; and
- The controls in place will be controls detailed as per the Standard Operating procedure denoted with Health Canada.

Please note that if the analysis will be conducted off-site by a third party, the intermediary testing facility will require authorization from Health Canada.

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization for taking cannabis products for analysis under the following conditions (these conditions would apply to any cannabis product in your possession):

- You must keep adequate records and information including the date taken for analysis, type and quantity of cannabis products taken, etc.;
- All records for the cannabis taken for analysis must be maintained at 372 Burford Delhi Townline Road in Norwich, Ontario.

December 21, 2020

Michael Sioen
Ayanda Cannabis Corporation
324 Burford Delhi Townline Rd
Norwich, ON N0J 1P0

Dear Michael Sioen:

RE: Renewal of Cannabis Licence under the Excise Act, 2001

We have reviewed your cannabis licence renewal application, and are pleased to inform you that your cannabis licence under the Excise Act, 2001 has been renewed effective January 2, 2021.

Cannabis licence number

The following licence number should be recorded on all correspondence with the CRA:

77580 1921 RD0001
324 Burford Delhi Townline Rd, Norwich ON N0J 1P0

Each of the physical business locations included in the licence application has been provided with a separate account number as follows:

Location	Account Identifier	Account Type	Premises Address
1	RD0001	Filing	324 Burford Delhi Townline Rd, Norwich ON

Acknowledgement of Security

A person renewing a cannabis licence under the Act is required to maintain security in a form satisfactory to the CRA and in an amount determined by the Regulations Respecting Excise Licences and Registrations. Please ensure your posted security remains valid, and is sufficient to ensure payment of the amount referred to in paragraph 160(b) of the Act (highest duty payable on your B300 excise duty return for any month). If you have questions in regards to the security requirement, please contact our office.

Renewal of Cannabis Licence

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the

requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your licence will be January 1, 2023. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

Obligations of a Cannabis Licensee

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

Methods of Destruction and Analysis

As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be

submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Maggie McNaughton at 289-556-6377. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,

Dan Reggio

Digitally signed by Dan
Reggio
Date: 2020.12.21 16:07:09
-05'00'

Dan Reggio
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs

Health
CanadaSanté
Canada

Licence No. - N° de licence
LIC-J95QDE5BCV-2020

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Ayanda Cannabis Corporation

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses:

- Research

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licences suivantes:

- Recherche

Site and authorized activities**Site et activités autorisées**

Site	Activities	Activités
324 BURFORD DELHI TOWNLINE ROAD NORWICH, ON, CANADA, N0J 1P0	<ul style="list-style-type: none"> • to possess cannabis for the purpose of research • to produce cannabis for the purpose of research 	<ul style="list-style-type: none"> • aux fins de recherche, avoir du cannabis en sa possession • aux fins de recherche, produire du cannabis

Conditions**Conditions**

All record keeping requirements pertaining to this research licence must be met in accordance with Part 11 of the <i>Cannabis Regulations</i> .	Toutes les exigences relatives à la tenue des dossiers de cette licence de recherche doivent être satisfaites conformément à la partie 11 du <i>Règlement sur le cannabis</i> .
This licence is restricted, in addition to all other applicable conditions, in that all research conducted under this licence is based on the Research Protocol "Effect of cannabis products on yeast chronological life span" provided to Health Canada on September 21, 2020.	Cette licence est restreinte, en plus des autres conditions qui s'appliquent, du fait que toute la recherche effectuée sous cette licence est basée sur le protocole de recherche « Effect of cannabis products on yeast chronological life span », fourni à Santé Canada le 21 septembre 2020.
The maximum quantity of cannabis to be stored for the purpose of research at the address indicated on this licence is: 100 g of dried cannabis (or equivalent) at any given time.	La quantité maximale de cannabis pour des fins de recherche qui peut être entreposé à l'adresse indiquée sur cette licence est : 100 g de cannabis séché (ou équivalent) en tout temps.
The researcher may only be in possession of cannabis if such possession is to use in accordance with the research protocol submitted.	Le chercheur peut posséder du cannabis seulement si la possession est pour une utilisation en conformité avec le protocole de recherche soumis.
At the end of the research, all cannabis must be destroyed in accordance with s.43 of the <i>Cannabis Regulations</i> unless distributed in a manner authorized by the <i>Cannabis Regulations</i> .	À la fin de la recherche, tout cannabis doit être détruit en conformité avec l'article 43 du <i>Règlement sur le cannabis</i> à moins d'être distribué d'une manière autorisée par le <i>Règlement sur le cannabis</i> .

Effective date of the licence:

Date d'entrée en vigueur de la licence:

This licence is effective as of **November 30, 2020**

Cette licence entre en vigueur à compter du **30 novembre 2020**

Expiry date of the licence:

Date d'expiration de la licence:

This licence expires on **November 30, 2025**

La présente licence expire le **30 novembre 2025**

A/Director, Medical Access and Spec. Autho., Controlled Substances and Cannabis Branch

Directeur p. i. Accès médicale et auto. spéc., Direction générale des substances contrôlées et du cannabis

This is **Exhibit “B”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990E7178EE432...

A Commissioner, etc.

GROUND LEASE

THIS LEASE made as of the 1st day of November 2019.

BETWEEN:

LUKE & BLANCHE SIOEN FARMS LTD.

(hereinafter called the "**Landlord**")

OF THE FIRST PART

- and -

AYANDA CANNABIS CORPORATION

incorporated under the laws of the Province of Ontario

(hereinafter called the "**Tenant**")

OF THE SECOND PART

WHEREAS the Landlord and the Tenant have agreed to enter into this lease (herein referred to as the "**Lease**"), upon the terms specified hereinafter;

AND WHEREAS the Landlord is the owner of certain lands in the County of Norfolk, in the Province of Ontario, municipally known as 324-372 Burford Delhi Townline Road, Norwich and legally described in Schedule A attached hereto, and the Tenant has agreed to cause to be designed, constructed, operated and maintained a facility on a portion of the said lands, as more particularly set out herein between the Landlord and the Tenant.

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 The Schedules to this document are a part of this Lease.

1.2 In this document the following words and expressions wherever used shall have the following meanings:

- (a) "**Additional Tenant Defaults**" has the meaning ascribed to it in Section 11.6.
- (b) "**Building**" means a 52,000 square foot 1 storey cannabis manufacturing, producing and processing facility and related uses and such other components as described or required by the Plans and Specifications.
- (c) "**Commencement Date**" means the date hereof.
- (d) "**Facility**" means the Land, Building and Improvements.

- 2 -

(e) This "**Ground Lease**", this "**Lease**", these "**Presents**" this "**Agreement**", "**herein**", "**hereby**", "**hereunder**" and similar expressions as used herein refer to this Ground Lease and the accompanying Schedules.

(f) "**Improvements**" means all other equipment, improvements and structures other than the Building to be procured or constructed by the Tenant as described or required by the Plans and Specifications.

(g) "**Land**" means the parcel of land of approximately 2 acres situate in the County of Norfolk, Province of Ontario at 324 Burford Delhi Townline Road, Norwich, ON N0J 1P0

(h) "**Landlord's Property**" means the parcel of land of approximately 97 acres situate in the County of Norfolk, Province of Ontario and legally described in Schedule A and all out buildings, greenhouses and homes located on the property but excluding any tobacco kilns .

(i) "**Lease Year**" refers to the period of twelve (12) months commencing on the Commencement Date and every twelve (12) month period thereafter.

(j) "**Mortgage**" means a mortgage or charge of all or any part of the leasehold estate created hereby and includes a deed of trust and mortgage securing bonds.

(k) "**Mortgagee**" means the mortgagee or trustee for bondholders, as the case may be, named in a Mortgage.

(l) "**Parties**" means the Landlord and the Tenant and their respective permitted successors and assigns.

(m) "**Permitted Uses**" means the design, construction, operation and maintenance, in each case in accordance with all applicable laws and zoning provisions, of a cannabis manufacturing, producing and processing facility and related uses.

(n) "**Plans and Specifications**" means the Tenant's specifications, plans and drawings, information, documentation and contracts in relation to the design and construction of the Building and Improvements, including all engineering works and landscape works, equipment, machinery, accessories and other facilities therein as set forth in Appendix I, as the same may be amended from time to time.

(o) "**Prime Rate**" means the prime commercial lending rate per annum used by the bank designated by the Landlord, from time to time on demand loans in Canadian funds (any change in such rate of interest to be effective from the date the change in such prime commercial lending rate becomes effective) at its head office in Toronto, Ontario as a basis for determining interest on loans to its largest and most credit-worthy commercial borrowers.

(p) "**Property Taxes**" means all taxes, including taxes for local improvements and school purposes and all other charges, rates, duties, license fees and levies of every kind, imposed on the Land, Building and Improvements, or the business carried on the Land or in the Building and Improvements, and shall also include any and all taxes which may in future be levied in lieu of Property Taxes as hereinbefore defined.

- 3 -

(q) **"Term"** means the term of years demised by the Landlord to the Tenant pursuant to Article 2 hereof (including, for clarity, the Extension Terms, if the options contained in Section 2.2 are exercised by the Tenant) commencing on the Commencement Date.

1.3 The Landlord and the Tenant agree that each expression in this Lease of an obligation of one of them is considered to be a covenant of the one obligated made with the other to perform the obligation.

1.4 Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and the neuter gender and words importing persons shall include firms, associations and corporations and vice versa and wherever two or more persons are bound to any obligation hereby their liability shall be joint and several.

1.5 The headings herein have been inserted for convenience of reference only and shall not affect the construction or interpretation of this Lease.

1.6 Where reference is made herein to an Article hereof, such reference shall include all of the subdivisions of such Article; and where reference is made herein to a Section hereof, such reference shall include all of the subdivisions of such Section.

1.7 If the date upon which something is required to be done hereunder or upon which a delay expires hereunder should fall on a Saturday, Sunday or legal holiday, such things shall be done or such delay shall expire on the next following business day.

ARTICLE 2

DEMISE

2.1 In consideration of the rent reserved and the covenants and agreements on the part of the Tenant contained in this Lease, the Landlord demises and leases the Land to the Tenant, for a term commencing on the Commencement Date and expiring upon the expiry of the tenth (10th) year following the Commencement Date at the rent and on the terms and conditions stated in this Lease, as the same may be extended in accordance with the terms hereof.

2.2 The Landlord hereby grants to the Tenant two (2) options (herein called the "**Option**") to extend the Lease for two additional five (5) year periods each (herein collectively called the "Extension Terms" and individually an "Extension Term") on the same terms and conditions as contained in this Lease save and except that at the end of the Extension Term, there shall be no additional options to extend.

2.3 In order to exercise the Option, the Landlord shall advise the Tenant, in writing, at least three (3) months prior to the last day of the initial Term and the Extension Term, as the case may be, requesting confirmation of the Tenant's intention to extend the lease. Should the Tenant decide not to agree to the Extension Terms, the Tenant shall vacate the leased premises at the end of the initial Term or Extension Term, as the case may be.

2.4 The Tenant shall be entitled to occupy, use and lease the Land for the Permitted Uses, subject to the terms and conditions of this Lease. Notwithstanding anything contained herein to

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the contrary, in no event shall the Tenant be required to complete construction of the Building and Improvements. Construction of the Building and Improvements is at the sole discretion of the Tenant.

ARTICLE 3 BUILDING AND OPERATION

3.1 Except where the Landlord and the Tenant have otherwise agreed in writing, the Landlord shall have no responsibility for the design or construction of the Building or Improvements nor payment of any costs in connection with same.

3.2 In the event that the Tenant chooses to construct the Building and Improvements, the Tenant covenants, warrants and represents as follows:

(a) it shall design and construct the Building or cause it to be constructed in a good and workmanlike manner and in accordance in all material respects with the Plans and Specifications; and

(b) the Building shall be designed and constructed in accordance with all building by-laws, municipal by-laws and other legal requirements pertaining to the construction and all necessary building permits shall have been obtained.

3.3 The Tenant covenants and agrees on behalf of itself and contractors that it will not damage any building, structure or real or personal property situate on the lands adjacent to the Land, and if any such damage results to any building, structure or real or personal property, or to any person, which is attributable to the construction of the Building or Improvements, the Tenant shall be responsible therefor and shall forthwith make repairs to rectify such damage to the satisfaction of the Landlord.

3.4 The Tenant covenants that the Building and Improvements will only be used throughout the Term for the Permitted Uses.

3.5 The Landlord and the Tenant agree that the Building and Improvements as modified from time to time in accordance with this Lease are intended to be and become the absolute property of the Tenant upon the expiration or termination of this Lease, and shall be treated, as between the Landlord and the Tenant during this Lease, to be the separate property of the Tenant and not of the Landlord, but subject to and governed by all the provisions of this Lease applicable thereto.

3.6 The Tenant and Landlord shall at all times comply with and perform their respective obligations under this Lease.

3.7 The Tenant shall always act so that no party has the right to register a lien on any part of the Facility arising from any construction or installation carried on by or on behalf of the Tenant. In the event that any lien so arising from any construction or installation carried on by or on behalf of the Tenant is registered on the Facility, the Tenant will forthwith obtain at its expense a full discharge and vacation of such lien unless the Tenant is disputing the indebtedness relating to such lien in good faith.

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ARTICLE 4 RENT

4.1 Minimum Rent: The Tenant covenants and agrees to pay to the Landlord, in lawful money of Canada, without any set-off or deduction whatsoever hereunder or pursuant to any other agreement with the Landlord, during the Term, annual rent of Four Hundred (\$400.00) Dollars plus harmonized sales tax in advance.

4.2 Set-Off: The Tenant shall have no right to offset, deduct or abate any monies owing by the Tenant to the Landlord or other entity under this Lease, nor to withhold the performance of any obligation of the Tenant hereunder for any reason whatsoever including, but not limited to, by reason of a default by the Landlord under this Lease or pursuant to any other agreement between the Landlord and the Tenant.

4.3 Net Lease: It is the intention of the Landlord and the Tenant that Rent, except as otherwise provided herein, shall be net to the Landlord and the Tenant shall, at its expense, except as otherwise provided, pay or cause to be paid all costs, outlays, outgoings and expenses of any nature and kind whatsoever relating to or affecting the Facility from and after the Commencement Date and throughout the Term, except to the extent that the Landlord has specifically exempted the Tenant in writing. The Tenant shall furnish to the Landlord within seven (7) days after a written request therefor, such reasonable proof of payment of all or any charges payable under this Lease as the Landlord may reasonably require.

ARTICLE 5 PROPERTY TAXES, SERVICES AND UTILITIES

5.1 The Tenant covenants to pay the Landlord during the Term all Property Taxes within thirty (30) days after they become due and payable.. The Tenant has the right at its sole cost and expense to appeal assessments or to apply for a reduction of any of the Property Taxes. While contesting any taxes or assessments the Tenant shall make all tax payments when due.

5.2 The Tenant warrants and represents that the Building and Improvements will be separately metered for all utilities. The Tenant covenants to pay or cause to be paid promptly during the Term directly to the service provider, all charges for electricity, water, telephone, gas, heat, power, sewer and all other services and utilities, supplied to the Facility where failure to do so could result in a lien or charge on all or any part of the Facility or on the Landlord on account thereof, and shall indemnify and save harmless the Landlord from any such charges.

5.3 The Landlord hereby acknowledges and agrees that the Tenant shall have the right and shall be permitted to connect to and draw from the gas line that shall run through the Landlord's Property which adjoins to the Land.. The Tenant shall be responsible for all costs associated with its consumption of gas and for the costs associated to connect to such gas line from the point of access at the Land and the Tenant shall be responsible for all costs associated with laying down and constructing sewers, drains and pipes for natural gas in and under and upon the Landlord's Property and bringing and running the gas line across the Landlord's Property to the Land. The Landlord grants, conveys and transfers unto the Tenant, the right at any time and from time to time to enter upon the Landlord's Property for the purposes of connecting the

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sewers, drains and pipes for natural gas in and under and upon the Landlord's Property and for the purposes of keeping and maintaining them at all times in good condition and repair and for every such purpose the Tenant shall have access to the Landlord's Property at all times by their servants, employees and workmen

ARTICLE 6 REPAIR/MANAGEMENT AND OPERATIONS

6.1 The Tenant covenants and agrees that the Tenant shall manage and operate the Building and Improvements as per Health Canada Cannabis Act GPP regulations.

6.2 The Tenant covenants and agrees, at its own expense, to keep the Facility, including, without limitation, the landscaping, pedestrian walkways, driveways, parking areas, signage and external lighting within the Land free from snow and ice and in conformance with the requirements of applicable laws and zoning.

6.3 Upon the termination of this Lease, including without limitation, in the event that the Tenant becomes bankrupt or Additional Tenant Defaults arise, the Building and Improvements shall at all times remain the exclusive property of the Tenant, provided that, for greater certainty and notwithstanding anything contained herein to the contrary, the Tenant may, at its sole option, at the expiry or earlier termination of this Lease, at the Tenant's expense, remove and dispose of all Buildings and Improvements and repair all damage occasioned by the construction and removal of the Building and Improvements.

ARTICLE 7 INDEMNITY

7.1 The Tenant shall indemnify and save harmless the Landlord against and from any and all claims, demands, actions, causes of action, suits, damages and any and all costs, counsel fees, expenses and liabilities incurred by the Landlord in connection with any such claim or any action or proceeding brought thereon whatsoever relating to or arising out of:

(a) any breach, violation or non-performance of any covenant, condition or agreement in this Lease set forth and contained on the part of the Tenant to be fulfilled, kept, observed and performed;

(b) any injury to person or persons, including death resulting at any time therefrom occurring on or in the Facility; and,

(c) any damage to property of the Tenant, any sub-lessee, licensee and all persons claiming through or under it, them or any of them, or damage to any other property occasioned on or in the Facility.

7.2 The obligations of the Tenant to indemnify the Landlord under Section 7.1 shall not apply to costs, fees, expenses and liabilities to the extent they are caused by the negligence of the Landlord or any person for whom the landlord is in law responsible.

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7.3 The Landlord shall indemnify the Tenant and save it harmless against and from any and all claims, demands, actions, suits and proceedings made or brought against the Tenant and any and all damages, liabilities, costs and expenses incurred by the Tenant to the extent caused by:

(a) any breach, violation or non-performance of any covenant, condition or agreement in this Lease set forth and contained on the part of the Landlord to be fulfilled, kept, observed or performed; or

(b) the negligence of the Landlord or any person for whom the Landlord is in law responsible. The obligation of the Landlord to indemnify the Tenant under this Section 7.3 shall not apply to costs, fees, expenses and liabilities (i) to the extent that they are caused by the negligence of the Tenant or any person for whom the Tenant is responsible.

ARTICLE 8 INSURANCE

8.1 During the whole of the Term the Tenant will, at its own expense, insure and keep insured, as is reasonable in the cannabis industry,:

(a) The Building and Improvements against all losses by all perils covered by a standard "all risks" form of policy.

(b) property damage and public liability insurance, with reasonable limits.

(c) the Building and Improvements against all other perils as the Tenant may require from time to time.

The Tenant covenants and agrees with the Landlord that all contracts of insurance required herein to be maintained shall be with a company or companies licensed under the laws of Canada and ordinarily engaged, inter alia, in the business of insuring against such risks.

ARTICLE 9 DISTRESS

9.1 The Landlord hereby acknowledges and agrees that in no event shall the Landlord be entitled to distrain on any of the Tenant's goods and chattels, including without limitation the Building and Improvements, which are the property of the Tenant on the Facility.

ARTICLE 10 DAMAGE OR DESTRUCTION

10.1 In the event that the Building and Improvements are damaged or destroyed, then the Tenant, may, at its sole option,:

(a) terminate this Lease as at the date of such damage or destruction, in which event this Lease shall have no further force or effect as and from such date, or

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(b) repair such damage or replace such destruction, or reconstruct or replace the Building and Improvements in whole or in part (as is needed) with a new structure.

ARTICLE 11

DEFAULT

11.1 If the Tenant shall be in default hereunder in the payment of rent or amounts collectible hereunder as rent reserved and in arrears, the Landlord may give notice of such default to the Tenant and the Tenant shall have fifteen (15) days after receipt of such notice within which to remedy, such default. If the Tenant shall be in default of any of its covenants and obligations hereunder, other than its covenant to pay rent or amounts collectible hereunder as rent reserved and in arrears, the Landlord may give notice to the Tenant forthwith upon such default coming to the attention of the Landlord and in such notice the Landlord shall with reasonable particularity state the nature of the default and require the same to be remedied and the Tenant shall have from the receipt of such notice thirty (30) days (or, such longer period as may be reasonably necessary bearing in mind the nature of the default, so long as the Tenant has commenced and is diligently pursuing the rectification of the default or such shorter period as is reasonably necessary in the event of a default requiring more urgent rectification) within which to remedy such default.

11.2 Notwithstanding anything contained herein to the contrary, in no event shall the Landlord become entitled to re-enter upon the Facility or to relet the Facility as agent of the Tenant. The Tenant shall have the sole option, to demolish the Facility upon an event of default or Additional Tenant Defaults under this Agreement.

11.3 The Landlord may nevertheless sue for rents (whether or not and both before and after the Lease has been terminated).

11.4 No condoning, excusing or overlooking by the Landlord or the Tenant of any default, breach or non-observance by the Tenant or by the Landlord at any time or times in respect of any covenant, proviso or condition herein contained shall operate as a waiver of the Landlord's or the Tenant's rights (as the case may be) hereunder, respectively, in respect of any continuing or subsequent default, breach or non-observance or so as to defeat or affect in any way the rights of the Landlord or the Tenant in respect of any such continuing or subsequent default or breach and no waiver shall be inferred from or implied by anything done or omitted by the Landlord or the Tenant save only express waiver in writing. All rights and remedies of the Landlord and the Tenant, as the case may be, in this Lease contained shall be cumulative and not alternative.

11.5 All monies owed to the Landlord by the Tenant, whether minimum rent or otherwise, shall be treated as rent and Landlord shall have all rights to recover the same as if the same were rent.

11.6 The following shall be Additional Tenant Defaults:

(a) the Tenant making an assignment for the benefit of creditors or any bulk sale of goods on the leased premises or taking advantage of any winding up, dissolution, insolvency, bankruptcy, reorganization or creditor protection proceedings (immediately with no cure period); and

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(b) a third party commencing any bankruptcy, insolvency, winding up, dissolution, creditor protection or reorganization proceeding or lodging an execution against the Tenant or its assets unless within 10 days thereafter the Tenant has not commenced action to stay and dismiss or terminate the proceedings and obtained a stay of such proceedings and thereafter diligently and continuously pursued to completion the discharge and termination of such proceedings.

ARTICLE 12 UNAVOIDABLE DELAYS

12.1 Each of the Landlord and the Tenant shall be excused from the observance or performance of an obligation under this Lease (other than an obligation to make a payment of money), and shall not be liable for the failure to observe or perform such obligation, for such time and to the extent that observance or performance of such obligation is rendered impossible by reason of any strike, lockout or other labour dispute, a shortage or unavailability of materials or services, the imposition of any new law, regulation, rule or order by any governmental or public authority, any riot, vandalism, civil unrest or act of war, or any other cause whatsoever that is beyond the control of the Landlord or the Tenant, as the case may be, acting in a commercially reasonable manner (other than lack of money).

ARTICLE 13 OBSERVANCE OF GOVERNMENT REGULATIONS

13.1 The Tenant covenants that it will comply with or cause to be complied with all provisions of law, including, without limiting the generality of the foregoing, federal and provincial legislative enactments, zoning and building by-laws and any other governmental or municipal regulations which relate to the Facility and to the equipment, maintenance, operation and use of the Building and Improvements and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Facility or any part thereof. The Tenant covenants to comply with or cause to be complied with all lawful, police, fire and sanitary regulations imposed by any federal, provincial or municipal authorities and to observe and obey all lawful governmental and municipal regulations and other requirements governing the conduct of any Permitted Uses conducted on the Facility. The Tenant shall have the right to contest by appropriate legal proceedings, without cost or expense to the Landlord, the validity of any law, ordinance, order, rule, regulation or requirement of the nature herein referred to and if, by the terms of any such law, ordinance, order, rule, regulation or requirement, compliance therewith may legally be held in abeyance without subjecting the Tenant or the Landlord to any liability of whatsoever nature for failure so to comply therewith, the Tenant may postpone compliance therewith until the final determination of such proceedings, provided that all such proceedings shall be prosecuted with all diligence and dispatch.

ARTICLE 14 ASSIGNING, SUBLETTING AND MORTGAGING

14.1 The Tenant shall not sublet or assign the Facility, nor this Lease, nor any part thereof, nor will the Tenant mortgage or encumber this Lease or the Tenant's interests in the Facility or any part of them (all of which transactions are herein referred to as a "Transfer" or "Transfers"), without the Landlord's prior written consent, such consent may be unreasonably withheld.

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The consent by the Landlord to any Transfer will not constitute a waiver of the necessity for the Landlord's consent to any subsequent or other Transfer whether by the Tenant or the Transferee. This restriction on Transfers applies also to any Transfer by operation of law.

14.2 If the Tenant intends to effect an assignment of the Lease the Tenant shall give prior notice to the Landlord of such intent specifying the identity of the assignee and shall provide such financial, business or other information related to the proposed assignee and its principals as the Landlord or any Mortgagee reasonably requires, together with copies of any documents which record the particulars of the proposed Transfer. The Landlord shall, within ninety (90) days after having received such notice and all requested information, notify the Tenant that it consents or does not consent to the Transfer in accordance with the provisions and qualifications of this Article 14.

14.3 Any consent by the Landlord shall be subject to the Tenant and any subtenant or assignee executing an agreement with the Landlord agreeing that the assignee or sublessee, as the case may be, will be bound by all of the terms of this Lease and, except in the case of a sublease, that the assignee will be so bound as if it had originally executed this Lease as Tenant.

14.4 Landlord consent is required for a any Change of Control. . For the purposes of this Lease the phrase "Change of Control" means the transfer by sale, assignment, mortgage, charge, security interest, operation of law or otherwise, in a single transaction or a series of related transactions, which would result in Ayanda Cannabis Corporation ceasing to own and/or control the Building.

ARTICLE 15 BANKRUPTCY

15.1 If the Term hereby granted shall at any time be seized or taken in execution by any creditor of the Tenant, or if the Tenant shall make a general assignment for the benefit of creditors, or if it shall institute proceedings to subject itself to the *Winding-up Act* or to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file an application or petition or answer or consent seeking re-organization or readjustment of its indebtedness under the *Bankruptcy Act* or the *Companies Creditors' Arrangement Act* or any law of Canada or any Province thereof or of the jurisdiction in which the Tenant was incorporated relating to bankruptcy or insolvency, or shall consent to the filing of any such application or petition, or shall consent to the appointment of a receiver, or if the Tenant or its directors shall pass any resolution authorizing the dissolution or winding-up of the company, or if a receiver, interim receiver, trustee or liquidator of all or substantially all of its property shall be appointed, or if a judgment, decree or order shall be entered by a court of competent jurisdiction adjudging it a bankrupt or insolvent, or subject to the proceedings of the *Winding-up Act* or *Bankruptcy Act* or determining that proceedings for re-organization, arrangement, adjustment, composition, liquidation, dissolution or winding-up or any similar relief under the *Bankruptcy Act* or the *Companies Creditors' Arrangement Act* or any law of Canada or any Province thereof or of the jurisdiction in which the Tenant was incorporated relating to bankruptcy or insolvency have been properly instituted, rent and additional rent for the six (6) months next ensuing after the then current month shall immediately become due and payable and the Lease shall, at the option of the Landlord, immediately become terminated.

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Notwithstanding anything contained herein to the contrary, the Tenant shall be entitled, at its sole option and expense, to demolish the Building and Improvements.

ARTICLE 16 LANDLORD'S COVENANTS

16.1 The Tenant shall and may peaceably enjoy and possess the Facility for the Term hereby granted without any interruption or disturbance whatsoever from the Landlord or any other person, persons, firm or corporation lawfully claiming from or under the Landlord.

ARTICLE 17 END OF TERM

17.1 At the end of the Term hereby granted whether by forfeiture, default, effluxion of time, exercise of the options set out herein or otherwise, the Building and Improvements shall remain the property of the Tenant and title to the Building and Improvements shall remain vested in the Tenant and the Tenant shall have the sole option, at its expense to demolish the Building and Improvements.

17.2 Except as herein provided, no surrender of this Lease by the Tenant prior to the end of the Term by effluxion of time shall be valid unless accepted in writing by the Landlord.

ARTICLE 18 OVERHOLDING

18.1 It is agreed that upon the termination of this Lease by effluxion of time and in the event that the Tenant remains in possession of the Facility with or without the consent of the Landlord and without any further written agreement, a tenancy from year to year shall not be created by implication of law, but the Tenant shall be deemed to be a monthly tenant and rent shall be adjusted to reflect fair market value rent and otherwise upon and subject to the same terms and conditions as herein contained in so far as they are applicable to a monthly tenancy, without prejudice to the Landlord's rights to evict the Tenant for failure to vacate the Land at the end of the Term.

ARTICLE 19 ESTOPPEL CERTIFICATE

19.1 The Landlord and the Tenant each agree at any time and from time to time so long as this Lease shall remain in effect, and provided the party requesting is not then in default, upon not less than twenty (20) days' prior request by the other party, to execute, acknowledge and deliver to the other party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified, stating the modifications) and the dates to which the rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Article 19 may be relied upon by any prospective purchaser or mortgagee of the Landlord's fee simple interest in the Land or by any assignee of the Tenant's leasehold estate (including a Mortgagee), as the case may be.

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ARTICLE 20

LIENS AND ENCUMBRANCES

20.1 The Tenant shall throughout the Term at its own cost and expense cause any and all statutory liens, construction liens and other liens or encumbrances for labour, services, utilities or materials alleged to have been furnished to or to have been charged by or for the Tenant or anyone on its behalf or in respect of levies or taxes which may be registered against or otherwise affect the Facility to be vacated within thirty (30) days after the Tenant has notice that a claim for such lien or encumbrance has been made or has been registered or after the Landlord shall send to the Tenant written notice by registered mail of any claim for any such liens or encumbrances whichever shall be the earliest, unless such vacation requires more than thirty (30) days to complete notwithstanding diligent pursuit by the Tenant, in which case the Tenant shall have such additional time to diligently pursue such vacation provided that the Tenant is diligently and continuously disputing the indebtedness underlying such liens or encumbrances and/or pursuing the vacation of the lien or encumbrance in good faith and with reasonable dispatch to completion (including, if necessary, the posting of security required to obtain any such vacation of a lien or encumbrance).

ARTICLE 21

NOTICES

21.1 Any notice, statement or request herein required or permitted to be given by either party to the other shall be in writing and shall be deemed to have been sufficiently and effectually given if signed by or on behalf of the party giving the notice or its agent and either mailed by prepaid registered post, or delivered personally, or sent by facsimile transmission, in the case of the Landlord addressed to:

Luke & Blanche Sioen Farms Ltd., c/o Mike Sioen
372 Burford Delhi Townline Road
Norwich, Ontario
N0J 1P0

and in the case of the Tenant addressed to it at:

Ayanda Cannabis Corporation, c/o 61 Sarah Ashbridge Avenue, Toronto, ON M4L 3Y1,
Attention: Sue Dagge

If served personally upon an executive officer of the party for whom it is intended, any such notice given as aforesaid shall be conclusively deemed to have been given and received if delivered on the date of such delivery and if mailed on the fourth day after such mailing (Saturdays, Sundays and postal holidays excluded), provided such notice be mailed in Ontario. Either party may from time to time by notice to the other change the address to which notices are to be given. In the event that postal service is disrupted by strike or other cause, any notice, statement or request herein provided for may be given by delivering the same to the address of the Landlord hereinbefore mentioned or by delivering the same to the address of the Tenant hereinbefore mentioned and shall be deemed to have been given when delivered.

ARTICLE 22 MISCELLANEOUS

22.1 The intention of this Lease is that, except as otherwise provided herein, it shall be a "carefree" lease to the Landlord the rental being entirely net to the Landlord. Without limiting the generality, of the foregoing, except as otherwise provided herein, it is declared and agreed that the Tenant is solely responsible for the condition, operation, maintenance and management of the Facility, and the Landlord shall not be liable for damage to the property of the Tenant or any other persons at any time upon the Facility.

22.2 The Tenant and the Landlord acknowledge that there are no covenants, representations, warranties, agreements or conditions expressed or implied, collateral or otherwise forming part of or in any way affecting or relating to this Lease save as expressly set out in this Lease and in other written agreements among the Parties and that this Lease and such other agreements between the Landlord and the Tenant may not be modified except as herein explicitly provided or except by subsequent agreement in writing of equal formality hereto executed by the Landlord and the Tenant

22.3 The Tenant hereby waives and renounces any and all existing and future claims and off-sets against any rental or other amounts due hereunder and agrees to pay such rental and other amounts regardless of any claim or off-set which may be asserted by the Tenant or on its behalf.

22.4 It is agreed that the provisions contained in this Lease are not considered to create a relationship other than that of Landlord and Tenant as to the Land. Nothing contained in this Lease, nor any acts of the Tenant or the Landlord, are or were intended by the parties hereto to constitute, nor shall they be deemed to constitute, the Landlord and the Tenant as partners, joint venturers, or principal and agent.

22.5 This Lease is entered into on the express condition that it is to be effective only if the provisions of Section 50 of the Planning Act, R.S.O. 1990, as amended, or any legislation in substitution therefor or in addition thereto are complied with.

22.6 Time shall be of the essence of this Lease save as herein otherwise specified.

22.7 If any covenant, obligation or agreement of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such covenant, obligation or agreement to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each covenant, obligation and agreement of this Lease shall be separately valid and enforceable to the fullest extent possible.

22.8 This indenture and everything herein contained shall enure to the benefit of, extend to and be binding upon the respective heirs, executors, administrators, successors, assigns and other legal representatives, as the case may be, of each and every of the parties hereto subject to the granting of consent by the Landlord to any assignment or sub-lease, where required hereunder, and every reference herein to any party hereto shall include the heirs, executors, administrators, successors, assigns and other legal representatives of such party and this Indenture shall be interpreted according to the laws of the Province of Ontario.

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22.9 The Landlord and the Tenant acknowledge that the contents of this Lease may be disclosed and may become a matter of public record (including registration of a notice thereof (which shall not contain financial terms) against title to the Land and/or the Landlord's Property) and further acknowledge and agree that applicable law may require disclosure of information provided by one party to the other pursuant to or in connection with this Lease.

22.10 This Lease and the rights and obligations and relations of the parties hereto shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein (but without giving consideration to any conflict of laws rules). The parties hereto agree that the Courts of Ontario shall have jurisdiction to entertain any action or other legal proceedings based on any provisions of this Lease. Each party hereto does hereby attorn to the jurisdiction of the Courts of the Province of Ontario.

22.11 The headings of this Lease and in the Schedules hereto are solely for convenience of reference and do not affect the interpretation thereof or define, limit or construe the contents of any provision of this Lease.

22.12 This Lease may be executed in any number of counterparts and all such counterparts shall for all purposes constitute one agreement, binding on the parties hereto, provided each party hereto has executed at least one counterpart, and each shall be deemed to be an original, notwithstanding that all parties are not signatory to the same counterpart. This Lease may be executed and delivered by either of the parties by transmitting to the other a copy of this Lease (executed by such delivering Party) by telecopier or other means of electronic communication, and delivery in that manner by a party shall be binding upon such party and deemed to be an original.

22.13 Each party hereto acknowledges that it shall have no right to rely upon any amendment, promise, modification, statement or representation made or occurring subsequent to the execution of this Lease unless the same is in writing and executed by each of the parties hereto.

22.14 No remedy herein conferred upon or reserved in favour of any party hereto shall exclude any other remedy herein or existing at law or in equity or by statute, but each shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing.

22.15 Each party hereto agrees from time to time, subsequent to the date hereof, to execute and deliver or cause to be executed and delivered to the others of them such instruments or further assurances as may, in the reasonable opinion of any other of them, be necessary or desirable to give effect to the provisions of this Lease.

22.16 Unless the context clearly requires otherwise, the singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

ARTICLE 23

OPTION TO PURCHASE

23.1 The Landlord has agreed to grant the Tenant the option to purchase the Landlord's Property, which includes the Land, on the terms and conditions contained herein. The Tenant shall have the exclusive right and irrevocable option to purchase the Landlord's Property (the "**Option to Purchase**"),

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free and clear of encumbrances. This Option to Purchase may be exercised by the Tenant during the Term of this Lease and/or any renewals or extensions thereof by notice in writing from the Tenant to the Landlord (the "**Option Notice**") advising the Landlord that the Tenant intends to purchase the Landlord's Property. In the event the Option to Purchase is not exercised in accordance with the provisions hereunder, this Option to Purchase shall terminate.

23.2 In the event that the Tenant exercises the Option to Purchase, there will be created without further action or documentation, a binding agreement of purchase and sale between the parties, pursuant to which the Tenant shall purchase and the Landlord shall sell (the "**Transfer**") its interest in the Landlord's Property.

23.3 The purchase price for the Landlord's Property (the "**Purchase Price**") shall be \$2,000,000 (two million Canadian dollars) effective the commencement of the lease and will increase each year by 3% for 3 years following the Commencement Date. On the 4th year following the Commencement Date the Purchase Price shall be calculated at the fair market value of the Landlord's Property, determined by an independent qualified appraiser to be selected by the Landlord and approved by the Tenant, each acting reasonably, and in no event shall such fair market land value include the value of the Building and Improvements which shall at all times remain the sole property of the Tenant and increased annually by 3% per year until 7 years after the Commencement Date. Thereafter, the Purchase Price shall be calculated at the fair market value of the Landlord's Property determined by an independent qualified appraiser to be selected by the Landlord and approved by the Tenant, each acting reasonably, and in no event shall such fair market land value include the value of the Building and Improvements which shall at all times remain the sole property of the Tenant. The closing date for the purchase transaction shall be completed on the first business date that is at least 90 days ("Close Date") following delivery of the Option Notice and vacant possession will be delayed at the Landlord's option by 18 months. The first 12 months will be rent free excluding utilities and the last 6 months rent will be \$1,200 plus applicable taxes plus utilities

23.4 Upon the Transfer, the Landlord shall have no further legal or equitable interest in the Landlord's Property and the Landlord shall promptly execute and deliver all necessary deeds, conveyances, bills of sale, assignments, assurances, consents and other documents in registrable form that the solicitors for the Tenant shall reasonably require to effectively and irrevocably transfer good and marketable title to the Tenant.

23.5 The Tenant shall be entitled to register a notice of this Option to Purchase against title to the Landlord's Property.

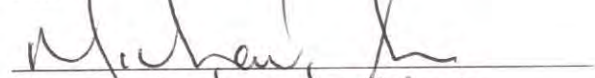
23.6 The Landlord may not sell the Landlord's Property without giving the Tenant 12 months written notice at which time the Tenant will have the first right to acquire the Landlord's Property under the terms outlined in Article 23. In the event that the Tenant does not elect to exercise its' right to acquire the Landlord's Property at that time, the Landlord will covenant and ensure that this Lease will continue to be in full effect, including Article 23 with the new landlord.

- 16 -

IN WITNESS WHEREOF the Parties hereto have caused this indenture to be executed as of the date first above written.

LUKE & BLANCHE SIOEN FARMS LTD.

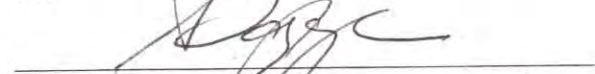
Per:


Name: Michael Sioen
Title: COO

I have the authority to bind the Corporation

AYANDA CANNABIS CORPORATION

Per:


Name: SUSAN DAJSE
Title: CEO

I have the authority to bind the Corporation

SCHEDULE A

LEGAL DESCRIPTION OF THE LANDLORD'S PROPERTY

PIN No. 50175-0124 (LT)

PT LT 20 CON 1 WINDHAM AS IN NR515272; NORFOLK COUNTY

This is **Exhibit “C”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:
Erin Craddock
F1990E7178EE432...

A Commissioner, etc.

Amendment No. 1 of the Ground Lease Agreement

This First Amending Agreement (this “**Amendment**”) dated as of the 30th day of April, 2021 (the “**Effective Date**”).

BETWEEN:

LUKE & BLANCHE SIOEN FARMS LTD.

(the “**Landlord**”),

- and-

AYANDA CANNABIS CORPORATIONS

(the “**Tenant**”),

RECITALS:

A. By a ground lease agreement dated as of the 1st day of November, 2019, between the Landlord, as landlord, and the Tenant, as tenant (the “**Lease**”), the Tenant agreed to lease from the Landlord certain premises located at 324-372 Burford Delhi Townline Road, Norwich, containing approximately two acres as more particularly described therein.

B. The parties hereto wish to amend the Lease on the terms and subject to the conditions set forth herein.

NOW THEREFORE in consideration of the sum of \$10.00, the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. In this agreement, except as otherwise set forth herein, capitalized terms used and not defined in this Amendment shall have the respective meanings given to them in the Lease.

2. Amendments. The Lease is hereby amended, as of the Effective Date, as follows:

(a) Section 21.1 of the Lease is hereby amended by deleting the words “c/o 61 Sarah Ashbridge Avenue, Toronto, ON M4L 3Y1 Attention: Sue Dagge”, and replacing them with the following:

“c/o 324 Burford-Delhi Townline Road, Norwich, Ontario N0J 1P0 Attention: Shaun Ramdhany”

(b) Article 23 of the Lease is hereby amended by inserting the following new section as Section 23.7:

“The Landlord may require the Tenant to exercise the Option to Purchase if the principal of the Landlord, Mike Sioen, ceases to hold 30% of the voting shares of the Tenant. In such an event, the Landlord shall be entitled to issue the Option Notice advising the Tenant that the Landlord requires the Tenant to purchase the Property, and the rest of the provisions in this Article 23 shall apply *mutatis mutandis*.”

3. No Default. The Landlord and the Tenant hereby affirm that as of the Effective Date, no breach or default or other act, error, or omission which, with the giving of notice or passage of time or both would constitute a breach or default by either party has occurred and is continuing under the Lease.

4. No Other Amendments and Affirmation of Lease Terms; Time of the Essence. Except as amended in this Amendment, all other terms and conditions of the Lease remain the same and unmodified and in full force and effect, and time continues to be of the essence. To the extent that there is any conflict or inconsistency between the Lease and this Amendment, the provisions of this Amendment shall prevail. From an after the Effective Date, any and all references to “the Lease” or “this Lease” in the Lease shall mean the Lease as modified by this Amendment.

5. Successor and Assigns. This Amendment shall be binding upon and shall enure to the benefit of the parties hereto and their respective permitted successors and permitted assigns.

6. Counterpart. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Amendment delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

7. Governing Law. This Amendment is governed by and construed in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable in that Province without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction).

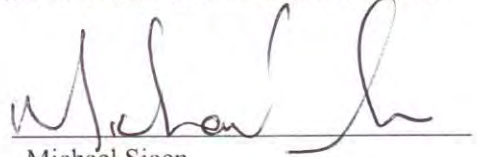
8. Entire Agreement. This Amendment constitutes the sole and entire agreement of the parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date set out above.

LUKE & BLANCHE SIOEN FARMS LTD.

Per:

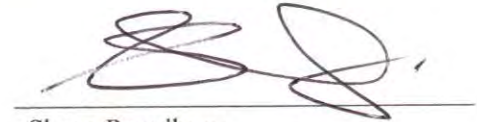
A handwritten signature in black ink, appearing to read 'Michael Sioen', written over a horizontal line.

Name: Michael Sioen

Title: COO

AYANDA CANNABIS CORPORATION

Per:

A handwritten signature in black ink, appearing to read 'Shaun Ramdhany', written over a horizontal line.

Name: Shaun Ramdhany

Title: Director

This is **Exhibit “D”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:
Erin Craddock
F1990E7178EE432...

A Commissioner, etc.

Mike Sioen Farms Ltd

372 Burford Delhi Townline Road,
Norwich, ON
N0J 1P0

November 4, 2019

Ayanda Cannabis Corp

324 Burford Delhi Townline Road,
Norwich, ON
N0J 1P0

Attention: Sue Dagge

Mike Sioen Farms Ltd, is please offer the Borrower the following loan (the "Agreement"),
subject to the terms and conditions as outlined in this letter.

BORROWER

Ayanda Cannabis Corp (the "Borrower")

LENDER

Michael Sioen Farms Ltd (the "Lender")

LOAN AMOUNT

CAD \$550,000

LOAN TERMS

The terms of the loan are as follows:

Interest Rate: Fixed rate at 3.75%

Term: 2 years – rate renewal date November 1, 2021

Amortization: 25 years – maturity date November 1, 2044

Payment: \$2,818.07 monthly

Due Date: monthly with the first payment scheduled for December 1, 2019

Security: none

REIMBURSEMENT OF OUT OF POCKET EXPENSES

The Borrower will be responsible for all out of pocket expenses incurred by the Lender to arrange this loan including but not limited to legal fees, registration fees and arrangement fees.

COVENANTS

The Borrower will obtain written approval by the Lender prior to any change of control of the Borrower.

The Borrower will not provide additional indebtedness or guarantee obligations without prior consent of the Lender.

The Borrower will not make payment of dividends or other distributions without prior consent of the Lender.

PREPAYMENT

The Borrower reserves the right to prepay this loan (in whole or in part) prior to the Due Date, however a penalty will apply and will be determined at the time of prepayment.

COLLECTION COSTS

If any payment obligation under this loan is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

DEFAULT

If any of the following events of default occur this loan and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. Failure of the Borrower to pay the principal and any accrued interest on or before the Due Date;
2. The filing of bankruptcy proceeding involving the Borrower as a debtor;
3. The application of an appointment of a receiver for the Borrower;
4. The insolvency of the Borrower;
5. A misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

SEVERABILITY OF PROVISION

If any one or more provisions of this Loan Agreement are determined to be unenforceable in whole in part, for any reason, the remaining provisions shall remain in full operative.

MISCELLANEOUS

All payments of principal and interest on this loan shall be paid in the legal currency of Canada.

No renewal or extension of this loan or delay in enforcing any right of the Lender under this loan shall affect the liability or obligation of the Borrower. All rights of the Lender under this loan are cumulative and may be exercised concurrently or consecutively at the Lenders option.

GOVERNING LAW

This loan shall be construed in accordance with the laws of Province of Ontario, Canada.

IN WITNESS WHEREOF, this Agreement has been executed and delivered in the manner prescribed by law of the date written above.

EXECUTED by the Borrower this 4th day of November, 2019.

Ayanda Cannabis Corporation

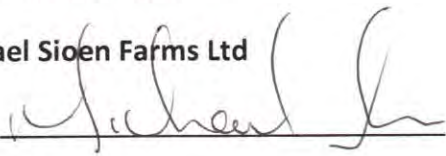
Per:  _____

Susan Dagge – Director

I have authority to bind the Corporation.

EXCEUTED by the Lender this 4th day of November, 2019

Michael Sioen Farms Ltd

Per:  _____

Michael Sioen - Director

I have the authority to bind the Corporation.

This is **Exhibit “E”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990E7178EE432...

A Commissioner, etc.

Michael Sioen Farms Ltd
372 Burford Delhi Townline Road,
Norwich, ON
N0J 1P0

March 9, 2021

Ayanda Cannabis Corp
324 Burford Delhi Townline Road,
Norwich, ON
N0J 1P0

Attention: Shaun Ramdhany

Michael Sioen Farms Ltd, is please offer the Borrower the following loan (the "Agreement"), subject to the terms and conditions as outlined in this letter.

BORROWER

Ayanda Cannabis Corp (the "Borrower")

LENDER

Micheal Sioen Farms Ltd (the "Lender")

LOAN AMOUNT

CAD \$1,000,000

LOAN TERMS

The terms of the loan are as follows:

Interest Rate: 0%
Term: Due on Demand
Amortization: none
Due Date: On Demand
Security: General Security Agreement

REIMBURSEMENT OF OUT OF POCKET EXPENSES

The Borrower will be responsible for all out of pocket expenses incurred by the Lender to arrange this loan including but not limited to legal fees, registration fees and arrangement fees.

COVENANTS

The Borrower will obtain written approval by the Lender prior to any change of control of the Borrower.

The Borrower will not provide additional indebtedness or guarantee obligations without prior consent of the Lender.

The Borrower will not make payment of dividends or other distributions without prior consent of the Lender.

COLLECTION COSTS

If any payment obligation under this loan is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

DEFAULT

If any of the following events of default occur this loan and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. Failure of the Borrower to pay the principal and any accrued interest on or before the Due Date;
2. The filing of bankruptcy proceeding involving the Borrower as a debtor;
3. The application of an appointment of a receiver for the Borrower;
4. The insolvency of the Borrower;
5. A misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

SEVERABILITY OF PROVISION

If any one or more provisions of this Loan Agreement are determined to be unenforceable in whole in part, for any reason, the remaining provisions shall remain in full operative.

MISCELLANEOUS

All payments of principal and interest on this loan shall be paid in the legal currency of Canada.

No renewal or extension of this loan or delay in enforcing any right of the Lender under this loan shall affect the liability or obligation of the Borrower. All rights of the Lender under this loan are cumulative and may be exercised concurrently or consecutively at the Lenders option.

GOVERNING LAW

This loan shall be construed in accordance with the laws of Province of Ontario, Canada.

IN WITNESS WHEREOF, this Agreement has been executed and delivered in the manner prescribed by law of the date written above.

EXECUTED by the Borrower this 12th day of March, 2021.

Ayanda Cannabis Corporation

Per: _____

Shaun Ramdhany – Director

I have authority to bind the Corporation.

EXCEUTED by the Lender this 12th day of March, 2021

Michael Sioen Farms Ltd

Per: _____

Michael Sioen - Director

I have the authority to bind the Corporation.

IN WITNESS WHEREOF, this Agreement has been executed and delivered in the manner prescribed by law of the date written above.

EXECUTED by the Borrower this 12th day of March, 2021.

Ayanda Cannabis Corporation

Per: 

Shaun Ramdhany – Director

I have authority to bind the Corporation.

EXCEUTED by the Lender this 12th day of March, 2021

Michael Sioen Farms Ltd

Per: 

Michael Sioen - Director

I have the authority to bind the Corporation.

This is **Exhibit “F”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990F7178FF432

A Commissioner, etc.

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

- (a) For value received, the undersigned **AYANDA CANNABIS CORPORATION** ("Debtor"), hereby grants to **MICHAEL SIOEN FARMS LTD.** (hereinafter the "the Creditor"), by way of mortgage, charge, assignment and transfer, a security interest (the "Security Interest") in all personal property of the Debtor including without limitation the undertaking of Debtor and in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel paper, Documents of Title (whether negotiable or not), Instruments, Intangibles and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor or in which the Debtor has any right, title or interest:
- (i) all inventory of whatever kind and wherever situate ("Inventory");
 - (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
 - (iii) all book accounts and book debts and generally all accounts, debts, dues, claims, choices in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
 - (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property;
 - (vi) all monies other than trust monies lawfully belonging to others;
 - (vii) all property described in any schedule now or hereafter annexed hereto.
- (b) The Security Interest granted hereby shall not extend or apply to and shall not include the last day of the term of any lease or agreement whether written or verbal, now held or hereafter acquired, but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.
- (c) The terms "Security Interest", "Goods", "Chattel Paper", "Documents of Title", "Instruments", "Intangibles", "Securities", "Proceeds", "Inventory", and "Accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the *Personal Property Security Act of Ontario*, as amended from time to time, which Act, including amendments thereto and any Act substituted therefore and amendments thereto is herein referred to as the 'P.P.S.A.'. Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as

that term is defined in the P.P.S.A., and the term "Inventory" when used herein shall not include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. **INDEBTEDNESS SECURED** The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability of Debtor to the Creditor (Including interest therein) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred against and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness").
3. **REPRESENTATIONS AND WARRANTIES OF DEBTOR** Debtor represents and warrants and so long as this Security Agreement remains in effect it shall be deemed to continuously represent and warrant that:
 - (a) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor") and the amount represented by Debtor to the Creditor from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claims or counterclaim against Debtor which can be asserted against the Creditor, whether in any proceeding to enforce Collateral or otherwise; and
 - (b) all of the Collateral is located at **324 Burford Delhi Townline Road, Norwich, ON N0J 1P0**. The collateral may also be located at such other place or places in Ontario.
4. **COVENANTS OF THE DEBTOR** So long as this Security Agreement remains in effect Debtor covenants and agrees:
 - (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest or hereafter approved in writing prior to their creation or assumption by the Creditor; and not to sell, exchange, transfer, assign, lease or otherwise dispose of Collateral or any interest therein without the prior written consent of the Creditor; provided always, that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use monies available to Debtor.
 - (b) to notify the Creditor promptly of:
 - (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;
 - (ii) the details of any claims or litigation affecting Debtor or Collateral;
 - (iii) any loss of or damage to Collateral;
 - (iv) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral; and

- (v) the return to or repossession by Debtor of Collateral;
- (c) to keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (d) to do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Creditor of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;
- (f) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Creditor shall reasonably direct with loss payable to the Creditor and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefore;
- (g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
- (h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at the Creditor's request so as to indicate the Security Interest;
- (i) to deliver to the Creditor from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
 - (iii) all financial statements prepared by or for Debtor regarding Debtor's business;
 - (iv) all policies and certificates of insurance relating to Collateral; and
 - (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as creditor may reasonably request.

5. **USE AND VERIFICATION OF COLLATERAL** Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Creditor shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Creditor may consider appropriate and Debtor agrees to furnish all assistance and information

and to perform all such acts as the Creditor may reasonably request in connection therewith and for such purpose to grant to the Creditor or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. **SECURITIES** If Collateral at any time includes Securities, Debtor authorizes the Creditor to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Creditor or its nominee(s) may appear on record as the sole owner thereof; provided that, until default, the Creditor shall deliver promptly to debtor all notices or other communications received by the Creditor or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities after default, Debtor waives all right to receive any notices or communications received by the Creditor or its nominee(s) as such registered owner and agrees that no proxy issued by the Creditor to debtor or its order as aforesaid shall thereafter be effective.
7. **COLLECTION OF DEBTS** Before or after default under this Security Agreement, the Creditor may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to the Creditor. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for the Creditor and shall be turned over to the Creditor upon request.
8. **INCOME FROM AND INTEREST ON COLLATERAL**
 - (a) until default, Debtor reserves the right to receive any monies constituting income from or interest on Collateral and if the Creditor receives any such monies prior to default, the Creditor shall either credit the same to the account of Debtor or pay the same promptly to Debtor;
 - (b) after default, Debtor will not request or receive any monies constituting income from or interest on Collateral and if Debtor receives any such monies without any request by it Debtor will pay the same properly to the Creditor.
9. **INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS**
 - (a) Whether or not default has occurred, Debtor authorizes the Creditor:
 - (i) to receive any increase in or profits on Collateral (other than money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
 - (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefore; and to hold any such payment or distribution as part of Collateral.
 - (b) If Debtor receives any such increase or profits (other than money) or payments or distributions, Debtor will deliver the same promptly to the Creditor to be held by the Creditor as herein provided.
10. **DISPOSITION OF MONIES** Subject to any applicable requirements of the P.P.S.A., all monies collected or received by the Creditor pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as the Creditor deems best

or, at the option of the Creditor, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of the Creditor hereunder, and any surplus shall be accounted for as required by law.

11. **EVENTS OF DEFAULT** The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":
- (a) the non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and the Creditor;
 - (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;
 - (c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of Creditor by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor; or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy Act or otherwise;
 - (d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;
 - (e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;
 - (f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
 - (g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof;
 - (h) if any certificate, statement, representation, warranty or audit report heretofore or thereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Creditor to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Creditor at or prior to the time of such execution;
 - (i) if the Debtor defaults in the performance of any obligation pursuant to any agreement with the Creditor or defaults in the payment of any sum owing by it to the Creditor, whether pursuant to this Agreement, or otherwise; or
 - (j) if the Debtor removes any of the Collateral from Ontario without the prior written consent of the Creditor.

12. **ACCELERATION** the Creditor, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if the Creditor in good faith believes that the prospect of payment of all or any part of Indebtedness or performance of Debtor's obligations under this Security Agreement or any other agreement now or hereafter in effect between Debtor and the Creditor is impaired. The provisions of this clause are not intended in any way to affect any right of the Creditor with respect to Indebtedness which may now or hereafter be payable on demand.
13. **REMEDIES**
- (a) Upon default, the Creditor may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Creditor or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits there from) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not the Creditor, and the Creditor shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable him to carry on Debtor's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Creditor all monies received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Creditor. Every such Receiver may, in the discretion of the Creditor, be vested with all or any of the rights and powers of the Creditor.
- (b) Upon default, the Creditor may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).
- (c) the Creditor may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefore and in respect thereof and, upon default, the Creditor may sell, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Creditor may seem reasonable.
- (d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and the Creditor and in addition to any other rights the Creditor may have at law or in equity, the Creditor shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Creditor shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Creditor shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper, whether Collateral or proceeds and whether or not in the Creditor's possession and shall not be liable or accountable for failure to do so.

- (e) Debtor acknowledges that the Creditor or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from the Creditor or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.
- (f) Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Creditor or any Receiver appointed by it, whether directly or for services rendered (including expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking custody of, preserving, repairing, processing, preparing for dispositions and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by the Creditor or any Receiver appointed by him, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

14. MISCELLANEOUS

- (a) Debtor hereby authorizes the Creditor to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as the Creditor may deem appropriate to perfect and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints any officer from time to time of the Creditor the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.
- (b) Without limiting any other right of the Creditor, whenever Indebtedness is immediately due and payable or the Creditor has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Creditor may, in its sole discretion, set off against Indebtedness any and all monies then owed to Debtor by the Creditor in any capacity, whether or not due, and the Creditor shall be deemed to have exercised such right of setoff immediately at the time of making its decision to do so even though any charge therefore is made or entered on the Creditor's records subsequent thereto.
- (c) Upon Debtor's failure to perform any of its duties hereunder, the Creditor may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to the Creditor, forthwith upon written demand therefore, an amount equal to the expense incurred by the Creditor in so doing plus interest therein from the date such expense is incurred until it is paid at the rate of 15% per annum.
- (d) the Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as the Creditor may see fit without prejudice to the liability of Debtor or the Creditor's right to hold and realize the Security Interest. Furthermore, the Creditor may demand, collect and sue on Collateral in either Debtor's or the Creditor's name, at the Creditor's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.
- (e) No delay or omission by the Creditor in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single

or partial exercise thereof shall preclude any other right or remedy. Furthermore, the Creditor may remedy and default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of the Creditor granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

- (f) Debtor waives protest of any Instrument constituting Collateral at any time held by the Creditor on which Debtor is in any way liable and subject to any contrary terms, notice of any other action taken by the Creditor.
- (g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against the Creditor. If more than one Debtor executes this Security Agreement the obligation of such Debtors hereunder shall be joint and several.
- (h) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written Agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.
- (i) This Security Agreement and the transaction evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.
- (j) Subject to any contrary terms hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given if delivered to the party for whom it is intended at the last known address of such party or if sent by prepaid registered mail addressed to the party for whom it is intended at the last known address of such party. Either party may notify the other pursuant hereto of any change in such party's address to be used for the purposes hereof.
- (k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by the Creditor and is, and is intended to be a continuing Security Agreement and shall remain in full force and effect until all Indebtedness contracted for or created, and any extensions or renewals thereof, together with interest accruing therein shall be paid in full and this Security Agreement is discharged.
- (l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.
- (m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.
- (n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining

terms and provisions of this Security Agreement shall remain in full force and effect.

- (o) Nothing herein contained shall in any way obligate the Creditor to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.
- (p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to the Creditor.

15. **COPY OF AGREEMENT**

Debtor hereby acknowledges receipt of a copy of this Security Agreement.

IN WITNESS WHEREOF Debtor has executed this Security Agreement this ____ day of March, 2021.

AYANDA CANNABIS CORPORATION

Per: 

Shanil Ramdhany, Director

I have authority to bind the Corporation.

This is **Exhibit “G”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:
Erin Craddock
F1990E7178EE432...

A Commissioner, etc.

SUBSCRIPTION AGREEMENT

PLEASE DELIVER YOUR FULLY COMPLETED SUBSCRIPTION AGREEMENT AND SCHEDULES, ALONG WITH A CERTIFIED CHEQUE OR BANK DRAFT MADE PAYABLE ON OR BEFORE MAY 27, 2021 TO "AYANDA CANNABIS CORPORATION" REPRESENTING YOUR AGGREGATE SUBSCRIPTION PRICE BY NO LATER THAN 5:00 P.M. (TORONTO TIME) ON MAY 27, 2021 TO: AYANDA CANNABIS CORPORATION, 324 BURFORD-DELHI TOWNLINE ROAD, NORWICH, ON N0J 1P0, ATTENTION: MICHAEL SIOEN, TELEPHONE: 226-325-0103, EMAIL: MIKE@AYANDACANNCORP.COM.


TO: AYANDA CANNABIS CORPORATION (the "Corporation")

The undersigned (hereinafter referred to as the "Subscriber") hereby irrevocably subscribes for and agrees to purchase the number of Class A Common Shares or Class B Common Shares in the capital of the Corporation (the "Shares") set forth below for the aggregate subscription price set forth below (the "Aggregate Subscription Price"), representing a subscription price of **CS1.875** per Share, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Shares of Ayanda Cannabis Corporation" attached hereto (together with the face pages and the attached exhibits, the "Subscription Agreement").

Class of Shares (Class A Common Shares or Class B Common Shares): Class B Common Shares

Number of Shares (at a price of CS1.875 per Share): 266,666
--

Aggregate Subscription Price: CS500,000
--

X  Signature of Subscriber	If the Subscriber is signing as agent for a principal (a "Disclosed Beneficial Purchaser"), complete the following:
Rene Huyge Name of Subscriber (please print)	
If Subscriber is not an individual, name and title of the authorized signatory who signed above	Name of Disclosed Beneficial Purchaser
1-4364 Beach Avenue, Peachland, BC V0H 1X6 Address of Subscriber	Address of Disclosed Beneficial Purchaser (cont'd)
(cont'd)	Telephone number of Disclosed Beneficial Purchaser
905-960-9877 Telephone Number of Subscriber	Email address of Disclosed Beneficial Purchaser
renelakesend@gmail.com Email address of Subscriber	<i>Ensure necessary exhibits and representations are completed on behalf of the Disclosed Beneficial Purchaser, as applicable</i>

(SUBSCRIBERS MUST ALSO COMPLETE THE SECOND FACE PAGE)

The Subscriber directs the Corporation to issue, register and deliver certificates representing the Shares as follows:

REGISTRATION INSTRUCTIONS:	DELIVERY INSTRUCTIONS:
Rene Huyge	<i>(if different from Registration Instructions)</i>
Name to appear on certificate	Name and account reference, if applicable
1-4364 Beach Avenue, Peachland, BC V0H 1X6	Contact name and telephone number
Address	Address
(cont'd)	(cont'd)

The Subscriber represents that the Subscriber (or the Disclosed Beneficial Purchaser, if applicable) is ☐ or is not ☐ (check one) an insider of the Corporation (as defined in Schedule A).

The Subscriber represents that the Subscriber (or the Disclosed Beneficial Purchaser, if applicable) is ☐ or is not ☐ (check one) a registrant (as defined in Schedule A).

The Subscriber represents that the Subscriber (or the Disclosed Beneficial Purchaser, if applicable) is ☐ or is not ☐ (check one) a promoter of the Corporation (as defined in Schedule A).

INSTRUCTIONS: *To properly complete this Subscription Agreement:*

- (1) Complete all boxes on these two face pages.
- (2) Unless you are an accredited investor (see Exhibit 1), initial next to the applicable paragraph 3(f)(ii) or (iii) to indicate the exemption under which you are subscribing.
- (3) Complete and sign all of the required exhibits:
 - (i) If you are subscribing as an accredited investor, complete and sign Exhibit 1;
 - (ii) If you are subscribing as an accredited investor and you initialled category (j), (k) or (l) of the definition of "accredited investor" (see Exhibit 1), also complete and sign Exhibit 2;
 - (iii) Certain Saskatchewan subscribers must complete and sign Exhibit 3 (see section 3(f)(ii));
 - (iv) Certain Ontario subscribers must complete and sign Exhibit 4 (see section 3(f)(ii));
 - (v) All non-Canadian subscribers must complete and sign Exhibit 5; and
 - (vi) If you are not already party to the Corporation's Unanimous Shareholders' Agreement, complete and sign Exhibit 7.
- (4) Return your fully completed Subscription Agreement, along with a certified cheque or bank draft made payable on or before May 27, 2021 to "Ayanda Cannabis Corporation" representing your Aggregate Subscription Price to the Corporation by no later than May 27, 2021.

This Subscription Agreement is comprised of 21 pages (not including Exhibits 1, 2, 3, 4, 5, 6, and 7).

[Remainder of this page intentionally left blank]

* * * * *

ACCEPTANCE: The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

_____, 2021

AYANDA CANNABIS CORPORATION

Per:

Authorized Signing Officer

TERMS AND CONDITIONS OF SUBSCRIPTION FOR SHARES OF AYANDA CANNABIS CORPORATION

Terms of the Offering

1. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that this subscription is: (i) irrevocable on the part of the Subscriber, and (ii) subject to rejection, acceptance or allotment by the Corporation in whole or in part. If the Subscriber's subscription under this Subscription Agreement is rejected in whole or in part, the Subscriber acknowledges that the unused portion of the Aggregate Subscription Price will be promptly returned to it without interest, deduction or penalty.

2. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that the Shares subscribed for by it hereunder form part of a larger issuance and sale by the Corporation of Class A Common Shares and Class B Common Shares in the capital of the Corporation (collectively, the "**Common Shares**") for gross proceeds of up to C\$1,480,625.00 (the "**Offering**") as further described in the term sheet attached hereto as Exhibit 6 (the "**Term Sheet**"). The Subscriber further acknowledges that the Corporation may increase the size of the Offering and/or offer or sell additional securities concurrently with the Offering or in the future without notice to the Subscriber, subject to the terms of the Shareholders' Agreement (as defined herein).

Representations, Warranties and Covenants of the Subscriber

3. The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel are relying thereon) that both at the date hereof and at the Closing Time (as defined herein):

- (a) it has been independently advised as to restrictions with respect to trading in the Shares imposed by applicable securities laws, confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation with respect thereto other than as set forth herein, acknowledges that it is aware of the characteristics of the Shares, the risks relating to an investment therein and of the fact that it may not be able to resell the Shares except in accordance with limited exemptions under applicable securities laws and regulatory policy until expiry of the applicable restricted period and compliance with the other requirements of applicable law; and
- (b) it acknowledges that the Corporation is not now a "reporting issuer" under the securities laws of any province or territory in Canada, that the Corporation has no obligation to become a reporting issuer and that there is no guarantee that it will become a reporting issuer in the future; and the Subscriber further acknowledges that as a result of the Corporation not being a reporting issuer the Shares will be subject to an indefinite "restricted period" under applicable Canadian securities laws of 4 months and a day from the later of the Closing Date (as defined herein) and the date the Corporation becomes a reporting issuer under the securities laws of any province or territory of Canada, during which time the Subscriber may not trade the Shares without filing a prospectus or being able to rely on one of the limited exemptions from the requirement to file a prospectus under applicable securities laws **and it agrees that any certificates representing the Shares may bear the following legend indicating that the resale of such securities is restricted:**

"Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) [the Closing Date], and (ii) the date the issuer became a reporting issuer in any province or territory."

and the Subscriber further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it; and

- (c) except for the Term Sheet and the Corporation's corporate package, it has not received nor been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, prospectus, sales or advertising literature, or any other document describing or purporting to describe the business and affairs

of the Corporation that has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Shares and the Subscriber's decision to subscribe for the Shares was not based upon, and the Subscriber has not relied upon, any oral or written representation as to facts made by or on behalf of the Corporation, or any employee, agent or affiliate thereof or any other person associated therewith, except as set forth herein. The Subscriber's decision to subscribe for the Shares was based solely upon this Subscription Agreement, the Term Sheet, the Corporation's corporate package and any information about the Corporation which is publicly available; and

- (d) it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display and the internet) with respect to the distribution of the Shares; and
- (e) it understands that the Shares are being offered for sale only on a "private placement" basis and that the sale and delivery of the Shares is conditional upon such sale being exempt from the requirements as to the filing of a prospectus or delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or delivery of an offering memorandum and, as a consequence (i) the Subscriber may be restricted from using most of the civil remedies available under securities legislation, (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under securities legislation, and (iii) the Corporation is relieved from certain obligations that would otherwise apply under securities legislation; and
- (f) unless it is purchasing under subsection 3(g), it is purchasing the Shares as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Shares, it is resident in, was offered the Shares in and executed this Subscription Agreement in the jurisdiction set out as the "Subscriber's Residential Address" on the face page hereof and it fully complies with one or more of the criteria set forth below:
 - (i) it (A) is an "accredited investor", as such term is defined in National Instrument 45-106 "*Prospectus Exemptions*" ("**NI 45-106**") or as defined in section 73.3(1) of the *Securities Act (Ontario)*; (B) was not created and is not being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106; (C) will concurrently execute and deliver a Representation Letter in the form attached to this Subscription Agreement as **Exhibit 1** and specifically represents and warrants that one or more of the categories set forth in Appendix A attached to the Representation Letter correctly, and in all respects, describes the Subscriber, and will describe the Subscriber as at the Closing Date (as defined herein), and the Subscriber has so indicated by initialling next to the category in such Appendix A which so describes it; and (D) if it initialled category (j), (k) or (l) in Appendix A, it has previously executed and delivered or will execute and deliver concurrently with the execution and delivery of this Subscription Agreement the "Form for Individual Accredited Investors" (Form 45-106F9) in the form attached to this Subscription Agreement as **Exhibit 2** and specifically represents and warrants that one or more of the categories set forth in Section 3 of Exhibit 2 correctly, and in all respects, describes the Subscriber, and will describe the Subscriber as at the Closing Date, and the Subscriber has so indicated by initialling next to the category in such Section 3 which so describes it; or
 - (ii) it is one of the following and the Subscriber has so indicated by initialling next to the applicable paragraph below and, if applicable, inserting the name of the relevant director, executive officer, control person or founder in the line provided **and, if the Subscriber is resident in Ontario, the Subscriber has concurrently executed the Risk Acknowledgement Form (Form 45-106F12) attached as Exhibit 4 to this Subscription Agreement:**

(Words that are bolded are defined in NI 45-106 and reproduced in Schedule A to this Subscription Agreement.)

NON-BROKERED

(Words that are bolded are defined in NI 45-106 and reproduced in Schedule A to this Subscription Agreement.)

- _____ (I) a “**director**”, “**executive officer**” or “**control person**” of the Corporation, or of an “**affiliate**” of the Corporation; or
- _____ (II) a “**spouse**”, parent, grandparent, brother, sister, child or grandchild of _____, who is a person referred to in paragraph (I) above; or
- _____ (III) a parent, grandparent, brother, sister, child or grandchild of _____, who is the spouse of a person referred to in paragraph (I) above; or
- XL** (IV) a “**close personal friend**” of Michael Sicon, who is a person referred to in paragraph (I) above and, if requested by the Corporation, will provide a signed statement describing the relationship with such person and **if the Subscriber is resident in Saskatchewan, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement (Form 45-106F5); or**
- _____ (V) a “**close business associate**” of _____, being a person referred to in paragraph (I) above and, if requested by the Corporation, will provide a signed statement describing the relationship with such person **and if the Subscriber is resident in Saskatchewan, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement (Form 45-106F5); or**
- _____ (VI) a “**founder**” of the Corporation or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of _____, who is a founder of the Corporation and, if requested by the Corporation, will provide a signed statement describing the relationship with such person **and if the Subscriber is resident in Saskatchewan and is a close personal friend or close business associate of a founder of the Corporation, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement (Form 45-106F5); or**
- _____ (VII) a parent, grandparent, brother, sister, child or grandchild of _____, who is a spouse of a founder of the Corporation; or
- _____ (VIII) a person of which a majority of the voting securities are beneficially owned by, or a majority of directors are, persons described in paragraphs (I) through (VII) above, **and the names of the related persons described in paragraphs (I) through (VII) above are listed in an attachment to this Subscription Agreement, and if the Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement (Form 45-106F5); or**
- _____ (IX) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (I) through (VII) above, **and the names of the related persons described in paragraphs (I) through**

Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement (Form 45-106F5); or

- (iii) it is one of the following and the Subscriber has so indicated by initialling next to the applicable paragraph below:
- _____ (I) an employee, “**executive officer**”, “**director**” or “**consultant**” of the Corporation and participation in the distribution is “voluntary”, meaning it is not induced to participate in the distribution by expectation of employment or continued employment with, appointment or continued appointment with, or engagement to provide services or continued engagement to provide services to, as applicable, the Corporation or a “**related entity**” or in the case of an employee of a consultant, expectation of employment or continued employment with such consultant; or
 - _____ (II) an employee, “**executive officer**”, “**director**” or “**consultant**” of a “**related entity**” of the Corporation and participation in the trade is voluntary (as defined above); or
 - _____ (III) a “**permitted assign**” of a person referred to in paragraphs (I) or (II) and participation in the trade is voluntary (as defined above); and
- (g) if the Subscriber is resident in or otherwise subject to applicable securities laws in Canada and is not purchasing as principal, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each beneficial purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Shares, it acknowledges that the Corporation may be required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Shares for whom it may be acting, and it and each beneficial purchaser is resident in the jurisdiction set out as the “Subscriber’s Residential Address” or the “Disclosed Beneficial Purchaser’s Residential Address”, as applicable, and the Subscriber is either:
- (i) acting as agent for a Disclosed Beneficial Purchaser, who is disclosed on the face page of this Subscription Agreement, who is resident in the jurisdiction set out as the “Disclosed Beneficial Purchaser’s Residential Address” and who complies with one or more of paragraphs (i), (ii) or (iii) of subsection 3(f) hereof as if all references therein were to the Disclosed Beneficial Purchaser rather than to the Subscriber and the Subscriber has concurrently executed and delivered a Representation Letter in the form attached hereto as Exhibit 1 on behalf of such Disclosed Beneficial Purchaser or initialled the appropriate paragraph (ii) or (iii) of subsection 3(f) hereof (and executed and delivered Exhibit 2, 3, 4 and/or 5 if applicable) on behalf of such Disclosed Beneficial Purchaser; or
 - (ii) deemed to be purchasing as principal under NI 45-106 because it is an “accredited investor” as such term is defined in paragraphs (p) or (q) of the definition of “accredited investor” in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement (provided, however, that it is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada) and has concurrently executed and delivered a Representation Letter in the form attached hereto as Exhibit 1 and has initialled Appendix A thereto indicating that the Subscriber satisfies one of the categories of “accredited investor” set out in paragraphs (p) or (q) of Appendix A thereto; and
- (h) if the Subscriber or any other purchaser for whom it is acting hereunder is resident in or otherwise subject to the applicable securities laws of a jurisdiction outside of Canada, it has concurrently executed and delivered

a Representation Letter in the form attached to this Subscription Agreement as Exhibit 5 and will provide such evidence of compliance with all matters described in such Representation Letter as the Corporation or its counsel may request; and

- (i) it acknowledges that:
 - (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Shares or the Offering nor has such authority made any recommendations or endorsements with respect to the foregoing; and
 - (ii) there is no government or other insurance covering the Shares; and
 - (iii) there are risks associated with the purchase of the Shares, which are a speculative investment that involves a high degree of risk of loss in its entirety; and
 - (iv) there are restrictions on the Subscriber's ability to resell the Shares, and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Shares; and
 - (v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus under the *Securities Act* (Ontario) and other applicable securities laws (the "**Securities Laws**") and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Securities Laws, including statutory rights of rescission or damages, will not be available to the Subscriber; and
 - (vi) the certificate representing the Shares will be endorsed with a legend stating that (A) the Shares will be subject to restrictions on resale in accordance with applicable securities legislation; and (B) that the Shares will be subject to restrictions on transfer in accordance with the Corporation's Amended and Restated Unanimous Shareholders' Agreement (as the same may be amended, restated or supplemented from time to time, the "**Shareholders' Agreement**"); and
 - (vii) the Corporation is not a reporting issuer in any jurisdiction, there is no obligation or assurance that the Corporation will become a reporting issuer under applicable securities laws in the future and the Corporation has not made or given any such assurance and the restricted period or hold period applicable to the Shares will not commence to run until the Corporation becomes a reporting issuer and therefore the hold period or restricted period applicable to the Shares may never expire; and
- (j) if the Subscriber is not already party to the Shareholders' Agreement, the Subscriber will, as a condition to the completion of its subscription for Shares hereunder, execute and deliver to the Corporation an assumption agreement in the form attached hereto as Exhibit 7, pursuant to which such Subscriber will agree to be bound by the Shareholders' Agreement; and
- (k) the Shares have not been offered to the Subscriber (or any person on whose behalf the Subscriber is contracting) in the United States, and any person making the order to purchase the Shares and executing and delivering this Subscription Agreement was not in the United States when the order was placed and this Subscription Agreement was executed and delivered, unless such person is a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States signing on behalf of a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a Disclosed Beneficial Purchaser which is not in the United States or a U.S. Person (as described below); and
- (l) it is not a U.S. Person (as defined in Regulation S under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and

is not purchasing the Shares on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person; and

- (m) it is aware that the Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state and that these securities may not be offered or sold in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and the applicable laws of all applicable states and acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Shares; and
- (n) it undertakes and agrees that it will not offer or sell any of the Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and further that it will not resell the Shares, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules; and
- (o) it has not purchased the Shares as a result of any form of directed selling efforts in the United States, as such term is defined in Regulation S under the U.S. Securities Act; and
- (p) it understands and acknowledges that the Corporation (i) is under no obligation to be or to remain a “foreign issuer”, as such term is defined in the U.S. Securities Act, (ii) may not, at the time the Subscriber sells the Shares, or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions that could cause the Corporation not to be a foreign issuer; and
- (q) if it is not an individual, it pre-existed the offering of the Shares and has a bona fide business purpose other than the investment in the Shares and was not created, formed or established solely or primarily to acquire securities, or to permit purchases of securities without a prospectus, in reliance on an exemption from the prospectus requirements of applicable securities legislation; and
- (r) if it is a corporation, partnership, trust, unincorporated association or other entity, it has the legal capacity to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, trustees, fiduciaries, shareholders, partners, stakeholders, holders of voting securities or otherwise have been given and obtained and the individual signing this Subscription Agreement has been duly authorized to execute and deliver this Subscription Agreement; and
- (s) if it is an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto; and
- (t) the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber (or any person on whose behalf the Subscriber is contracting), or if the Subscriber (or any person on whose behalf the Subscriber is contracting) is not a natural person, any of such person’s constating documents, or any agreement to which such person is a party or by which it is bound; and
- (u) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber; and
- (v) in the case of a subscription by it for Shares acting as agent for a principal, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such principal and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid and binding agreement of, such principal; and
- (w) it has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Shares and is able to, and agrees to, bear the economic risk of loss of its investment or, where it is not purchasing as principal, each beneficial purchaser is able to, and agrees to, bear the economic risk of loss of its investment; and

- (x) it acknowledges that the Corporation's counsel is acting as counsel to the Corporation, and not as counsel to the Subscriber (or any person on whose behalf the Subscriber is contracting); and
- (y) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Shares; and
- (z) the acquisition of the Shares hereunder by the Subscriber (and each person on whose behalf the Subscriber is contracting) will not result in the Subscriber (or any such person) becoming a "control person" in respect of the Corporation, as defined under applicable securities laws (refer to Schedule A); and
- (aa) no person has made to the Subscriber (or any person on whose behalf the Subscriber is contracting) any written or oral representations (i) that any person will resell or repurchase the Shares, or (ii) that any person will refund the purchase price of the Shares, except as otherwise described herein, or (iii) as to the future price or value of the Shares, or (iv) as to any of the Shares being issued pursuant to this Subscription Agreement being listed on any stock exchange; and
- (bb) the Aggregate Subscription Price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLA"), the United Kingdom's *Proceeds of Crime Act 2002* (the "POCA") or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "PATRIOT Act") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA, POCA or the PATRIOT Act; and to the best of its knowledge (i) none of the subscription funds to be provided by the Subscriber (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States of America, or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith; and
- (cc) the Subscriber (including any person on whose behalf the Subscriber is contracting) has been encouraged to obtain independent legal, income tax and investment advice with respect to this subscription for Shares and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber (and each person on whose behalf the Subscriber is contracting) for purposes of giving representations, warranties and covenants under this Subscription Agreement.

Closing Conditions

4. Each of the Corporation and the Subscriber acknowledges that completion of the Subscriber's subscription for Shares under this Subscription Agreement shall be conditional upon the fulfilment of the following conditions on or before the Closing Time:
 - (a) the Corporation having accepted this Subscription Agreement; and
 - (b) the Subscriber having delivered to the Corporation this duly completed and executed Subscription Agreement, including all applicable exhibits; and
 - (c) the Subscriber having delivered a certified cheque or bank draft made payable on or before May 27, 2021 to "Ayanda Cannabis Corporation" representing the Aggregate Subscription Price, and such funds having been received.

Closing

5. The sale of the Shares pursuant to this Subscription Agreement will be completed at the offices of Miller Thomson LLP, the Corporation's counsel, in Toronto, Ontario at 10:00 a.m. (Toronto time) or such other place and time as is established by the Corporation (the "**Closing Time**") on May 27, 2021 or such other date as is established by the Corporation (the "**Closing Date**"). At the Closing Time the Subscriber shall have delivered to the Corporation all completed subscription agreements, including this Subscription Agreement, and the Aggregate Subscription Price against delivery by the Corporation of the certificates representing the Shares and such other documentation as may be required.

6. The Corporation shall be entitled to rely on an executed copy of this Subscription Agreement delivered via facsimile or electronically (including e-mail), and acceptance by the Corporation of such executed copy of this Subscription Agreement shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. If less than a complete copy of this Subscription Agreement is delivered to the Corporation at the Closing Time, the Corporation shall be entitled to assume that the Subscriber accepts and agrees with all of the terms and conditions of this Subscription Agreement on the pages not delivered at the Closing Time, unaltered.

General

7. The Subscriber, on its own behalf and (if applicable) on behalf of others for whom it is contracting hereunder, agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the Subscriber's execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Shares. The representations, warranties and covenants of the Subscriber herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Shares and the Subscriber agrees to indemnify and save harmless the Corporation and its affiliates, shareholders, directors, officers, employees, counsel and agents against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur which are caused or arise from a breach thereof. The Subscriber undertakes to immediately notify the Corporation at 324 Burford-Delhi Townline Road, Norwich, ON N0J 1P0, Attention: Michael Sioen, Telephone: 226-325-0103, Email: mike@ayandacanncorp.com of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time.

8. The Subscriber acknowledges that this Subscription Agreement and the exhibits hereto require the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility to purchase the Shares under applicable securities laws, preparing and registering certificates representing the Shares to be issued to the Subscriber and completing filings required by relevant securities regulatory authorities, including the Ontario Securities Commission. The Subscriber's personal information will also be included in closing books prepared in connection with the Offering and may be disclosed by the Corporation to one or more of the following: (i) stock exchanges and securities regulatory authorities; (ii) the Corporation's registrar and transfer agent; (iii) Canadian tax authorities; (iv) any of the other parties involved in the Offering, including legal counsel; and (v) other parties subsequent to the Offering, including legal counsel, reviewing closing books prepared in connection with the Offering in furtherance of a business transaction or other legitimate business purpose of the Corporation. By executing this Subscription Agreement, the Subscriber:

- (a) acknowledges that it has been notified by the Corporation:
 - (i) of the requirement to deliver to the relevant securities regulatory authorities or regulators the full name, residential address, telephone number and email address of the Subscriber, the number and type of securities purchased, the total purchase price, the date of distribution, whether or not the Subscriber is an insider of the Corporation or a registrant and the exemption relied upon (including, if applicable, the name of the director, executive officer, control person or founder with whom the Subscriber is claiming a relationship);

- (ii) that this information is being collected by the various securities regulatory authorities or regulators under the authority granted in securities legislation;
 - (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of the local jurisdiction; and
 - (iv) that the contact information of the public official in the local jurisdiction who can answer questions about the security regulatory authority's or regulator's indirect collection of this information can be found in Schedule B to this Subscription Agreement;
- (b) consents to the collection, use and disclosure of the Subscriber's personal information described in this Section 8; and
- (c) consents to the filing of copies or originals of any of the Subscriber's documents delivered in connection with this Subscription Agreement as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby.

9. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Shares to the Subscriber shall be borne by the Subscriber.

10. The Subscriber acknowledges that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Shares be drawn up in the English language only. *Le soussigné reconnaît par les présentes avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière à la vente d'actions soient rédigés en anglais seulement.*

11. The contract arising out of this Subscription Agreement and all documents relating thereto is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

12. Time is of the essence hereof.

13. This Subscription Agreement (including the exhibits) constitutes the entire agreement of the parties hereto relating to the subject matter hereof and thereof, superseding all prior oral and written agreements, understandings, representations and warranties and courses of conduct and dealings between the parties, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein and therein.

14. The terms and provisions of this Subscription Agreement are binding upon and enure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided that, except for as otherwise herein provided, this Subscription Agreement is not assignable by any party hereto without prior written consent of the other parties.

15. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

16. Neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

17. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement does not affect the validity, legality or enforceability of any other provision hereof.

18. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof.

19. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

20. In this Subscription Agreement (including the exhibits), references to "\$" are to Canadian dollars.

21. For the purposes hereof, "business day" means a day other than a Saturday, Sunday or any other day on which the principal chartered banks in Toronto, Ontario are not open for business.

[Remainder of this page intentionally left blank]

SCHEDULE A**DEFINITIONS**

In this Subscription Agreement (including the exhibits attached to the Agreement), the following terms have the following meanings:

“affiliate” means an issuer connected with another issuer because

- (a) one of them is the subsidiary of the other,
- (b) each of them is controlled by the same person, or
- (c) for the purposes of Saskatchewan securities law, both are subsidiaries of the same issuer;

“bank” means a bank named in Schedule I or II of the *Bank Act* (Canada);

“Canadian financial institution” means

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

“close business associate” means that the Subscriber has had sufficient prior business dealings with such individual (where such relationship is direct and extends beyond being merely a member of the same club, organization, association or religious group or a co-worker, colleague or associate at the same workplace or a client, customer or former client or customer or a mere acquaintance or connected through some form of social media or a close business associate of a close business associate of such individual) to be in a position to assess the capabilities and trustworthiness of such individual and to obtain information from them with respect to the investment;

“close personal friend” means that the Subscriber has known such individual well enough and for a sufficient period of time and in a sufficiently close relationship (where such relationship is direct and extends beyond being merely a relative or a member of the same club, organization, association or religious group or a co-worker, colleague or associate at the same workplace or a client, customer or former client or customer or a mere acquaintance or connected through some form of social media or a close personal friend of a close personal friend of such individual) to be in a position to assess the capabilities and the trustworthiness of such individual and to obtain information from them with respect to the investment;

“consultant” means for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that

- (a) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution,
- (b) provides the services under a written contract with the issuer or a related entity of the issuer, and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer

and includes

- (d) for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner; and
- (e) for a consultant that is not an individual, an employee, executive officer, or director of the consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer;

“control person” means

- (a) a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and if a person or company holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the person or company is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer, or
- (b) each person or company in a combination of persons or companies acting in concert by virtue of an agreement, arrangement, commitment or understanding, who holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and if a combination of persons or companies holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the combination of persons or companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer;

“director” means

- (a) a member of the board of directors of a company or an individual who performs similar functions for a company, and
- (b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

“eligibility adviser” means

- (a) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and
- (b) in Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 - (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
 - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

“executive officer” means, for an issuer, an individual who is

- (a) a chair, vice-chair or president,
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or

- (c) performing a policy-making function in respect of the issuer;

“financial assets” means

- (a) cash,
- (b) securities, or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada;

“founder” means, in respect of an issuer, a person who,

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer;

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“holding entity” means a person that is controlled by an individual;

“individual” means a natural person, but does not include

- (a) a partnership, unincorporated association, unincorporated syndicate, unincorporated organization or a trust, or
- (b) a natural person in the person’s capacity as trustee, executor, administrator or other legal personal representative;

“insider” means:

- (a) a director or officer of the Corporation;
- (b) a director or officer of a person or company that is itself an insider or subsidiary of the Corporation;
- (c) a person or company that has
 - (i) beneficial ownership of, or control or direction over, directory or indirectly, or
 - (ii) a combination of beneficial ownership of and control or direction over, directly or indirectly,
 securities of the Corporation carrying more than 10% of the voting rights attached to all of the Corporation’s outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person or company as underwriter in the course of a distribution;
- (d) a person designated as an insider in an order made by a securities commission; or
- (e) a person that is in a prescribed / designated class of persons;

“investment fund” means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia) and whose business objective is making multiple investments and a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia) whose business objective is making multiple investments;

“local jurisdiction” means the province or territory of Canada in which the applicable Canadian securities regulatory authority is situate;

“mutual fund” has the meaning ascribed to it under the securities legislation of the local jurisdiction;

“non-redeemable investment fund” means an issuer,

- (a) whose primary purpose is to invest money provided by its securityholders,
- (b) that does not invest:
 - (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
- (c) that is not a mutual fund;

“permitted assign” means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,

- (a) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
- (b) a holding entity of the person,
- (c) a RRSP, RRIF or TFSA of the person,
- (d) a spouse of the person,
- (e) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,
- (f) a holding entity of the spouse of the person, or
- (g) a RRSP, RRIF or TFSA of the spouse of the person;

“person” includes

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;

“promoter” means

- (a) a person or company, acting alone or in conjunction with one or more other persons or companies or a combination of them, that, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, or
- (b) a person or company that, directly or indirectly, receives in consideration of services or property, or both,
 - (i) 10% or more of any class of securities of the issuer, or
 - (ii) 10% or more of the proceeds from the sale of any class of securities of a particular issue, in connection with the founding, organizing or substantial reorganizing of the business of the issuer, but does not include a person or company that receives securities or proceeds solely
 - (iii) as underwriting commissions, or
 - (iv) in consideration of property transferred to the issuer,
 if that person or company does not otherwise take part in founding, organizing or substantially reorganizing the business;

“registrant” means a person registered or required to be registered under any securities legislation in Canada;

“regulator” means, for the local jurisdiction, the person referred to in Appendix D of National Instrument 14-101 and includes: (i) in Alberta, the Executive Director as defined under section 1 of the *Securities Act* (Alberta), (ii) in Ontario, the Director as defined under section 1 of the *Securities Act* (Ontario), and (iii) in British Columbia, the Executive Director as defined under section 1 of the *Securities Act* (British Columbia);

“related entity” means, for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;

“related liabilities” means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
- (b) liabilities that are secured by financial assets;

“Schedule III bank” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

“securities regulatory authority” means, for the local jurisdiction, the securities commission or similar regulatory authority listed in Appendix C of National Instrument 14-101, and includes the Alberta Securities Commission, the Ontario Securities Commission and the British Columbia Securities Commission;

“spouse” means an individual who,

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

“**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

Control

Other than in respect of the definitions of “holding entity” or “related entity” above, a person (first person) is considered to control another person (second person) if

- (a) the first person beneficially owns or, directly or indirectly exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
- (b) the second person is a partnership, other than a limited partnership, and first person holds more than 50% of the interests of the partnership, or
- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

In respect of the definitions of “holding entity” and “related entity” above, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of

- (a) ownership of or direction over voting securities in the second person,
- (b) a written agreement or indenture,
- (c) being the general partner or controlling the general partner of the second person, or
- (d) being a trustee of the second person.

All monetary references are in Canadian Dollars.

SCHEDULE B**SECURITIES REGULATORY AUTHORITY OR REGULATOR IN EACH JURISDICTION**

The contact information of the public official in the local jurisdiction who can answer questions about the security regulatory authority's or regulator's indirect collection of this information is as follows:

Alberta Securities Commission

Suite 600, 250 - 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082

Ontario Securities Commission

20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593- 8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6584
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Attention: FOI Inquiries
Email: FOI-privacy@bcsc.bc.ca

Financial and Consumer Affairs Authority of Saskatchewan

Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

The Manitoba Securities Commission

500 - 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2548
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330

Autorité des marchés financiers

800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca

(For corporate finance issuers);

fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers)

Nova Scotia Securities Commission

Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Financial and Consumer Services Commission (New Brunswick)

85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fenb.ca

Government of Newfoundland and Labrador Financial Services Regulation Division

P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Prince Edward Island Securities Office

95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Government of the Northwest Territories Office of the Superintendent of Securities

P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Attention: Deputy Superintendent, Legal & Enforcement
Telephone: (867) 920-8984
Facsimile: (867) 873-0243

Government of Nunavut
Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594

Office of the Superintendent of Securities
Government of Yukon
Department of Community Services
307 Black Street, 1st floor
Box 2703, C-6
Whitehorse, Yukon Y1A 2C6
Telephone: (867) 667-5466
Facsimile: (867) 393-6251
Email: Securities@gov.yk.ca

EXHIBIT 1**REPRESENTATION LETTER
(FOR ACCREDITED INVESTORS)**

TO: AYANDA CANNABIS CORPORATION (the “Corporation”)

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached.)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement of which this Representation Letter forms a part, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. the undersigned Subscriber is resident in the jurisdiction set out as the “Subscriber’s Residential Address” on the face page of the Subscription Agreement and if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the “Disclosed Beneficial Purchaser’s Residential Address” on the face page of the Subscription Agreement;
2. the undersigned Subscriber is either (a) purchasing the Shares as principal for its own account, (b) deemed to be purchasing the Shares as principal in accordance with subsection 2.3(2) or (4) of National Instrument 45-106 “*Prospectus Exemptions*” (“**NI 45-106**”), or (c) acting as agent for a Disclosed Beneficial Purchaser who is purchasing the Shares as principal for its own account;
3. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is and will be at the Closing Time an “accredited investor” within the meaning of NI 45-106 or section 73.3(1) of the *Securities Act (Ontario)* by virtue of satisfying the indicated criterion as set out in Appendix A to this Representation Letter;
4. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) fully understands the meaning of the terms and conditions of the category of “accredited investor” applicable to it and confirms that it has reviewed and understands the definitions in Schedule A in respect of the category of “accredited investor” applicable to it and, in particular, if the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is an “accredited investor” by virtue of satisfying paragraph (j), (j.1), (k) or (l) in Appendix A to this Representation Letter, it has reviewed and understands the definitions of “financial assets” and “related liabilities”, as applicable, contained in Schedule A;
5. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) was not created, and is not used, solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in NI 45-106; and
6. upon execution of this Representation Letter by the undersigned Subscriber, this Representation Letter, including Appendix A hereto, shall be incorporated into and form a part of the Subscription Agreement and the Corporation and its counsel shall be entitled to rely thereon.

[Signature Page Follows]

Dated: _____, 2021

Print name of Subscriber

By: _____
Signature

Print name of Signatory (if different from the Subscriber)

Title

**IMPORTANT: PLEASE INITIAL THE APPLICABLE PROVISION(S) IN
APPENDIX A ON THE FOLLOWING PAGES**

APPENDIX A TO EXHIBIT 1

NOTE: PLEASE MARK YOUR INITIALS BESIDE THE APPLICABLE CATEGORY OR CATEGORIES OF “ACCREDITED INVESTOR” TO WHICH YOU BELONG.

Accredited Investor (as defined in NI 45-106 and section 73.3(1) of the *Securities Act (Ontario)*) means:

- _____ (a) (i) except in Ontario, a Canadian financial institution, or a Schedule III bank; or
 (ii) in Ontario, (A) a bank listed in Schedule I, II or III to the *Bank Act* (Canada); (B) an association to which the *Cooperative Credit Association Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act; or (C) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be;
- _____ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- _____ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- _____ (d) (i) except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer; or
 (ii) in Ontario, a person or company registered under the securities legislation of a province or territory of Canada as an adviser or dealer, except as otherwise prescribed by the regulations;
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- _____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- _____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- _____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- _____ (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$1,000,000 (*completion of Exhibit 2 is also required*);
- _____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;

- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year (*completion of Exhibit 2 is also required*);

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialled.)

- _____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000 (*completion of Exhibit 2 is also required*);
- _____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
- _____ (n) an investment fund that distributes or has distributed its securities only to
- (i) a person that is or was an accredited investor at the time of the distribution,
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 (minimum amount investment) or 2.19 (additional investment in investment funds) of NI 45-106, or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 (investment fund reinvestment) of NI 45-106;
- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- _____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in NI 45-106);
- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;

- _____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

EXHIBIT 2

RISK ACKNOWLEDGMENT FORM FOR INDIVIDUAL ACCREDITED INVESTORS (FORM 45-106F9)

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER

1. About your investment

Type of securities:

Class A Common Shares or Class B Common Shares

Issuer:

Ayanda Cannabis Corporation

Purchased from: *Issuer*

SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER

2. Risk acknowledgement [Instruction: Initial all boxes in Section 2]

This investment is risky. Initial that you understand that:

**Your
initials**

Risk of loss - You could lose your entire investment of \$ _____. [Instruction: Insert the total dollar amount of the investment.]

Liquidity risk - You may not be able to sell your investment quickly - or at all.

Lack of information - You may receive little or no information about your investment.

Lack of advice - You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the sales person is registered, go to www.aretheyregistered.ca.

3. Accredited investor status

You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.

**Your
initials**

- Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)

- Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.

- Either alone or with your spouse, you own more than \$1,000,000 in cash and securities, after subtracting any debt related to the cash and securities.

- Either alone or with your spouse, you have net assets worth more than \$5,000,000. (Your net assets are your total assets (including real estate) minus your total debt.)

4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form:	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print): Michael Sioen	
Telephone: 226-325-0103	Email: mike@ayandacanncorp.com
Name of firm (if registered): N/A	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
<p>Michael Sioen, CEO E: mike@ayandacanncorp.com T: 226-325-0103</p> <p>Ayanda Cannabis Corporation 372 Burford-Delhi Townline Norwich, Ontario, N0J 1P0 www.ayandacanncorp.com</p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>	

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

SASKATCHEWAN RISK ACKNOWLEDGEMENT FORM (FORM 45-106F5)

I acknowledge that this is a risky investment:

- I am investing [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a **close** personal friend or **close** business associate of _____ [state name], who is a _____ [state title - founder, director, executive officer or control person] of *Ayanda Cannabis Corporation*.

I acknowledge that I am purchasing based on my close relationship with _____
[state name of founder, director, executive officer or control person] whom I know well enough
 and for a sufficient period of time to be able to assess her/his capabilities and trustworthiness.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. Exempt market securities are more risky than other securities.

You may not receive any written information about the issuer or its business

If you have any questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

You will not receive advice *[Instruction: delete this paragraph if securities sold by a registrant]*

Unless you consult your own professional advisers, you will not get professional advice about whether the investment is suitable for you.

The issuer of your securities is a non-reporting issuer

A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer. You can only sell the securities of a non-reporting issuer in very limited circumstances. You may never be able to sell these securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at <http://www.sfsc.gov.sk.ca>.

[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]

EXHIBIT 4

**ONTARIO RISK ACKNOWLEDGEMENT FORM
FOR FAMILY, FRIEND AND BUSINESS ASSOCIATE INVESTORS (FORM 45-106F12)**

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER**1. About your investment****Type of securities:**

Class B Common Shares

Issuer:

Ayanda Cannabis Corporation

SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER**2. Risk acknowledgement** [Instruction: Initial all boxes in Section 2]

This investment is risky. Initial that you understand that:

**Your
Initials****Risk of loss** — You could lose your entire investment of C\$500,000

[Instruction: Insert the total dollar amount of the investment.]

X

R

Liquidity risk — You may not be able to sell your investment quickly — or at all.

X

R

Lack of information — You may receive little or no information about your investment. The information you receive may be limited to the information provided to you by the family member, friend or close business associate specified in section 3 of this form.

X

R

3. Family, friend or business associate status

You must meet one of the following criteria to be able to make this investment. Initial the statement that applies to you:

**Your
Initials**

A) You are:

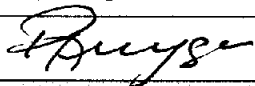
1) [check all applicable boxes]

- ☐ a director of the issuer or an affiliate of the issuer
- ☐ an executive officer of the issuer or an affiliate of the issuer
- ☐ a control person of the issuer or an affiliate of the issuer
- ☐ a founder of the issuer

OR

2) [check all applicable boxes]

- ☐ a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above
- ☐ a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above

<p>B) You are a family member of _____ [Instruction: Insert the name of the person who is your relative either directly or through his or her spouse], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person's spouse.</p> <p>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</p>		
<p>C) You are a close personal friend of Michael Sioen [Instruction: Insert the name of your close personal friend], who holds the following position at the issuer or an affiliate of the issuer:</p> <p><u>Director, Chief Executive Officer.</u></p> <p>You have known that person for <u>26</u> years.</p>		
<p>D) You are a close business associate of _____ [Instruction: Insert the name of your close business associate], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>_____</p> <p>You have known that person for _____ years.</p>		
<p>4. Your name and signature</p>		
<p>By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are a family member, close personal friend or close business associate of the person identified in section 5 of this form.</p>		
<p>First and last name (please print): Rene Huyge</p>		
<p>Signature: X </p>		<p>Date:</p>
<p>SECTION 5 TO BE COMPLETED BY PERSON WHO CLAIMS THE CLOSE PERSONAL RELATIONSHIP, IF APPLICABLE</p>		
<p>5. Contact person at the issuer or an affiliate of the issuer</p>		
<p>[Instruction: To be completed by the director, executive officer, control person or founder with whom the purchaser has a close personal relationship indicated under sections 3B, C or D of this form.]</p> <p>By signing this form, you confirm that you have, or your spouse has, the following relationship with the purchaser: [check the box that applies]</p> <p><input type="checkbox"/> family relationship as set out in section 3B of this form</p> <p><input type="checkbox"/> close personal friendship as set out in section 3C of this form</p> <p><input type="checkbox"/> close business associate relationship as set out in section 3D of this form</p>		
<p>First and last name of contact person [please print]: Michael Sioen</p>		
<p>Position with the issuer or affiliate of the issuer (director, executive officer, control person or founder):</p> <p>Director, CEO</p>		
<p>Telephone: 519 983 8166</p>		<p>Email: mike@ayandacanncorp.com</p>
<p>Signature:</p>		<p>Date:</p>

SECTION 6 TO BE COMPLETED BY THE ISSUER	
6. For more information about this investment	
<p>Michael Sioen, CEO E: mike@ayandacanncorp.com T: 226-325-0103</p> <p>Ayanda Cannabis Corporation 372 Burford-Delhi Townline Norwich, Ontario N0J 1P0 www.ayandacanncorp.com</p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>	
Signature of executive officer of the issuer (other than the purchaser):	Date:

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser, an executive officer who is not the purchaser and, if applicable, the person who claims the close personal relationship to the purchaser must sign this form. Each of the purchaser, contact person at the issuer and the issuer must receive a copy of this form signed by the purchaser. The issuer is required to keep a copy of this form for 8 years after the distribution.
4. The detailed relationships required to purchase securities under this exemption are set out in section 2.5 of National Instrument 45-106 Prospectus Exemptions. For guidance on the meaning of “close personal friend” and “close business associate”, please refer to sections 2.7 and 2.8, respectively, of Companion Policy 45-106CP Prospectus Exemptions.

EXHIBIT 5

REPRESENTATION LETTER

**(FOR NON-CANADIAN RESIDENT INVESTORS
EXCLUDING U.S. PERSONS)**

TO: AYANDA CANNABIS CORPORATION (the “**Corporation**”)

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is resident in the jurisdiction set out as the “Subscriber’s Residential Address” on the face page of the Subscription Agreement (the “**Foreign Jurisdiction**”) and the undersigned Subscriber certifies that it and (if applicable) any other purchaser for whom it is acting hereunder is not resident in or otherwise subject to applicable securities laws of any province or territory of Canada.
2. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is a purchaser which is purchasing the Shares pursuant to an exemption from any prospectus or securities registration or similar requirements under the applicable securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
3. If the undersigned Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable securities laws of a member state (“**Member State**”) of the European Economic Area (“**EEA**”) which has implemented Directive 2003/71/EC (the “**Prospectus Directive**”) other than the United Kingdom, the Subscriber (as principal for its own account or acting as agent for a Disclosed Beneficial Purchaser who is disclosed on the face page of the Subscription Agreement) represents and warrants that it is either:
 - (a) a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and (2) is not acting as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, or, if so acting (i) the Shares which it proposes to acquire are not being acquired on behalf of, nor are they being acquired with a view to their offer or resale to, persons in a Member State of the EEA other than qualified investors as defined in the Prospectus Directive or persons who have agreed to purchase at least €100,000 worth of Shares; or (ii) where it proposes to acquire Shares on behalf of persons in a Member State of the EEA other than qualified investors or persons who have agreed to purchase at least €100,000 worth of Shares, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons; or
 - (b) not a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and is purchasing at least €100,000 worth of Shares

(collectively, a “**permitted participant**”).
4. If the undersigned Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable securities laws of the United Kingdom:
 - (a) the Subscriber is either: (i) purchasing the Shares as principal for its own account, (ii) acting as agent for a Disclosed Beneficial Purchaser who is disclosed on the face page of the Subscription Agreement and who is purchasing the Shares as principal for its own account; or (iii) purchasing the

Shares on behalf of discretionary client(s) in circumstances where section 86(2) of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) (“**FSMA**”) applies;

- (b) the Subscriber (and if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is a person in the United Kingdom who: (i) is a permitted participant, (ii) is a “qualified investor” for the purposes of section 86(7) of the FSMA, (iii) is such a person as is referred to in Article 19 (investment professionals) or Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; and (iv) has complied with and undertakes to comply with all applicable provisions of the FSMA and other applicable securities laws with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom; and
 - (c) it confirms that, to the extent applicable to it, it is aware of, has complied and will comply with its obligations in connection with the Criminal Justice Act 1993, the Proceeds of Crime Act 2002 and Part VIII of the FSMA, it has identified its clients in accordance with the Money Laundering Regulations 2007 (the “**Regulations**”) and has complied fully with its obligations pursuant to the Regulations and will, as a condition precedent of any acceptance of this subscription, provide all such information and documents as may be required in relation to it (or any person on whose behalf it is acting as agent) that may be required by the Corporation or any agent or person acting for it in order to discharge any obligations under the Regulations.
5. The purchase of Shares by the Subscriber, and any other purchaser for whom it is acting hereunder, does not contravene any of the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject and does not result in: (i) any obligation of the Corporation to prepare and file a prospectus, an offering memorandum or similar document; or (ii) any obligation of the Corporation to make any filings with or seek any approvals of any kind from any regulatory body in such jurisdiction or any other ongoing reporting requirements with respect to such purchase or otherwise; or (iii) any registration or other obligation on the part of the Corporation under the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
 6. The Shares are being acquired for investment purposes only and not with a view to the resale or distribution of all or any of the Shares.
 7. The Subscriber, and any other purchaser for whom it is acting hereunder, are knowledgeable of, and have been independently advised as to, the securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.

8. Upon execution of this Exhibit by the undersigned Subscriber, this Exhibit shall be incorporated into and form a part of the Subscription Agreement.

Dated: _____, 2021

Print name of Subscriber

By: _____
Signature

Print name of Signatory (if different from the
Subscriber)

Title:

EXHIBIT 6**AYANDA CANNABIS CORPORATION****TERM SHEET****Summary of Proposed Private Placement
of Class A Common Shares and Class B Common Shares****April 29, 2021**

Issuer:	Ayanda Cannabis Corporation (the “ Company ”), a private company incorporated under the laws of Canada.
Offering:	Class A Common Shares and Class B Common Shares, each as described in the Company’s articles of incorporation.
Offering Price:	C\$1.875 per share
Gross Proceeds:	Up to a maximum of C\$1,480,625.00.
Minimum Investment:	C\$750,000 for Class A Common Shares; and C\$50,000 for Class B Common Shares.
Use of Proceeds:	The net proceeds of the Offering will be added to working capital and uses will include, without limitation, the following: <ul style="list-style-type: none"> • repayment of debt; • expansion of greenhouse grow rooms, field production and processing areas; • furniture, equipment and inventory; • research and development; • GMP qualification; and • general working capital.
Class A Common Shares Outstanding:	As of the date of this Term Sheet, the Company has 2,873,400 Class A Common Shares outstanding. Additionally, the Company has outstanding options to purchase up to a maximum of 1,076,600 Class A Common Shares at C\$.0001 per Class A Common Share, representing a fully diluted total of 3,950,000 Class A Common Shares.
Class B Common Shares Outstanding:	As of the date of this Term Sheet, the Company has 1,745,325 Class B Common Shares outstanding and no options to purchase additional Class B Common Shares.
Dividends:	Subject to the discretion of the Company’s board of directors, the holders of Class B Common Shares will be entitled to a prorated dividend with any other class of non-voting shares (collectively, “ Non-Voting Shares ”) in priority to Class A Common Shares and any other class of voting shares (collectively, “ Voting Shares ”) until the holders of Non-Voting Shares have received a cumulative dividend equal to their initial investment.
Dividend Priority:	Non-Voting Shares will have dividend priority over Voting Shares until holders of Non-Voting Shares have received a total cumulative dividend equal to their respective original purchase price.

- Liquidation Preference:** In the event of any liquidation or winding up of the Company, the holders of Non-Voting Shares shall be entitled to receive, in preference to holders of Voting Shares, a per share amount equal to their respective original purchase price less any dividends paid to the respective class.
- Fees:** The costs of concluding this Offering, including all legal and accounting fees, will be paid out of the gross proceeds of this Offering.
- Closing:** The Offering is expected to close on or about May 27, 2021 (the “**Closing Date**”). Notwithstanding the foregoing, the Offering may be completed in one or more tranches, at such places, on such dates and at such times as the Company may determine, and the Closing Date, or closing dates, as the case may be, may be adjusted accordingly.
- Jurisdictions:** The Offering will be offered for purchase and sale: (i) to investors in Canada on a private placement basis; and (ii) to investors resident in jurisdictions outside of Canada, excluding the U.S., in each case in accordance with all applicable laws; provided that no prospectus, registration statement or similar document is required to be filed in such foreign jurisdiction.
- Closing Conditions:** Completion of an investor’s subscription for Class A Common Shares or Class B Common Shares under the offering will be conditional upon: (a) execution of definitive subscription agreements; and (b) such investor’s execution and delivery of an assumption agreement (in form satisfactory to the Company), pursuant to which such investor will agree to be bound by the terms of the Amended and Restated Unanimous Shareholders’ Agreement of the Company (see “**Unanimous Shareholders’ Agreement**”, below).
- Unanimous Shareholders’ Agreement:** Each investor will become bound by the terms of the Company’s Unanimous Shareholders’ Agreement, as amended through the Closing Date.
- The Unanimous Shareholders’ Agreement provides that, if any additional shares of the Company are to be issued from treasury, the Company must first offer such shares to its existing shareholders on the same terms, subject to certain exceptions described therein. The Unanimous Shareholders’ Agreement also includes restrictions on direct or indirect transfer of shares of the Company. Shares held by shareholders may not be transferred except as expressly required or permitted pursuant to the provisions of the Unanimous Shareholders’ Agreement.
- This description of the Unanimous Shareholders’ Agreement is not intended to be exhaustive and is qualified in its entirety by reference to the Unanimous Shareholders’ Agreement, which may be obtained by the investor from the Company upon request.
- Stock Option Plan:** The Company has adopted a Stock Option Plan (enacted January 1, 2019) (the “**Option Plan**”), which provides for the issuance of options to purchase Class A Common Shares in the capital of the Company to eligible directors, officers, employees and consultants of the Company and its affiliates. The number of Class A Common Shares reserved for issuance under the Option Plan may increase from time to time in accordance with the terms of the Option Plan.
- Confidentiality:** Each potential investor (a “**Recipient**”) shall keep this Term Sheet and all information and materials provided by the Company to such Recipient in connection with the transactions contemplated herein and all information related to the Company confidential and shall not disclose or use any such information other than for the purposes of evaluating the transactions contemplated in this Term Sheet. This obligation will continue notwithstanding whether any of the transactions contemplated herein are completed.

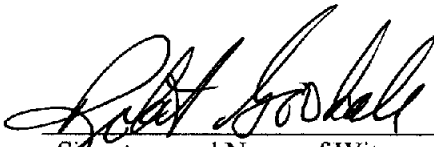
EXHIBIT 7**ASSUMPTION AGREEMENT****TO: AYANDA CANNABIS CORPORATION (the "Corporation")****AND TO: THE SHAREHOLDERS OF THE CORPORATION****RE:** Acquisition by Rene Huyge of 266,666 shares in the capital of the Corporation and compliance with the Unanimous Shareholders' Agreement dated May 14, 2021, between the Corporation and its shareholders and principals (the "**Agreement**")

Unless otherwise defined herein, all words and terms with the initial letter or letters thereof capitalized in this certificate and not defined herein but defined in the Agreement shall have the meanings given to such capitalized words and terms in the Agreement.

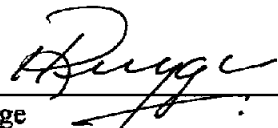
The undersigned, in consideration of being permitted to own 479,999 shares in the capital of the Corporation and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), covenants and agrees as follows:

- (a) The undersigned agrees to be bound by all of the provisions of the Agreement as a Shareholder or Principal (as applicable) as if the undersigned were an original signatory thereto as a Shareholder or Principal (as applicable) and hereby agrees to be a party to the Agreement.
- (b) Without limiting the generality of the foregoing, the undersigned hereby covenants and agrees that all of the representations and warranties set out in Section 3.01 of the Agreement shall be true and correct as of the date hereof.

DATED as of this ____ day of _____, 20__.*(for individual Shareholder or Principal)*



 Signature and Name of Witness



Rene Huyge

(for Holding Company Shareholder (note that Principal of Holding Company must also sign))

 Name of signatory:
 Title:

This is **Exhibit “H”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

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A Commissioner, etc.

ACKNOWLEDGEMENT AGREEMENT

This Acknowledgement Agreement (this “**Agreement**”) is made as of the 27th day of May, 2021 (the “**Effective Date**”), among:

RENE HUYGE

(“**Huyge**”)

– and –

MICHAEL SIOEN FARMS LTD.

(“**MSF**”)

– and –

AYANDA CANNABIS CORPORATION

(“**Ayanda**”)

(each a “**Party**” and collectively, the “**Parties**”)

RECITALS:

- A. MSF is indebted to Huyge in the principal amount of \$1,000,000 (the “**Huyge Loan**”) pursuant to the terms of certain loan and security documents dated on or about April 12, 2021 (the “**Huyge Loan Documents**”).
- B. Ayanda is indebted to MSF in the principal amount of \$1,000,000 (the “**MSF Loan**”) pursuant to the terms of a loan agreement dated March 9, 2021 (the “**MSF Loan Agreement**” and together with the Huyge Loan Documents, the “**Loan Documents**”).
- C. The Huyge Loan, despite being advanced after the date of the MSF Loan Agreement, was ultimately used to fund the MSF Loan.
- D. Huyge has agreed to subscribe for 266,666 Class B Common Shares in the capital of Ayanda (the “**Shares**”) in exchange for \$500,000 (the “**Share Consideration**”) pursuant to the terms of a subscription agreement dated on or about the date hereof.
- E. The Parties have agreed that the Share Consideration will be satisfied by reducing the principal amount outstanding under the MSF Loan and the Huyge Loan in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

- 1.1 All references to currency herein shall be a reference to Canadian Dollars.
- 1.2 Unless the context requires otherwise, words importing the singular number include the plural and *vice versa* and words importing gender include all genders.

ARTICLE 2 AGREEMENT


- 2.1 The Parties hereby explicitly acknowledge, covenant and agree as follows:
 - (a) the principal amount outstanding under the Huyge Loan is hereby reduced from \$1,000,000 to \$500,000; and
 - (b) the principal amount outstanding under the MSF Loan is hereby reduced from \$1,000,000 to \$500,000.
- 2.2 The Parties further acknowledge and agree that they will receive significant benefit from entering into this agreement.
- 2.3 This Agreement shall become immediately effective upon the issuance of the Shares to Huyge and the principal reductions described in Section 2.1 shall be effective without further action by any Party and the Loan Documents shall be deemed to have been amended to reflect such reductions.
- 2.4 The Loan Documents shall remain in full force and effect, as amended by this Agreement.

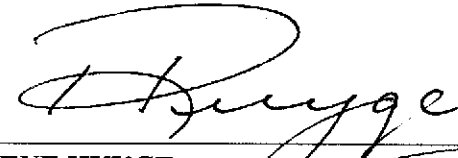
ARTICLE 3 MISCELLANEOUS

- 3.1 This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any action or proceeding arising out of this Agreement shall be instituted in the courts of the Province of Ontario, and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such action or proceeding.
- 3.2 Any written notice required to be given or delivered by any of the Parties pursuant to this Agreement shall be given or delivered in accordance with the terms of the Loan Documents.
- 3.3 This Agreement may be executed, including by electronic means, in any number of counterparts, each of which is deemed an original, including any electronic transmission of an executed signature page, and all of which together are deemed to be one and the same agreement.
- 3.4 If any clause of this Agreement is found to be void or unenforceable, that clause shall be deemed to be deleted from this Agreement and the remaining clauses shall continue in full force and effect.
- 3.5 The Parties confirm that the individuals that have signed below have authority to execute this Agreement on behalf of the respective Parties hereto.

[Signature Page Follows]

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


Witness
Robert Goutale


RENE HUYGE

MICHAEL SIOEN FARMS LTD.

By: _____
Name: Michael Sioen
Title: Authorized Signatory

AYANDA CANNABIS CORPORATION

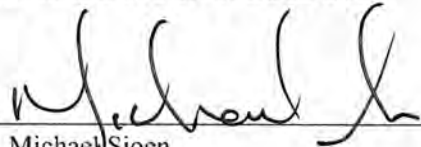
By: _____
Name: Shanil Ramdhany
Title: Authorized Signatory

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

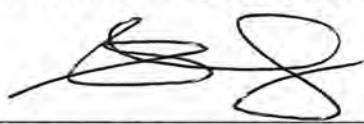
Witness

RENE HUYGE

MICHAEL SIOEN FARMS LTD.

By: 
Name: Michael Sioen
Title: Authorized Signatory

AYANDA CANNABIS CORPORATION

By: 
Name: Shanil Ramdhany
Title: Authorized Signatory

This is **Exhibit “I”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

Erin Craddock

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A Commissioner, etc.

Enquiry Result

File Currency: 21FEB 2022

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Type of Search	Business Debtor								
Search Conducted On	AYANDA CANNABIS CORPORATION								
File Currency	21FEB 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	777253887	1	1	1	1	13OCT 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
777253887		001	1		20211013 0830 1590 9409	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	AYANDA CANNABIS CORPORATION								
	Address				City	Province	Postal Code		
	324 BURFORD DELHI TOWNLINE ROAD				NORWICH	ON	N0J 1P0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	MICHAEL SIOEN FARMS LTD.								
	Address				City	Province	Postal Code		
	372 BURFORD DELHI TOWNLINE ROAD RR1				NORWICH	ON	N0J 1P0		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								

		City	Province	Postal Code
	5800-40 KING ST W	TORONTO	ON	M5S 3S1

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This is **Exhibit “J”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

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A Commissioner, etc.

CORRECTED AND RESTATED
UNANIMOUS SHAREHOLDERS' AGREEMENT

AMONG:

MICHAEL SIOEN

- and -

SHANIL RAMDHANY

- and -

**Each Shareholder of the Corporation listed on Schedule "A",
attached hereto, and any person who becomes a party to this
Agreement from time to time in accordance with the terms herein**

- and -

AYANDA CANNABIS CORPORATION

MADE AS OF MAY 14, 2021

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CORRECTED AND RESTATED**UNANIMOUS SHAREHOLDERS' AGREEMENT**

THIS CORRECTED AND RESTATED UNANIMOUS SHAREHOLDERS' AGREEMENT is made as of May ___, 2021

AMONG:

MICHAEL SIOEN, of the City of Norwich in the Province of Ontario
("Sioen")

- and -

SHANIL RAMDHANY, of the City of Toronto in the Province of
Ontario ("**Ramdhany**")

- and -

Each Shareholder of the Corporation listed on Schedule "A", attached hereto, and any person who becomes a party to this Agreement from time to time in accordance with the terms herein

- and -

AYANDA CANNABIS CORPORATION, a corporation incorporated under the laws of Canada (the "**Corporation**")

WHEREAS the Corporation is a body corporate incorporated under the Act.

AND WHEREAS the authorized capital of the Corporation consists of an unlimited number of Class A Common Shares (the "**Class A Shares**") and Class B Common Shares ("**Class B Shares**"). The issued and outstanding as fully-paid and non-assessable shares of the Corporation are owned by each of the shareholders set forth on Schedule "A", attached hereto;

AND WHEREAS the Shareholders, the Principals and the Corporation wish to enter into this Agreement to re-establish their respective rights and obligations in respect of the Shares owned by the Shareholders, the management and conduct of the business of the Corporation and various matters hereinafter set forth;

AND WHEREAS this Agreement amends and restates the Shareholder Agreement dated November 6, 2018;

NOW THEREFORE in consideration of the premises and the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

“**Act**” means the *Canada Business Corporations Act*.

“**Additional Loan**” has the meaning set out in Section 5.06(2).

“**Affiliate**” means, with respect to any person, any other person who directly or indirectly, controls, is controlled by or is under common control with that person, including any general partner, managing member, officer or director of that person, or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, that Person, and “**Affiliated**” has a corresponding meaning.

“**Agreement**” means this Unanimous Shareholder Agreement, including the Recitals and all Schedules, as amended, supplemented, restated and replaced from time to time in accordance with its provisions.

“**Appalsamy**” means Yogan Appalsamy, an individual ordinarily resident in the city of London in the United Kingdom.

“**Arm’s Length**” has the meaning attributed thereto in the Tax Act.

“**Articles**” means the Corporation’s articles of incorporation, as modified from time to time.

“**Board**” means the board of Directors of the Corporation.

“**Board Observer**” means an individual permitted to attend and participate in meetings of the Board and to receive all information provided to members of the Board, but who is not permitted to vote on matters submitted for a vote.

“**Business Day**” means any day other than a Saturday, Sunday or statutory or civic holiday in Toronto, Ontario.

“**Change of Control**” means any transaction or series of transactions pursuant to which a Holding Company is no longer controlled, directly or indirectly, by the Principal and/or Related Persons thereto.

“**Class A Shares**” has the meaning ascribed thereto in the Recitals.

“**Class B Shares**” has the meaning ascribed thereto in the Recitals.

“**Corporation**” has the meaning ascribed thereto in the Preamble.

“**Default Loan**” has the meaning set out in Section 5.06(2).

“**Defaulting Indemnifier**” has the meaning set out in Section 5.07(2).

“**Defaulting Shareholders**” has the meaning set out in Section 5.06(2).

“**Designated Spouse**” means a person that is the spouse, a former spouse or dependent of a Shareholder or, where the Shareholder is a Holding Company, Designated Spouse means the spouse, former spouse or dependent of the Principal thereof.

“Director” means any individual who has been elected or appointed to the Board.

“Disabled Party” has the meaning set out in Section 6.08(1).

“Dispute” has the meaning set out in Section 7.06.

“Event of Default” means, when used in relation to a Voting Shareholder, that such Voting Shareholder has: (i) defaulted in the performance of its obligations pursuant to this Agreement and such default has not been cured within 30 days after receipt by such Voting Shareholder of a notice from the Board requesting such Voting Shareholder to cure such default; (ii) been convicted of any crime involving fraud, misrepresentation or breach of trust; (iii) sold, transferred or assigned Voting Shares to a Permitted Entity pursuant to the provisions of Section 6.02(1) and has failed to comply with any of the provisions of Section 6.02(2); (iv) in the case of a Voting Shareholder that is a corporation, the Voting Shareholder ceases to be, either directly or indirectly, wholly owned by its Principal; or (v) in the case of a Voting Shareholder that is a trust, the Voting Shareholder ceases to have its Principal as its sole trustee or ceases to have as beneficiaries only such Voting Shareholder’s Principal or Members of the Immediate Family of such Voting Shareholder’s Principal.

“Fair Market Value” has the meaning set out in Section 6.16(1).

“Family Law Notice” has the meaning set out in Section 6.07(1)

“Family Law Proceeding” means any application or proceeding, regardless of its merits, commenced in or before any court or other tribunal of competent jurisdiction where, in connection with such application or proceeding, such court or tribunal would have jurisdiction to make a decision, order or judgment which could have the effect of:

- (i) transferring or issuing or obligating any person to transfer or issue any Voting Shares to a Designated Spouse;
- (ii) vesting any Voting Shares in a Designated Spouse;
- (iii) transferring or issuing or obligating any person to transfer or issue, any securities to a Designated Spouse which transfer or issue of securities would be in breach or contravention of this Agreement; or
- (iv) vesting any securities in a Designated Spouse which vesting of securities would effect a transfer of such securities that would be in breach or contravention of this Agreement.

“Founding Shareholders” means Sioen and Ramdhany and any other Shareholder, from time to time, that is a Holding Company of Sioen or Ramdhany, for so long as they collectively hold at least 50.1% of the issued and outstanding Voting Shares.

“GAAP” means generally accepted accounting principles for financial reporting in Canada applied on a consistent basis.

“Governance Committee” has the meaning set out in Section 4.07.

“Holding Company” means a body corporate that is wholly owned by an individual or a trust in respect of which the sole trustee is an individual.

“Holding Company Shares” means the shares, other securities or ownership interests, as the case may be, of a Holding Company that is a party to this Agreement.

“information” has the meaning set out in Section 7.04

“IPO” has the meaning set out in Section 6.13(2).

“Lending Shareholder” has the meaning set out in Section 5.06(2)

“Liquidation Transaction” has the meaning set out in Section 6.10(1)

“Majority Shareholders” has the meaning set out in Section 6.09(1).

“Members of the Immediate Family” means, in respect of a Shareholder, any of a spouse, parent, child or grandchild of that Shareholder (or, in the case of a Shareholder that is a Holding Company, the Principal) provided that such individual is then legally competent to manage his or her own affairs.

“Non-Founding Shareholder” means each Shareholder other than a Founding Shareholder.

“Non-Voting Shares” means Class B Shares and any class of shares that may be created in the future that do not provide the holder a right to attend and vote at all meetings of the shareholders of the Corporation, except meetings at which only holders of another class or series of shares of the Corporation are entitled to vote separately as a class or series.

“Notice” has the meaning set out in Sections 6.05(1), 6.06(2), 6.10(2), and 6.11(1), as applicable.

“Offer to Purchase” has the meaning set out in Sections 6.09(1), 6.10(1) and 6.11(1), as applicable.

“Offered Shares” has the respective meanings set out in Sections 6.05(1) and 6.06(1), as applicable.

“Offerees” have the respective meanings set out in Sections 6.05(1), 6.07(2), 6.09(1), 6.10(1) and 6.11(1), as applicable.

“Offeror” has the respective meanings set out in Sections 6.05(1), 6.06(1), 6.10(1), 6.11(1) and 6.15(1) as applicable.

“Original Shareholder” has the meaning set out in Section 6.02(2).

“Permitted Entity” means, in respect of a Shareholder:

- (i) a corporation in respect of which the voting shares are solely owned by such Shareholder; and
- (ii) a trust in respect of which the sole trustee is such Shareholder and which has no beneficiaries other than such Shareholder or Members of the Immediate Family of such Shareholder.

“Permitted Transferee” has the meaning set out in Section 6.03(1).

“Personal Representative” means the executor or estate trustee of a deceased individual named in the last will and testament of the deceased individual or, failing the naming of such person or the refusal or inability of such person to act or if there is no last will and testament of the deceased individual, the administrator or estate trustee without a will of a deceased individual duly appointed by a court or public authority having jurisdiction to do so or, if no such administrator or estate trustee without a will has been appointed, the heirs at law of the deceased individual.

“Principals” means any individual whose Holding Company, from time to time, becomes party to this

Agreement.

“**Proceeding**” has the meaning set out in Section 6.07(1).

“**Purchase Price**” has the respective meanings set out in Section 6.06(1), 6.07(2), 6.08(2), 6.10(1), 6.11(1) and 6.15(1), as applicable.

“**Purchased Shares**” has the meaning set out in Section 6.08(2).

“**Rejected Shares**” has the respective meanings set out in Section 6.05(3).

“**Related Person**” means, in respect of an individual, any spouse, parent, child, grandchild or sibling of that individual.

“**Relevant Shareholder**” has the meaning set out in Section 6.07(1).

“**Relevant Shares**” has the meaning set out in Section 6.07(2).

“**Selling Shareholder**” has the respective meanings set out in 6.09(2).

“**Shareholder Parties**” has the meaning set out in Section 6.16(1).

“**Shareholders**” means, collectively, the parties to this Agreement named as shareholders in the recitals hereto and listed on Schedule “A” hereto at the date hereof together with such other persons as may become beneficial owners of Shares of the Corporation and parties to this Agreement.

“**Shares**” means, at any time, the Class A Shares, the Class B Shares and any other shares of the Corporation, any securities into which those shares may be converted or changed or which result from a consolidation, subdivision, reclassification or re-designation of those shares, any securities received as a stock dividend or distribution payable in securities of the Corporation, any shares received on the exercise of any option, warrant or other similar right, and any securities the holders of which may be bound by this Agreement as a result of an amalgamation, merger, arrangement or other reorganization of or including the Corporation.

“**Special Approval**” means, either: (A) a written resolution by holders of at least 75% of the outstanding Voting Shares; or (B) a resolution passed at, and entered in the minutes of, a meeting of the Shareholders duly called and held by the affirmative votes of persons holding or representing by proxy not less than 75% of the outstanding Voting Shares.

“**Subsidiary**” means, with respect to any person, an entity that is controlled by such person.

“**Take-Over Bid**” means an offer to acquire all of the outstanding Shares of the Corporation that satisfies the following conditions:

- (i) it is a *bona fide* written offer from a person dealing at Arm's Length with the Shareholders;
- (ii) no collateral benefit is provided to any Shareholder or its Principal, or to any other person not at Arm's Length to any such Shareholder or Principal in connection with such offer, except for continued employment, provided that all Shareholders and Principals receive employment terms which are consistent with their employment terms prior to the Take-Over Bid and with each other; and

- (iii) the liability of each Shareholder under the Take-Over Bid, including any liability for breach of any representation, warranty or covenant or under any indemnity is several and not joint and several and does not exceed the consideration paid to the Shareholder.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Third Party Offeror**” has the meaning set out in Section 6.09(1)

“**Transfer**” means any sale, exchange, transfer, assignment, gift, mortgage, pledge, encumbrance, hypothecation, alienation or other transaction, whether voluntary, involuntary or by operation of law, whether in whole or in part, by which the legal or beneficial ownership of, or any security interest or other interest in, a security passes from one person to another, or to the same person in a different capacity, whether or not for value, and “to Transfer”, “Transferred” and similar expressions have corresponding meanings.

“**Triggering Event**” has the meaning set out in Section 6.06(1).

“**Valuator**” means an individual who is a member of a national firm of chartered accountants (other than the Auditor) and a member of the Canadian Institute of Chartered Business Valuators or any successor organization thereto and selected in accordance with Section 6.16.

“**Vendor**” has the meaning set out in Section 6.08(2).

“**Voting Shareholders**” means, collectively, the parties to this Agreement named as holders of Class A Shares on Schedule “A”, attached hereto, at the date hereof together with such other persons as may become beneficial owners of Voting Shares of the Corporation and parties to this Agreement.

“**Voting Shares**” means the Class A Shares in the capital of the Corporation and any class of shares that may be created in the future that provide the holder a right to attend and vote at all meetings of the shareholders of the Corporation, except meetings at which only holders of another class or series of shares of the Corporation are entitled to vote separately as a class or series.

1.02 Headings

The division of this Agreement into Articles, Sections and Schedules and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section, Schedule or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.03 Extended Meanings

In this Agreement, words importing the singular number include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and governmental authorities. The term “including” means “including without limiting the generality of the foregoing”.

1.04 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same

may from time to time be amended, re-enacted or replaced and includes any regulation made thereunder.

1.05 Accounting Principles

Wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with GAAP, such reference will be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

1.06 Currency

All references to currency herein are to lawful money of Canada.

1.07 Control

For the purposes of this Agreement:

- (a) a person controls a body corporate if securities of the body corporate to which are attached more than 50% of the votes that may be cast to elect directors of the body corporate are beneficially owned by the person and the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate; and
- (b) a person controls a trust, if more than 50% of the ownership interests, however designated, into which the trust is divided are directly owned by that person and the person is alone able to direct the business and affairs of the trust.

1.08 Schedules

The following Schedules form part of this Agreement:

- Schedule "A" - Shareholders
- Schedule "B" - Acknowledgement
- Schedule "C" - Form of Assumption Agreement

ARTICLE 2 - IMPLEMENTATION OF AGREEMENT

2.01 Unanimous Shareholder Agreement

To the extent that this Agreement specifies that any matter must be dealt with or approved by, or requires action by, the Shareholders or otherwise has the effect of restricting in whole or in part the powers of the Directors to manage or to supervise the management of the business and affairs of the Corporation, the powers of the Directors to manage and to supervise the management of the business and affairs of the Corporation with respect to such matters are correspondingly restricted.

2.02 Carrying Out of the Agreement

(1) Each Shareholder will at all times exercise the votes attached to its Shares and otherwise act, and cause the Corporation to act, to carry out the provisions of this Agreement. The Corporation will at all times carry out and be governed by the provisions of this Agreement to the full extent that it has the capacity and power at law to do so.

(2) Each Principal will at all times cause the Shareholder which it controls to perform its obligations under, and to comply with the provisions of, this Agreement. The preceding covenants by the Principals are absolute and unconditional and will not be affected by any law or circumstances that might otherwise constitute a defence available to, or a discharge of, a guarantor.

(3) Holding Company Shares will be subject to this Agreement and no Holding Company Shares will be Transferred except in accordance with the provisions of this Agreement, which will apply, the necessary changes being made, as if such Holding Company Shares are Voting Shares or Non-Voting Shares, as applicable.

(4) All certificates representing securities of a Holding Company that is a party to this Agreement will bear the legend described in Section 2.05 with the necessary changes being made.

2.03 Paramountcy

If any provision of this Agreement conflicts with, or is inconsistent with, the Articles or by-laws of the Corporation or any shareholder agreement executed by any Shareholder dealing with any matter referred to herein, the provisions of this Agreement will prevail and the parties will take and cause to be taken all actions necessary to amend the Articles, by-laws or other agreement so as to eliminate any conflict or inconsistency.

2.04 Assumption

Notwithstanding any other provision of this Agreement, any proposed new shareholder of the Corporation not a party to this Agreement at the date hereof, including any transferee to whom Shares are to be Transferred by a Shareholder and any new shareholder who acquires newly issued shares, must, prior to being registered as a shareholder of the Corporation, sign, and have the Principal in respect thereof (if applicable) sign, an assumption agreement substantially in the form attached hereto as Schedule "C" together with such other instruments and documents as the Board may require.

2.05 Endorsement on Certificates

Share certificates of the Corporation will note conspicuously the following language:

"The shares represented by this certificate are subject to all the terms and conditions of a unanimous shareholders' agreement made as of May [●], 2021, as amended from time to time, a copy of which is on file at the registered office of the Corporation."

2.06 Principal Liability

Each Principal and the respective Shareholder that such Principal controls, from time to time, shall be jointly and severally liable under this Agreement.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties

Each Shareholder hereby represents and warrants to the other Shareholders, and acknowledges and confirms that the other Shareholders are relying on such representations and warranties in connection with entering into this Agreement, that:

- (a) it is the beneficial owner of the Shares as set in Schedule "A", attached hereto, free and clear of all liens, charges encumbrances and any other rights of others (except as otherwise provided in this Agreement);
- (b) if such Shareholder is an individual, it has the capacity to enter into and give full effect to this Agreement;
- (c) if such Shareholder is a corporation, it is duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation with the corporate power and capacity to own its assets;
- (d) if such Shareholder is a trust, it is validly established under the laws of its jurisdiction of establishment with the power to own its assets;
- (e) such Shareholder has the power, authority and right to enter into and deliver this Agreement and to carry out its obligations hereunder;
- (f) this Agreement has been duly authorized, signed and delivered, and (assuming due signature and delivery by the other parties) constitutes a valid and legally binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court;
- (g) there is no contract, option or any other right of another binding upon or which at any time in the future may become binding upon such Shareholder to Transfer any of the Shares other than pursuant to the provisions of this Agreement; and
- (h) neither the entering into nor the delivery of this Agreement nor carrying out by such Shareholder of its obligations hereunder will result in the violation of:
 - (i) any of the provisions of the constating documents, by-laws or establishing documents of such Shareholder;
 - (ii) any agreement or other instrument to which such Shareholder is a party or by which such Shareholder is bound; or
 - (iii) any applicable law in respect of which such Shareholder must comply.

ARTICLE 4 - MANAGEMENT OF THE CORPORATION

4.01 The Business

The Shareholders intend that the Corporation carry on business as a licensed cannabis company, cultivating, processing and selling cannabis and cannabis products.

4.02 Directors

(1) The Board will consist of a minimum of one and a maximum of ten Directors. The number of Directors to be appointed within such minimum and maximum number is initially fixed at four (4), of whom:

- (a) Sioen shall be entitled to nominate two Directors to the Board;
- (b) Ramdhany shall be entitled to nominate one Director to the Board; and
- (c) Appalsamy shall be entitled to nominate one Director to the Board.

(2) The following individuals will be appointed as the initial Directors of the Board:

- (a) Sioen nominates and appoints himself and Loretta Sioen to be his appointed representatives on the Board, unless and until replaced by notice in writing given to the Corporation by Sioen;
- (b) Ramdhany nominates and appoints himself to be his appointed representative on the Board, unless and until replaced by notice in writing given to the Corporation by Ramdhany; and
- (c) Appalsamy nominates and appoints himself to be his appointed representative on the Board, unless and until replaced by notice in writing given to the Corporation by Appalsamy.

(3) Each nominee for the position of Director of the Corporation shall be an individual who is not disqualified under the Act from acting as a director, and has received the requisite security clearance from Health Canada (“**Security Clearance**”). If a Director ceases to be a Director for any reason (a “**Retiring Director**”), the Shareholder that nominated the Retiring Director shall nominate an individual to fill the vacancy created and as soon as reasonably possible following that nomination, the Voting Shareholders shall fill the vacancy by electing that nominee as a Director. If the Shareholder entitled to do so fails to nominate an individual to fill the vacancy created by the departure of the Retiring Director within 30 days after the vacancy arises, or if a nominee has not received Security Clearance, the remaining Board shall be entitled to appoint an individual with Security Clearance to fill the vacancy and that individual shall serve as a Director until the Shareholder entitled to do so nominates an individual to fill the vacancy, or until such nominee obtains Security Clearance. A nominee that has not yet obtained Security Clearance shall be entitled to act a Board Observer until such time as Security Clearance is obtained.

(4) The Board shall meet at least one time in each calendar quarter on such day and at such time and place as the President or Secretary of the Corporation or any two Directors, and if less than two Directors, the sole Director, may determine. Notice of meetings of the Board will be given to each Director not less than 48 hours before the time when the meeting is to be held.

(5) The Chairperson of the Board shall be nominated by the Founding Shareholders. The initial Chairperson of the Board is Mike Sioen.

(6) Despite Section 4.02(4),

- (a) emergency meetings of the Board in connection with matters of an urgent nature (where the need for a meeting of the Board could not have been reasonably foreseen) may be called on not less than 24 hours' notice; and
- (b) if all Directors are present at a meeting of the Board, whether the matters to be transacted at that meeting are urgent or not, notice of that meeting of the Board is deemed to be waived unless, at the beginning of that meeting, any Director objects to the holding of that meeting of the Board without the required notice.

(7) A Director may participate in any meeting of the Board, or of a committee of the Board, by a telephonic, electronic or other communications facility that permits all participants to communicate adequately with each other during the meeting. A Director participating in a meeting of the Board by those means is deemed to be present at that meeting.

(8) A quorum for a meeting of the Directors shall be a simple majority of the Board. If proper notice of a meeting of the Board is given and a quorum is not present, then that meeting may be adjourned and the adjourned meeting may be called on not less than 24 hours' notice. Any Directors present at the adjourned meeting shall constitute a quorum for the transaction of the business set out in the notice for the original meeting, provided that one nominee of the Founding Shareholders must be present to constitute a quorum, for so long as the Founding Shareholders hold at least 50.1% of the outstanding Voting Shares.

(9) At all meetings of the Board, every question will be decided by a majority of the votes cast, as applicable, on the question and in the case of an equality of votes the Chairperson of the Board of the meeting shall be entitled to a second or casting vote.

(10) To be valid and effective, a decision of the Board must be approved either by a resolution passed by the affirmative vote of not less than the majority of the Directors present and voting on the matter at a duly constituted meeting of the Board or by a resolution signed by all Directors.

(11) The Corporation will indemnify the Directors to the fullest extent permitted by the Act. Nothing in this Agreement shall limit the right of the Directors to claim indemnity apart from the provisions of this Agreement, if the Directors are entitled to such indemnity.

4.03 Shareholders

(1) At any meeting of Shareholders, a quorum will be any number of Shareholders present in person or by telephonic or electronic means and entitled to vote at the meeting and holding or representing by proxy not less than 75.1% of the votes entitled to be cast at the meeting.

(2) In the case of an equality of votes at any meeting of Shareholders the chairperson of the meeting will not be entitled to a second or casting vote. The chairperson for each Shareholders meeting shall be appointed by the Founding Shareholders.

(3) Subject to Section 4.04(1), to be valid and effective, a decision of the Shareholders must be approved either by a resolution passed by the affirmative vote of two-thirds (66.67%) of the votes cast in person or by proxy at any duly constituted meeting of the Shareholders by the Shareholders entitled to vote on the matter or by a resolution in writing signed by all Shareholders entitled to vote on the matters.

(4) A meeting of the Shareholders may be held by telephonic or electronic means. The Board may determine the procedures to be followed at any meeting of Shareholders including, without limitation, the rules of order. Subject to the foregoing, the chairperson of a meeting may determine the procedures of the meeting in all respects.

(5) As long as each of the Founding Shareholders are Shareholders of the Corporation, they shall devote all their time and attention to the business and affairs of the Corporation. The unanimous approval of the Board shall be required if any of the said Shareholders desire to devote less than their full time and attention to the business and affairs of the Corporation.

4.04 Approval of Matters

(1) Notwithstanding any provision to the contrary in the Articles or the bylaws of the Corporation, and in addition to any requirements required by law, the Corporation shall not perform any of the following matters without Special Approval:

- (a) amending the Articles of, or replacing or amending the by-laws of, the Corporation;
- (b) the provision of financial assistance, whether by loan, guarantee or otherwise, to any Shareholder or any person not dealing at Arm's Length with a Shareholder, in each case unless such financial assistance is provided at market terms, as determined by the Board, provided, however, that the such relevant Shareholder shall be recused from the vote;
- (c) the making of any contract between the Corporation and any person not dealing at Arm's Length with a Shareholder or the making of any payment to any person not dealing at Arm's Length with a Shareholder, in each case, unless such contract is an employment agreement or a contract on market terms, as determined by the Board, provided, however, that the such relevant Shareholder shall be recused from the vote;
- (d) the issuance of Shares or any securities, rights, warrants or options convertible into or exchangeable for or carrying the right to subscribe for Shares;
- (e) the establishment of any equity incentive plan, or the issue or allotment by the Corporation of any capitalisation or bonus shares;
- (f) any amendment to equity incentive plans established by the Corporation to increase the aggregate number of securities of the Corporation issuable thereunder to more than the limit specified in Section 4.08;
- (g) the conversion, reclassification, subdivision, consolidation, exchange, redesignation or any other change to any of the Shares in the capital of the Corporation;
- (h) the redemption or purchase by the Corporation of its issued Shares or securities convertible into Shares or cancellation of the subscription rights in respect of its Shares or securities convertible into its Shares, except in accordance with the terms attaching to the Shares of the Corporation or any equity incentive plan established by the Board in accordance with Section 4.08;

- (i) declaring or paying any dividend or making any distribution, whether in cash, stock or in specie, on any of the issued and outstanding Shares or any of the other issued and outstanding Shares of the Corporation, if such distribution falls outside of the dividend policy of the Corporation in place from time to time;
- (j) changing the number of Directors on the Board;
- (k) dispensing with the requirement of an audit and appointing and from time to time replacing the auditor or accountant of the Corporation;
- (l) establishing and from time to time changing the fiscal year end of the Corporation;
- (m) changing the accounting policies of the Corporation in any material way;
- (n) entering into or effecting a merger, amalgamation, plan of arrangement, continuance, reorganization or consolidation other than in connection with any *bona fide* internal corporate reorganization approved by the Board;
- (o) the taking or instituting of proceedings for the winding-up, re-organization or dissolution of the Corporation;
- (p) making or incurring any single capital expenditure in excess of \$250,000 or any capital expenditures which, in the aggregate, are in excess of \$1,000,000 in any financial year of the Corporation;
- (q) borrowing on the credit of the Corporation in an amount that exceeds \$1,000,000;
- (r) becoming contingently liable as a surety, guarantor, endorser or otherwise, with respect to the obligations of any person, except for endorsements in the ordinary course of business or negotiable documents in the ordinary course of business;
- (s) hypothecating, mortgaging, charging, pledging, encumbering or granting any lien or security interest on any of the assets of the Corporation, except in the ordinary course of business;
- (t) entering into any agreement or contract or any series of related agreements or contracts, including to acquire or dispose of assets or investments, where such agreement has a value exceeding \$1,000,000;
- (u) entering into any agreement outside of the ordinary course of business;
- (v) the sale, lease, exchange or other disposition of all or substantially all of the assets or undertaking of the Corporation other than in connection with any *bona fide* corporate reorganization approved by the Board; or
- (w) any material change in the business carried on by the Corporation.

(2) Notwithstanding the foregoing, the matters described in Sections 4.04(b), (c), (e), (f), (g), (k), (l), (m), (r) and (s) shall be considered by the Governance Committee before being directed to the Shareholders for Special Approval, and the Governance Committee shall provide the Voting Shareholders with a recommendation for each such matter.

4.05 Officers

The officers of the Corporation will be such officers as the Board may determine from time to time. All officers shall be appointed annually and hold office until their successors are appointed by the Board. The initial officers of the Corporation shall be as follows:

President	-	Michael Sioen
Chairperson of the Board	-	Michael Sioen
Chief Executive Officer	-	Michael Sioen
Chief Operating Officer	-	Michael Sioen
Chief Financial Officer	-	Victoria Ringelberg
Chief Science Officer	-	Shanil Ramdhany
Chief Medical Officer	-	Dr. DJ Cook
Secretary and Treasurer	-	Michael Sioen

4.06 Advisory Committee

The Board may appoint an advisory committee to provide strategic advice to the Board from time to time. Such advisory committee will be comprised of such members as the Board may designate from time to time, provided that no Director shall be designated as a member of such advisory committee.

4.07 Corporate Governance and Independent Review Committee

The Board shall appoint a corporate governance and independent review committee (the “**Governance Committee**”) to provide advice and recommendations to the Board and the Shareholders, and to determine disputes in accordance with the terms of this Agreement and a committee charter to be approved by the Board. The Governance Committee shall be comprised of three Non-Voting Shareholders appointed by the Board from time to time.

4.08 Equity Incentive Plan

The parties acknowledge that the Corporation has established an amended and restated equity incentive plan dated April 30, 2021, pursuant to which 1,326,600 of the outstanding Shares of the Corporation have been reserved for the issuance and exercise of options. The Board may amend the existing equity incentive plan of the Corporation, or establish additional equity incentive plans setting aside, at any given time, an additional aggregate number of Shares issuable thereunder that, unless authorized by Special Approval, shall not exceed 5% of the outstanding Shares at such time and no other securities of the Corporation may be issued thereunder. Any person who is not already a Shareholder and is to receive such incentive Shares by the Corporation must, as a condition precedent to the transfer or issuance to such person of such incentive Shares, enter into a written agreement with the Corporation and the Shareholders in form and substance acceptable to the Board agreeing to be bound by the terms and conditions of this Agreement. All grants of equity incentives and the terms of any incentive securities agreement will be subject to approval by the Board from time to time. The Board will be entitled to appoint an administrator who will administer the equity incentive plan or plans on a day-to-day basis.

ARTICLE 5 – OPERATIONS AND FINANCE**5.01 Financial Year**

The financial year of the Corporation will end on December 31 in each year, unless changed in accordance with Section 4.04 of this Agreement.

5.02 Books and Records

Proper books and records will be kept by the Corporation in accordance with the Act. Each Shareholder or its nominee or other authorized representative will have free access at all times to examine such books and records.

5.03 Bank Accounts

The Corporation will maintain a bank account or bank accounts at such banks or trust companies as the Board may, from time to time, determine. All bank accounts will be kept in the name of the Corporation and all cheques, bills, notes, drafts or other instruments will require the signatures of two officers or such other individual(s) as the Board may, from time to time, determine. All monies received, from time to time, for the account of the Corporation will be paid immediately into those bank accounts for the time being in operation, in the same drafts, cheques, bills or cash in which they are received, and all disbursements on account of the Corporation will be made by cheque on such banks or trust companies.

5.04 Auditor

Unless otherwise determined by the Board, the Shareholders shall in each financial year of the Corporation consent to exempt the Corporation for that financial year from the requirement to appoint an auditor of the Corporation under the provisions of the Act. The Shareholders hereby authorize the Chief Executive Officer of the Corporation to sign the consent for each Shareholder annually.

5.05 Additional Borrowing

The Shareholders agree that all funds required for the purposes of the Corporation will be obtained, to the greatest extent possible, by borrowing from chartered banks or other lenders. The decision whether such funds are required, from whom such funds will be borrowed and the terms and conditions of such borrowing will be determined by the Board, from time to time. Each of the Shareholders covenants to use best efforts to obtain such funds and to execute and deliver all necessary documents, statements and assurances as may be required by such banks or other lenders. The Founding Shareholders further agree that they will attempt to obtain such funds upon their several guarantees, limited in an amount which is proportional to their holdings of fully participating Shares of the Corporation, provided that, if the funds can only be obtained upon the joint and several guarantees of the Founding Shareholders, the Founding Shareholders covenant to execute and deliver such guarantees or other assurances as may be required in that regard.

5.06 Shareholder Loans

(1) If, notwithstanding compliance by the Shareholders with the provisions of Section 5.05, the Corporation cannot obtain all or part of the funds from a bank or other lender, within ten days after a demand in writing by the president or the treasurer of the Corporation is given to the Founding Shareholders, each Founding Shareholder will advance to the Corporation such portion of the funds, or such part of the funds as the Corporation could not obtain from a bank or other lender, as is proportionate to his beneficial ownership of Class A Shares. All advances made to the Corporation pursuant to this Section 5.06 will be treated as shareholder loans and will be upon the security and at the rate of interest (which will be the same for all Founding Shareholders), if any, as may be determined by the Board, from time to time, and, if required by the Corporation at the time of the making of the loan or at any time after, will be subordinated to any other secured arm's length indebtedness of the Corporation made in accordance with the terms of this Agreement. None of the shareholders' loans will be called by the Founding Shareholders or repaid to them, in whole or in part, except as may be determined by the Board, provided that, whenever any amounts on account of the loans are repaid to the Founding Shareholders,

they will be repaid to them on a basis proportionate to their then total outstanding advances to the Corporation.

(2) If any Founding Shareholder (the “**Defaulting Shareholder**”) does not make the full or any part of the advance or advances required to be made by him or it pursuant to the provisions of Section 5.06(1), the other Founding Shareholder, if not so in default, will be entitled to advance to the Corporation those amounts (the “**Additional Loan**”). In the event that an Additional Loan is made, the Additional Loan will be deemed to be a loan (the “**Default Loan**”) to the Defaulting Shareholder by the Founding Shareholder that made the Additional Loan (the “**Lending Shareholder**”) and to have been advanced to the Corporation on behalf of the Defaulting Shareholder. The Defaulting Shareholder will pay to the Lending Shareholder daily interest on as much of the Default Loan as is outstanding, from time to time, at the Prime Bank Rate plus five per cent (5%), calculated and payable daily, not in advance, computed from the first day upon which the Additional Loan is made. The Defaulting Shareholder shall provide a promissory note in favour of the Lending Shareholder and enter into a pledge agreement with the Lending Shareholder, pledging all his Shares to the Lending Shareholder until the Default Loan, including all interest is repaid in full. For purposes of this Section 5.06, the Prime Bank Rate will be determined daily, to apply with respect to the monies owing at the end of the next succeeding day. The Defaulting Shareholder irrevocably directs the Corporation to make all payments of interest which are payable to the Defaulting Shareholder directly to the Lending Shareholder, to be credited by the Lending Shareholder against the amount of interest payable by the Defaulting Shareholder to the Lending Shareholder. The Default Loan will be payable on demand. The Defaulting Shareholder will be entitled to repay the whole or any part of the Default Loan at any time or times, without notice or bonus, and the Corporation is irrevocably directed to pay any dividend, salary, bonus, withdrawal or other distribution whatsoever payable to the Defaulting Shareholder (to a maximum of the amount of the Default Loan plus accrued and unpaid interest) directly to the Lending Shareholder, to be shared by them proportionately to the amounts of their respective Default Loan, to be credited by the Lending Shareholder against the amount owing by the Defaulting Shareholder to the Lending Shareholder.

5.07 Personal Guarantees

(1) If a Founding Shareholder (the “**Guarantor**”) has guaranteed, with the consent of the other Founding Shareholder, the obligations of the Corporation to any bank or other lender and the Guarantor makes payment to the bank or other lender under the guarantee, the other Founding Shareholder (the “**Indemnifier**”) will pay to the Guarantor, immediately upon demand, a proportionate amount of such payment equal to the proportion which the number of fully participating Shares of the Corporation then beneficially owned by the Indemnifier bears to the total number of fully participating Shares of the Corporation then outstanding.

(2) In the event that the Indemnifier does not make the payment required in section 5.07(the “**Defaulting Indemnifier**”), the Defaulting Indemnifier will provide a promissory note to the Guarantor, to pay to the Guarantor interest at the Prime Bank Rate plus five per cent (5%), calculated and payable daily, not in advance, computed from the first day upon which the payment should have been made on the amount owing by the Defaulting Indemnifier to the Guarantor. For purposes of this Section 5.08, the Prime Bank Rate will be determined daily to apply with respect to the monies owing at the end of the next succeeding day. The Defaulting Indemnifier shall enter into a pledge agreement, pledging their Shares to the Guarantor on a pro rata basis and until the promissory note, including all the interest, is paid in full. The amount payable by the Defaulting Indemnifier together with interest on such amount, calculated as above, will be fully paid to the Guarantor before any dividend, salary, bonus, withdrawal or other distribution whatsoever from the Corporation is made to the Defaulting Indemnifier, and the Corporation is authorized and directed to pay the amount of any such dividend, salary, bonus, withdrawal or other distribution (to the extent of the amount owing by the Defaulting Indemnifier to the Guarantor) to the Guarantor in reduction of such amount.

5.08 Information Access Rights

(1) The Board will, or will cause management of the Corporation to, prepare annual financial statements of the Corporation and deliver such financial statements to each of the Shareholders within 120 days of the end of the end of the Corporation's fiscal year. For certainty, the annual financial statements shall include a balance sheet, income statement, statement of retained earnings, and management discussion and analysis.

(2) At least 30 days prior to the beginning of each financial year, the Board will, or will cause management of the Corporation to, prepare a comprehensive operating budget forecasting the Corporation's revenues, expenses and cash position on a monthly basis, and such budget shall be made available to the Shareholders. The operating budget will be approved by the Board.

(3) Within 30 days of the end of each financial quarter, the Board will or will cause management of the Corporation to prepare an updated capitalization table, and such capitalization table shall be made available to the Shareholders.

ARTICLE 6 - DEALING WITH SHARES

6.01 Transfer of Shares

(1) Except as expressly provided in this Article 6: (i) no Shareholder may Transfer any Shares that such Shareholder beneficially owns; and (ii) no Principal may Transfer the Holding Company Shares that such Principal beneficially owns. The provisions of this Section 6.01(1) will apply to any Transfer of Shares even if the Shareholder is disposing of or encumbering such Shares together with or in conjunction with other assets.

(2) No Shareholder shall Transfer any of its Shares without Special Approval, not to be unreasonably withheld. The foregoing requirement shall be in addition to and not in lieu of any other requirements of this Agreement relating to Transfers of Shares.

(3) Notwithstanding any other provision of this Article 6, no Transfer of Shares may be made if:

- (a) as a result, any Shares are owned by a corporation that is not wholly owned by an individual who is a party to this Agreement as a Principal or a trust in respect of which the sole trustee is not an individual who is a party to this Agreement as a Principal, unless (in both instances) Special Approval is obtained, which Special Approval may be unreasonably withheld;
- (b) as a result, the remaining Shareholders or the Corporation would become subject to any governmental controls or regulations to which they were not subject prior to the proposed sale by reason of the nationality or residence of the proposed purchaser or transferee;
- (c) as a result, the remaining Shareholders or the Corporation would become subject to any taxation or additional taxation to which they were not subject prior to the proposed sale;
- (d) the Transfer is not permitted by applicable law or any term of any agreement or other instrument affecting the Corporation, unless any required consent or approval is obtained; or

- (e) the proposed purchaser or transferee does not have the power and capacity, including financial, to carry out its obligations under this Agreement to the satisfaction of the Board, acting reasonably.

(4) No proposed dealing with any Shares (including the issuance thereof) in violation of this Agreement shall be valid, and the Corporation shall not record or transfer any of the Shares dealt with in violation of this Agreement in the records of the Corporation nor shall any voting rights attached to such Shares be exercised, and any dividends be paid on such Shares during the period of such violation shall be placed in trust and released as the Board determines appropriate. Such disqualification shall be in addition to and not in lieu of any other remedies to enforce the provisions of this Agreement.

6.02 Permitted Transfer - Individuals

(1) Notwithstanding any other provision of this Agreement other than Sections 2.04 and 6.01, each Shareholder who is an individual will be entitled, after giving notice to the other Shareholders and to the Corporation, to sell, transfer and assign all, but not less than all, of the Shares beneficially owned by such Shareholder to a Permitted Entity of such Shareholder, provided that:

- (a) such Permitted Entity, as applicable, has entered into an agreement prior to such transaction to otherwise be bound by this Agreement and to become a party hereto in place of the Shareholder; and
- (b) such Permitted Entity executes and delivers such other instruments as the Corporation, or, for so long as the Founding Shareholders beneficially own at least 50.1% of all outstanding Voting Shares, the Founding Shareholders, may advise are appropriate to ensure that the Permitted Entity is wholly owned and controlled by the transferor.

(2) Notwithstanding the completion of any sale or transfer of Shares by a Shareholder (the “**Original Shareholder**”) to a Permitted Entity pursuant to Section 6.02(1), the Shareholder will:

- (a) not Transfer the shares or other securities of the Permitted Entity held by the Original Shareholder;
- (b) if it is a corporation, at all times wholly own the Permitted Entity;
- (c) if it is a trust, at all times be the sole trustee of the Permitted Entity and at all times the sole beneficiary of the Permitted Entity shall be the Original Shareholder or Members of the Immediate Family of the Original Shareholder; and
- (d) continue to be bound by all the obligations as a Principal hereunder and as if the Original Shareholder continued to be a Shareholder of the Corporation and perform such obligations to the extent that the Permitted Entity fails to do so.

6.03 Permitted Transfer – Corporations/Trusts

(1) Notwithstanding any other provision of this Agreement other than Sections 2.04 and 6.01, each Shareholder that is a corporation or trust will be entitled, after giving notice to the other Shareholders and to the Corporation, to sell or transfer all, but not less than all, of the Shares beneficially owned by such Shareholder to the individual or individuals controlling such Shareholder (the “**Permitted Transferee**”), provided that the Permitted Transferee has entered into an agreement prior to such transaction to be bound by this Agreement and to become a party hereto in place of the Shareholder.

(2) Notwithstanding the completion of any sale or transfer of Shares by a Shareholder to a Permitted Transferee pursuant to Section 6.03(1), that Shareholder will continue to be bound by all the obligations hereunder as if that Shareholder continued to be a Shareholder of the Corporation and perform such obligations to the extent that the Permitted Transferee fails to do so.

6.04 Permitted Transfer – Founding Shareholders

(1) Notwithstanding any other provision of this Agreement other than Sections 2.04 and 6.01, each Founding Shareholder will be entitled, after giving notice to the other Shareholders and to the Corporation, to sell or transfer some or all of the Shares beneficially owned by such Founding Shareholder to the other Founding Shareholder, provided that such sale or transfer has received the approval of the other Voting Shareholders. For certainty, the Founding Shareholders shall not be entitled to vote on any such sale or transfer.

6.05 Right of First Refusal

(1) If any Shareholder (the “**Offeror**”) intends to sell (the “**Proposed Sale**”) any of the Shares that the Offeror beneficially owns (the “**Offered Shares**”) to any person (the “**Proposed Purchaser**”), the Offeror must give notice of the Proposed Sale (the “**Notice**”) to the Corporation and to the Shareholders other than the Offeror (the Shareholders other than the Offeror are defined as the “**Offerees**”). The Proposed Sale must involve a sale of only Shares and no other assets. The Notice must contain a copy of the terms of the Proposed Sale, disclose the identity of the Proposed Purchaser and provide evidence sufficient to establish that such person has the power and capacity, including financial, to complete the purchase of the Offered Shares and that the conditions set out in Section 6.01(3) will be satisfied. Upon the Notice being given, Offerees will have the right to purchase any or all of the Offered Shares at the same price and upon the same terms and conditions as of the Proposed Sale.

(2) The Offerees will be entitled to purchase the Offered Shares *pro rata* based upon the number of Shares beneficially owned by the Offerees at the date the Notice was given or in such other proportion as the Offerees may agree in writing. Each Offeree who desires to purchase any or all of the Offered Shares that such Offeree is entitled to purchase in accordance with the provisions of this Section 6.05(2) will give notice of such desire to the Offeror, to the Corporation and to the other Offerees within 10 Business Days of having been given the Notice.

(3) If any Offeree does not give notice as provided in Section 6.05(2) or provides such notice but indicates therein that it wishes to purchase less than such Offeree’s *pro rata* share of the Offered Shares, the Offered Shares that such Offeree had been entitled to purchase but not so purchased (the “**Rejected Shares**”) may instead be purchased by the Offerees who did give such notice *pro rata* based upon the number of Shares beneficially owned by such Offerees at the date the Notice was given or in such other proportion as such Offerees may agree in writing, and, within five Business Days of the expiry of the 10 Business Day period specified in Section 6.05(2), each Offeree who desires to purchase any or all of the Rejected Shares that such Offeree is entitled to purchase in accordance with the provisions of this Section 6.05(3) will give an additional notice to the Offeror, to the Corporation and to the other Offerees. If any Offeree entitled to give the additional notice does not do so or provides such notice but indicates therein that it wishes to purchase less than such Offeree’s *pro rata* share of the Rejected Shares, the Rejected Shares that such Offeree had been entitled to purchase but were not so purchased may instead be purchased by the Offerees who did give such additional notice, *pro rata* based upon the number of Shares beneficially owned by such Offerees at the date the Notice was given or in such other proportion as such Offerees may agree in writing, and so on from time to time until the Offerees are willing to purchase all the Offered Shares or until they are not willing to purchase any more.

(4) If the Offerees are willing to purchase any or all of the Offered Shares, the transaction of purchase and sale will be completed in accordance with the terms set out in the Proposed Sale by delivery

of the Offered Shares by the Offeror with good title, free and clear of all liens, charges, encumbrances and any other rights of others, against payment by certified cheque, bank draft or wire transfer by the Offerees. If, at the time of completion, any Offered Shares are subject to any lien, charge, encumbrance or other right of others, the Offerees will be entitled to deduct from the purchase money to be paid to the Offeror the amount required to discharge all such liens, charges, encumbrances or other rights of others and will apply such amount to the repayment, on behalf of the Offeror, of the obligations secured thereby.

(5) If the Offeror defaults in transferring the Offered Shares to the Offerees as provided in this Section 6.05, the Corporation is authorized and directed to receive the purchase money and thereupon to record the transfer of the Offered Shares, to enter the names of the Offerees in the registers of the Corporation as the holders of the Shares purchased by them, and to cause to be issued to the Offerees share certificates for the Offered Shares in the names of such Offerees. The Corporation will hold the purchase money received by it in trust on behalf of the Offeror and will not commingle the purchase money with the Corporation's assets, except that any interest thereon will be for the account of the Corporation. The receipt by the Corporation of the purchase money will be a good discharge to the Offerees and, after their names have been entered in the registers of the Corporation, the transaction of purchase and sale will be deemed completed at the price and on the other terms and conditions contemplated herein and the Offerees will for all purposes own the Offered Shares purchased by them. Upon such registration, the Offeror will cease to have any right to or in respect of the Offered Shares except the right to receive, without interest, the purchase money received by the Corporation upon surrender of any certificates that previously represented the Offered Shares.

(6) If, after the application of Section 6.05(3), all of the Offered Shares have not been accepted for purchase by the Shareholders or the Corporation, the rights of the Shareholders and the Corporation, except as hereinafter provided, to purchase the Offered Shares will terminate and, subject to Section 2.04 and 6.01, the Offeror may sell the Offered Shares that have not been accepted for purchase by the Shareholders or the Corporation to the Proposed Purchaser within 90 days after the later of the expiry of the last of the 10 Business Day periods specified in Section 6.05(2), and the last of the five Business Day periods specified in Section 6.05(3), as the case may be. Any such sale must be at a price not less than the purchase price in respect of the Proposed Sale and on other terms no more favourable to the Proposed Purchaser than those of the Proposed Sale. If the Offered Shares are not sold within such 90 day period on such terms, the rights of the Corporation and the Shareholders other than the Offeror pursuant to this Section 6.05 will again take effect.

(7) If the Offeror is entitled to sell the Offered Shares to the Proposed Purchaser following compliance with this Section 6.05, the Offeror will be entitled to provide such financial information and documents to the Proposed Purchaser as would be reasonable in the circumstances, provided that the Proposed Purchaser enters into a confidentiality agreement with the Corporation in form and substance acceptable to the Board.

6.06 Death, Default and Insolvency of a Shareholder or Principal

(1) If any Voting Shareholder or Principal in respect thereof: (i) that is an individual dies; (ii) causes or commits an Event of Default; (iii) makes an assignment for the benefit of creditors or is the subject of any proceedings under any bankruptcy or insolvency law or if any Voting Shareholder that is a corporation takes steps to wind-up or terminate its corporate existence other than in connection with a *bona fide* corporate reorganization to which the Board and Voting Shareholders have consented; or (iv) that is an individual is an employee of the Corporation that is terminated by the Corporation, then the other Voting Shareholders (the "**Offerees**") will have the right to purchase any or all of the Shares (the "**Offered Shares**") beneficially owned by such Voting Shareholder or, in the case of the death of such Voting Shareholder or Principal, his or her Personal Representative (such Voting Shareholder or Personal Representative, the "**Offeror**"). The purchase price (the "**Purchase Price**") for the Offered Shares will be the Fair Market Value thereof as of the date of the death, the Event of Default, assignment or the date the

employment relationship ceases, as the case may be (the “**Triggering Event**”) determined in accordance with the provisions of Section 6.16. The Purchase Price shall be paid, in full, at the closing of the transaction, as described in Section 6.06(5).

(2) The Offerees will be entitled to purchase the Offered Shares *pro rata* based upon the number of Shares beneficially owned by the Offerees at the date of the Triggering Event or in such other proportion as the Offerees may agree in writing. Each Offeree who desires to purchase any or all of the Offered Shares that such Offeree is entitled to purchase in accordance with the provisions of this Section 6.06(2) will give notice of such desire to the Offeror, to the Corporation and to the other Offerees within 250 days of the Triggering Event (“**Notice**”).

(3) If any Offeree does not give Notice or provides such Notice but indicates therein that it wishes to purchase less than such Offeree’s *pro rata* share of the Offered Shares, the Offered Shares that such Offeree had been entitled to purchase but not so purchased (the “**Rejected Shares**”) may instead be purchased by the Offerees who did give Notice *pro rata* based upon the number of Shares beneficially owned by such Offerees at the date of the Triggering Event or in such other proportion as such Offerees may agree in writing, and, within ten Business Days of the first Notice being given, each Offeree who desires to purchase any or all of the Rejected Shares that such Offeree is entitled to purchase will give an additional notice to the Offeror, to the Corporation and to the other Offerees. If any Offeree entitled to give the additional notice does not do so or provides such notice but indicates therein that it wishes to purchase less than such Offeree’s *pro rata* share of the Rejected Shares, the Rejected Shares that such Offeree had been entitled to purchase but were not so purchased may instead be purchased by the Offerees who did give such additional notice, *pro rata* based upon the number of Shares beneficially owned by such Offerees at the date of the Triggering Event or in such other proportion as such Offerees may agree in writing, and so on from time to time until the Offerees are willing to purchase all the Offered Shares or until they are not willing to purchase any more.

(4) If the Offerees are willing to purchase any or all of the Offered Shares, the transaction of purchase and sale will be completed within 30 Business Days (or such longer period as may reasonably be required to comply with all applicable statutory and regulatory requirements) of the final notice being given in accordance with Section 6.06(3). The transaction of purchase and sale will be completed at the Corporation’s registered office where delivery of the Offered Shares must be made by the Offeror with good title, free and clear of all liens, charges, encumbrances and any other rights of others, against payment by certified cheque, bank draft or wire transfer by the Offerees. If, at the time of completion, any Offered Shares are subject to any lien, charge, encumbrance or other right of others, the Offerees will be entitled to deduct from the purchase money to be paid to the Offeror the amount required to discharge all such liens, charges, encumbrances or other rights of others and will apply such amount to the repayment, on behalf of the Offeror, of the obligations secured thereby.

(5) If the Offeror defaults in transferring the Offered Shares to the Offerees as provided for in this Section 6.06, the Corporation is authorized and directed to retain the purchase money and to record the transfer of the Offered Shares. The Corporation will hold the purchase money in trust on behalf of the Offeror and will not commingle the purchase money with the Corporation’s assets, except that any interest accruing thereon will be for the account of the Corporation. The transaction of purchase and sale will be deemed to have closed 30 days after the final notice has been given in accordance with Section 6.06(3) and the Offerees, as applicable, will for all purposes own the Offered Shares purchased by them and the Offeror will cease to have any right to or in respect of the Offered Shares except the right to receive, without interest, the purchase money held by the Corporation upon surrender of any certificates that previously represented the Offered Shares.

(6) If all of the Offered Shares have not been accepted for purchase by the Offerees in accordance with Section 6.06(3), the Offeror shall enter into an exchange agreement and exchange the Offered Shares with Non-Voting Shares in accordance with the instructions of the Corporation's accountant and in accordance with the provisions of the Tax Act.

6.07 Family Law Matters

(1) If at any time, any Voting Shareholder or its Principal (such Shareholder, the "**Relevant Shareholder**") becomes a party to a Family Law Proceeding (the "**Proceeding**"), the Relevant Shareholder will promptly give written notice (the "**Family Law Notice**") to the Corporation and each of the Founding Shareholders of the commencement of the Proceeding.

(2) The Voting Shareholders other than the Relevant Shareholder (together, the "**Offerees**") will each have a right, exercisable by written notice to the Relevant Shareholder within 10 Business Days after delivery of the Family Law Notice to purchase, at Fair Market Value (the "**Purchase Price**"), all, but not less than all, of the Voting Shares beneficially owned by the Relevant Shareholder (the "**Relevant Shares**"). The Relevant Shares may be purchased by the Offerees in such proportion as they agree in writing. The Purchase Price shall be paid, in full, at the closing of the transaction, as described in Section 6.07(4).

(3) In the event that the Relevant Shareholder fails to deliver the Family Law Notice, the Offerees may still exercise their right to purchase, at Fair Market Value, all, but not less than all, of the Relevant Shares. The transaction of purchase and sale will be completed at the Corporation's registered office where delivery of the Relevant Shares must be made by the Relevant Shareholder with good title, free and clear of all liens, charges, encumbrances and any other rights of others, against payment by certified cheque, bank draft or wire transfer by the Offerees. If, at the time of completion, any Relevant Shares are subject to any lien, charge, encumbrance or other right of others, the Offerees will be entitled to deduct from the purchase money to be paid to the Relevant Shareholder the amount required to discharge all such liens, charges, encumbrances or other rights of others and will apply such amount to the repayment, on behalf of the Relevant Shareholder, of the obligations secured thereby.

(4) If the Relevant Shareholder defaults in transferring the Relevant Shares to the Offerees as provided for in this Section 6.07, the Corporation is authorized and directed to retain the purchase money and to record the transfer of the Relevant Shares to the Offerees in the registers of the Corporation. The Corporation will hold the purchase money received by it in trust on behalf of the Relevant Shareholder and will not commingle the purchase money with the Corporation's assets, except that any interest accruing thereon will be for the account of the Corporation. The transaction of purchase and sale will be deemed to have closed 30 days after the Offerees have issued the notice contemplated by Section 6.07(2) and the Offerees will for all purposes own the Relevant Shares purchased by them and the Relevant Shareholder will cease to have any right to or in respect of the Relevant Shares except the right to receive, without interest, the purchase money held by the Corporation upon surrender of any certificates that previously represented the Relevant Shares

(5) Upon a final and binding decision being issued with respect to the Proceeding and the determination of the entitlement of the Designated Spouse in relation to the Proceeding, the Relevant Shareholder will have the right, exercisable by written notice to the Offerees, as applicable, within 90 days of such decision, to subscribe for or purchase from, as the case may be, up to such number and class of Voting Shares as was purchased by the Offerees from the Relevant Shareholder pursuant to Section 6.07(2) at a price per Voting Share equal to the Purchase Price per Voting Share referred to in Section 6.07(2), provided that, at the time of the delivery of such notice and the issuance of such Shares by the Corporation, the Relevant Shareholder is an employee of the Corporation or any of its Affiliates.

(6) The rights of the Offerees set out in this Section 6.07 will apply regardless of the merits of the Proceeding and even if the Relevant Shareholder is able to provide evidence that the claims of such spouse, former spouse or dependent to such payment or support can be settled without in any way, directly or indirectly, effecting, encumbering or interfering with the holding or voting of Voting Shares by the Relevant Shareholder.

(7) If all of the Relevant Shares have not been purchased by the Offerees in accordance with Section 6.07(2), the Corporation shall be entitled to require the Relevant Shareholder to enter into an exchange agreement and exchange the Relevant Shares with Non-Voting Shares in accordance with the instructions of the Corporation's accountant and in accordance with the provisions of the Tax Act.

6.08 Disability of a Shareholder or Principal

(1) If a Voting Shareholder or a Principal that is also an officer of the Corporation, or is otherwise involved in the day-to-day management of the operations of the Corporation (a "**Disabled Party**"), through bona fide illness, physical or mental, accident or disability is unable to devote the time and attention to the affairs of the Corporation required of him, the Disabled Party will, as long as such disability continues, be entitled to receive from the Corporation the then full compensation payable to him by the Corporation for a period of 180 days from the commencement of the disability. If the disability continues for more than 180 days, no further compensation will be payable by the Corporation to the Disabled Party.

(2) If the disability referred to in Section 6.08(1) continues for 365 days from the commencement of the disability, or if a physician or a court of competent jurisdiction determines that the Disabled Party is permanently mentally disabled, the Disabled Party (the "**Vendor**") will sell all of the Shares of the Corporation beneficially owned by the Vendor (the "**Purchased Shares**") to the Corporation, at the sole discretion and option of the Corporation, and if such option is exercised, the Corporation will purchase from the Vendor the Purchased Shares at Fair Market Value (the "**Purchase Price**").

(3) The Purchase Price shall be paid in instalments, with 20% being paid on the date of closing, and the balance being paid in equal consecutive annual instalments over a period of five years from such closing. For the purposes of this article, the closing of the purchase and sale transaction shall be the date which is the latest to occur of: (i) the date which is 30 days after the period set out in section 6.08(2); (ii) the date which is 30 days after the Purchase Price for the Purchased Shares is finally determined; and (iii) the date on which any approvals required to validly effect the transfer of the Purchased Shares are received.

(4) For the purposes of this Section 6.08, a period of disability for a Disabled Party will be deemed to commence on the first working day that the Disabled Party does not attend to the affairs of the Corporation required of the Disabled Party, statutory holidays and vacations excepted. In calculating the period of disability for the purposes of this Section 6.08, unless and until the Disabled Party has returned to attending to the affairs of the Corporation as required of him for 30 consecutive normal working days, the period of disability will be deemed to have continued, without interruption whatsoever.

(5) If the Corporation does not exercise its option to purchase the Purchased Shares, the Disabled Party shall enter into an exchange agreement and exchange the Shares with Non-Voting Shares in accordance with the instructions of the Corporation's accountant and in accordance with the provisions of the Tax Act.

(6) If a Disabled Party dies at any time before the closing of a transaction of purchase and sale pursuant to the provisions of this Section 6.08, the provisions of article 6.06 will apply.

6.09 Obligation to Sell - Drag-Along Rights

(1) If, after complying with the provisions of Section 6.04, any Founding Shareholders or group of Voting Shareholders holding more than 75% of the outstanding Voting Shares (together the **“Majority Shareholders”**) desire to sell all, but not less than all, of the Voting Shares held by the Majority Shareholders, the Majority Shareholders may secure from an Arm’s Length third party (the **“Third Party Offeror”**) a *bona fide* offer (an **“Offer to Purchase”**) to all the Shareholders (the **“Offerees”**) to purchase all the Shares for cash. Upon receipt of the Offer to Purchase, together with notification from the Majority Shareholders of their intention to accept the Offer to Purchase, all the Offerees will be deemed to have accepted the Offer to Purchase in accordance with its terms and conditions.

(2) If any Shareholder obligated to sell in accordance with the foregoing provisions of this Section 6.09 (the **“Selling Shareholder”**) defaults in transferring any of the Shares that the Selling Shareholder is obligated to transfer to the Third Party Offeror as provided for in this Section 6.09, the Corporation is authorized and directed to receive the purchase money and thereupon to record the transfer of Shares, to enter the name of the Third Party Offeror in the registers of the Corporation as the holder of the Shares purchased by the Third Party Offeror, and cause to be issued to the Third Party Offeror share certificates for such Shares in the name of the Third Party Offeror. The Corporation will hold the purchase money received by it in trust on behalf of the Selling Shareholder and will not commingle the purchase money with the Corporation’s assets, except that any interest accruing thereon will be for the account of the Corporation. The receipt by the Corporation of the purchase money will be a good discharge to the Third Party Offeror and, after the name of the Third Party Offeror has been entered in the registers of the Corporation as the holder of the Shares purchased by it, the purchase and sale will be deemed completed at the price and on the terms and conditions contemplated herein and the Third Party Offeror will for all purposes own the Shares purchased by it. Upon such registration, the Selling Shareholder will cease to have any right to or in respect of the Shares except the right to receive, without interest, the purchase money received by the Corporation upon surrender of any certificates that previously represented such Shares.

6.10 Mandatory Offer to Purchase - Piggyback Rights

(1) Notwithstanding any other provision hereof other than Sections 2.04, 6.01, 6.02, 6.03 and 6.04, if any person, including any Non-Founding Shareholder (such person, the **“Offeror”**), agrees to acquire Voting Shares from any Voting Shareholder and, following such acquisition, the Offeror would directly or indirectly beneficially own 20% or more of the Voting Shares (the **“Liquidation Transaction”**), the Offeror will only be permitted to acquire such Voting Shares, and the Voting Shareholders who are to sell such Voting Shares to the Offeror will only be permitted to sell them, if the Offeror first makes an offer (an **“Offer to Purchase”**) to the other Shareholders (the **“Offerees”**) to purchase all, but not less than all, of the Shares then outstanding that the Offeror does not then own or have a right to acquire for cash at the same price per Share (the **“Purchase Price”**) and upon the same terms and conditions as under the Liquidation Transaction.

(2) The Offer to Purchase described in Sections 6.10(1) must be given to the other Shareholders in a notice (the **“Notice”**). Within 10 Business Days of the Notice being given, each Offeree will be entitled to accept the Offer to Purchase by giving notice of the acceptance thereof to the Offeror, to the other Offerees and to the Corporation.

(3) The Offeror will purchase the number of Voting Shares beneficially owned by each Offeree who accepts the Offer to Purchase as prescribed in Section 6.10(1) at the Purchase Price and the transaction of purchase and sale will be completed within 20 Business Days (or such longer period as may reasonably be required to comply with all applicable statutory and regulatory requirements) of the expiry of the 10 Business Day period specified in Section 6.10(2). The transaction will be completed at the

Corporation's registered office where delivery of the Shares must be made by the Offerees accepting the Offer to Purchase with good title, free and clear of all liens, charges, encumbrances and any other rights of others, against payment by certified cheque, bank draft or wire transfer by the Offeror. If, at the time of completion, any offered Shares are subject to any lien, charge, encumbrance or other right of others, the Offeror will be entitled to deduct from the purchase money to be paid to the applicable Offeree the amount required to discharge all such liens, charges, encumbrances or other rights of others and will apply such amount to the repayment, on behalf of the Offeree, of the obligations secured thereby.

(4) For the purposes of this Section 6.10, the Corporation and the Shareholders acknowledge that no Transfer of Shares from the Offerees to any Offeror will be authorized or permitted and no such person (unless already a Shareholder) will be entitled to become a party to this Agreement unless and until the Offer to Purchase is made and, if accepted by one or more Shareholders, the purchase and sale of such Shares is completed.

6.11 Shotgun Provisions

(1) Any Voting Shareholder (the "**Offeror**") has the right, at any time, to give notice (the "**Notice**") to the other Voting Shareholders (the "**Offerees**") and to the Corporation, which Notice will contain: (i) an offer by the Offeror to purchase all of the Shares beneficially owned by the Offerees (an "**Offer to Purchase**"); (ii) an offer by the Offeror to sell all of the Shares beneficially owned by the Offeror to the Offerees, *pro rata*, based upon the number of Shares beneficially owned by the Offerees (an "**Offer to Sell**"); and (iii) the price to be paid for each Share pursuant to the Offer to Purchase and the Offer to Sell, which shall be the same for both (the "**Purchase Price**").

(2) Within 60 days of the Notice being given, each Offeree will be entitled to accept either the Offer to Purchase or the Offer to Sell by giving notice of such acceptance to the Offeror, the other Offerees and the Corporation.

(3) If all Offerees accept the Offer to Purchase, the Offerees will sell and the Offeror will purchase all of the Shares beneficially owned by each Offeree, at the Purchase Price, the transaction of purchase and sale will be completed as specified in the Notice, and in any event no earlier than 90 days following delivery of the Notice (the "**Date of Closing**"). The transaction will be completed at the Corporation's registered office, where delivery of the Shares will be made by the Offerees with good title, free and clear of all liens, charges and encumbrances, against payment by certified cheque, bank draft or money order by the Offeror.

(4) If all Offerees accept the Offer to Sell, the Offerees will purchase, *pro rata*, based upon the number of Shares beneficially owned by the Offerees, and the Offeror will sell all of the Shares beneficially owned by the Offeror, at the Purchase Price, the transaction of purchase and sale to be completed on the Date of Closing. The transaction will be completed at the Corporation's registered office, where delivery of the Shares will be made by the Offeror with good title, free and clear of all liens, charges and encumbrances, against payment by certified cheque, bank draft or money order by the Offerees.

(5) If any Offeree does not accept either the Offer to Purchase or the Offer to Sell within the 60 day period specified in Section 6.11(2), such Offeree will be deemed to have accepted the Offer to Purchase of the Offeror and to have given notice of such acceptance pursuant to the provisions of Section 6.11(2) on the last day upon which such notice may have been given.

(6) If one or more of the Offerees accepts or is deemed to have accepted the Offer to Purchase (the "**Selling Offerees**") and one or more of the other Offerees accepts the Offer to Sell of the Offeror (the "**Purchasing Offerees**"), the Purchasing Offerees will be entitled to purchase the Shares beneficially owned by the Offeror and the Shares beneficially owned by the Selling Offerees *pro rata*,

based upon the number of Shares beneficially owned by the Purchasing Offerees, by giving notice of the exercise of such right to the Offeror, the Selling Offerees and the Corporation within 10 Business Days of the expiry of the 60 day period specified in Section 6.11(2) and, if the Purchasing Offerees give notice pursuant to the provisions of this Section 6.11(6), the Offeror and the Selling Offerees will sell the Shares beneficially owned by them to the Purchasing Offerees, the transaction of purchase and sale to be completed within twenty (20) Business Days of the date upon which the Corporation was given notice by the Purchasing Offerees. The transaction will be completed at the Corporation's registered office, where delivery of the Shares will be made by the Offeror and the Selling Offerees with good title, free and clear of all liens, charges and encumbrances, against payment by certified cheque, bank draft or money order by the Purchasing Offerees.

(7) If any Voting Shareholder obligated to sell in accordance with the provisions of this Section 6.11 (the “**Selling Shareholder**”) defaults in transferring all or any of his Shares to a Voting Shareholder obligated to purchase in accordance with such provisions (the “**Purchasing Shareholder**”), the secretary of the Corporation is authorized and directed to receive the purchase money and to cause the name of the Purchasing Shareholder to be entered in the registers of the Corporation as the holder of the Shares purchasable by him. The purchase money will be held, in trust, by the Corporation on behalf of the Selling Shareholder and not commingled with the Corporation's assets, except that any interest accruing on the purchase money will be for the account of the Corporation. The receipt by the secretary of the Corporation for the purchase money will be a good and sufficient discharge to the Purchasing Shareholder and, after his name has been entered in the registers of the Corporation, the validity of the proceedings will not be subject to question by any person. On such registration, the Selling Shareholder will cease to have any right to or in respect of the Shares to be sold, except the right to receive, on demand, without interest, the purchase price received by the secretary of the Corporation.

(8) Two or more of the Voting Shareholders may jointly give a Notice to another Shareholder pursuant to the provisions of Section 6.11(1) and, in such event, the provisions of this Section 6.11 will apply *mutatis mutandis*, except that any Shares purchased by them pursuant to the provisions of this article will be purchased *pro rata*, based upon the number of Shares beneficially owned by the Voting Shareholders who gave the Notice.

(9) Two or more of the Voting Shareholders may jointly accept the Offer to Sell issued pursuant to the provisions of Section 6.11(1) and, in such event, the provisions of this Section 6.11 will apply *mutatis mutandis*, except that the number of Shares to be purchased by each of them pursuant to the provisions of this Section 6.11 may be set out in the Notice given by them pursuant to the provisions of Section 6.11(1) and this Section 6.11(9), provided that the aggregate total equals the number of Shares beneficially owned by the Offeror.

(10) Where one or more Voting Shareholders of the Corporation have given a Notice in accordance with the terms contained in Section 6.04, and where the Shares of the Corporation subject to the Notice to sell have yet to be sold, and where a Voting Shareholder of the Corporation gives a Notice in accordance with this Section 6.11, all rights and obligations of the parties pursuant to Section 6.04 will be suspended pending the resolution of all matters under this Section 6.11.

(11) If, on the Date of Closing, the Purchasing Shareholder neglects or refuses to complete the transaction of purchase and sale contemplated in this Section 6.11, the Selling Shareholder will have the right, without prejudice to any other rights which the Selling Shareholder may have, to give to the Purchasing Shareholder, within five days of the Date of Closing, a notice (the “**New Notice**”) that the Selling Shareholder (the “**New Purchaser**”) intends to purchase from the Purchasing Shareholder (the “**New Vendor**”) all of the Shares of the Corporation beneficially owned by the New Vendor, at a purchase price for each Share equal to two-thirds (2/3) of the price set out in the Notice delivered pursuant to Section 6.11(1) (the “**New Purchase Price**”). The resulting transaction of purchase and sale will take place on the date which is 15 Business Days following the receipt or deemed receipt of the New

Notice and on the such date, the New Vendor will sell all of the Shares of the Corporation beneficially owned by him to the New Purchaser, who will purchase them for the New Purchase Price.

6.12 Take-Over Bid

(1) If any Voting Shareholder or any Director receives a Take-Over Bid from a person dealing at Arm's Length (the "**Bidder**"), the Voting Shareholder must immediately give written notice of the Take-Over Bid to the other Shareholders and the Corporation. Such notice must be in writing and include all the terms and any documentation relating to the Take-Over Bid.

(2) If the Take-Over Bid received Special Approval, the Voting Shareholders shall have the right to accept the Take-Over Bid and to require the other Shareholders to sell all of their Shares to the Bidder pursuant to the Take-Over Bid. Such right shall be exercised by notice in writing (a "**Compulsory Sale Notice**") delivered to the other Shareholders at least 60 days prior to the closing of the transaction contemplated by the Take-Over Bid. Each Shareholder receiving a Compulsory Sale Notice is obligated to sell all of its Shares to the Bidder on the terms of the Take-Over Bid, on the day specified in the Take-Over Bid and, if requested by the Bidder, must provide such reasonable and standard representations, warranties and covenants (on a several basis) as may be requested by the Bidder, acting reasonably, provided that such Shareholder's liability thereunder does not exceed the consideration paid to the Shareholder.

(3) The completion of any Transfer of Shares to the Bidder is subject to all filings, notices and authorizations necessary to complete the Transfer being made, given or obtained. The time for completion of the Take-Over Bid will be extended as necessary for such purposes.

(4) If at the time for completion of the Take-Over Bid: (i) the Shares are not free and clear of all encumbrances; or (ii) a Shareholder does not provide to the Bidder evidence that the Shareholder is not a non-resident of Canada within the meaning of the Income Tax Act (Canada) or provide the Bidder with a certificate pursuant to subsection 116(2) of the Income Tax Act (Canada) with a certificate limit in an amount less than the purchase price for the Shares of the Shareholder, the Bidder may, without prejudice to any other rights it may have, purchase the Shares subject to such encumbrances or in absence of such evidence or certificate. In that event, the Bidder will, at completion: (i) assume all obligations and liabilities with respect to such encumbrances; or (ii) make the payment of tax required under section 116 of the Income Tax Act (Canada). The purchase price payable by the Bidder for the Shares is satisfied, in whole or in part, as the case may be, by such assumption or payment and the amount so assumed or paid, will be deducted from the purchase price payable to the applicable Shareholder at completion.

6.13 Initial Public Offering

(1) Subject to Section 6.13(5), all of the Shareholders will take all such actions as may be necessary or advisable to undertake an IPO if Special Approval is obtained.

(2) For purposes of this Agreement, "**IPO**" means:

- (a) an initial public offering by the Corporation of the Shares in Canada or the United States (the "**Public Offering**") pursuant to which Corporation becomes a reporting issuer in any province of Canada and/or registers the Shares under the United States Securities Act of 1933, as amended, and takes all necessary steps and proceedings (including, if necessary, the clearing with all applicable securities regulatory authorities of a prospectus or registration statement) to ensure that the Shares will be tradable without restriction under the securities laws of the Public Offering jurisdictions; and (ii) obtaining a listing or quotation

of the Shares on a recognized stock exchange or quotation system in Canada or the United States; or

- (b) a transaction (an “**Alternative Liquidity Transaction**”) that provides holders of Shares with comparable liquidity, consisting of cash or freely tradeable securities (or securities exchangeable for, convertible into or exercisable to acquire freely tradable securities) or a combination thereof, that such holders would have received if the Public Offering occurred, whether by means of a reverse takeover, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or other combination with another person (with the corporation resulting from the completion of such Alternative Liquidity Transaction referred to herein as, the “**Resulting Issuer**”); and (ii) if under the Alternative Liquidity Transaction, the Shares are exchanged for securities of the Resulting Issuer, such securities are freely tradeable, including, if applicable, through obtaining a listing or quotation on a recognized stock exchange or quotation system in Canada or the United States.

(3) Each of the Shareholders acknowledges and agrees that the share and/or corporate structure of the Corporation may need to be restructured (including, for greater certainty, the creation of a holding company and/or creation of a single class of shares) prior to the completion of the IPO and each agrees to use its best efforts to effect, and to cause the Corporation to effect, transactions to optimize the tax treatment to the Corporation and the Shareholders in connection with the IPO. Each of the Shareholders agrees to vote its Shares in favour of any resolution required to be passed by the Shareholders in order to give effect to any decisions taken and recommendations made by the Board in connection with the IPO.

(4) Within 30 days after receipt of Special Approval, the Corporation will engage one or more underwriters selected by the Board to provide customary investment banking and related advisory services in connection with an IPO, including advice regarding an estimated offering price and the number of securities of the Corporation which should be offered in order to assist in the marketing of the IPO and to provide sufficient distribution and market capitalization to facilitate coverage of the Corporation by financial analysts.

(5) If the Board determines that the terms and conditions of any IPO (including estimated offering price and offering size) proposed by the underwriters engaged by the Corporation pursuant to Section 6.13(4) are acceptable and that it wishes to proceed with an IPO, then the Corporation will prepare and file the required documents with one or more securities regulatory authorities or otherwise to qualify securities of the Corporation for distribution in one or more jurisdictions, as determined by the Board, and will otherwise take or cause to be taken all actions as may be necessary or desirable, in order to effect an IPO. Each of the Shareholders agrees that it will enter into lock-up agreements with respect to the securities of the Corporation that it holds with the underwriters engaged by the Corporation in connection with the IPO in such customary form as may be reasonably required by such underwriters.

6.14 Rights Issues

(1) Subject to the provisions of Section 6.14(2), if any additional Shares of the Corporation are to be issued from treasury, the Corporation will first offer such Shares to the Shareholders by notice given to them of the Corporation’s intention to issue additional Shares, the number and class thereof to be so issued and the proposed price and terms of the shares so offered. The Shareholders will have the right to purchase the Shares so offered *pro rata* based upon the number of Shares beneficially owned by the Shareholders at the date notice is given. Each Shareholder will have 15 Business Days from the date such notice is given to take up and pay for any of the shares so offered to the Shareholder. The shares that have

not been taken up and paid for within the 15 Business Days will be offered again by the Corporation by notice given to those Shareholders who took up and paid for all the shares initially offered to them, and each of such Shareholders will have the right to purchase the shares so offered *pro rata* based upon the number of Shares beneficially owned by such Shareholders at the date notice is given of such subsequent offer. Such Shareholders will have 15 Business Days from the date such subsequent notice is given to take up and pay for any of the shares so offered, and so on from time to time until all the shares have been taken up or until all the Shareholders have refused to take up any more, in which latter event the shares not so taken up may be issued to such persons as the Directors in their discretion determine, provided that such persons agree to be bound by this Agreement and to become parties hereto and the subscription price and terms of the shares so offered will be the same as the subscription price and terms offered to the Shareholders.

(2) Notwithstanding the foregoing, only Voting Shareholders shall have the Pre-emptive Rights described in Section 6.14(1) in relation to additional Voting Shares of the Corporation being issued from treasury. The Corporation shall have no obligation to offer newly issued Voting Shares to Non-Voting Shareholders.

(3) The pre-emptive rights described in Section 6.14(1) will not apply to an issuance of Shares to the extent that the Board determines that the Shares so offered are being issued pursuant to, or upon the exercise of securities granted under, equity incentive plans of the Corporation established by the Board in accordance with Section 4.08.

6.15 Change of Control

(1) Upon the occurrence of a Change of Control, the Founding Shareholders and the Corporation (collectively, the “**Offeree**”) will have the right to purchase any or all of the Shares (the “**Offered Shares**”) beneficially owned by the Holding Company (the “**Offeror**”). The purchase price (the “**Purchase Price**”) for each of the Offered Share will be the Fair Market Value thereof as of the Change of Control, determined in accordance with the provisions of Section 6.16, subject to adjustments set out in Section 6.15(3).

(2) If the Offeree desires to purchase any or all the Offered Shares that the Offeree is entitled to purchase in accordance with the provisions of this Section 6.15, the Offeree will give notice of such desire to the Offeror and to the Corporation within 10 Business Days of the determination of Fair Market Value.

(3) If the Offeree is willing to purchase any or all of the Offered Shares, the transaction of purchase and sale must be completed within 20 Business Days (or such longer period as may reasonably be required to comply with all applicable statutory and regulatory requirements) of the expiry of the 10 Business Day period specified in Section 6.15(2). The transaction of purchase and sale will be completed at the Corporation’s registered office where delivery of the Offered Shares must be made by the Offeror with good title, free and clear of all liens, charges, encumbrances and any other rights of others, against payment by certified cheque, bank draft or wire transfer by the Offeree. If, at the time of completion, any Offered Shares are subject to any lien, charge, encumbrance or other right of others, the Offeree will be entitled to deduct from the purchase money to be paid to the Offeror the amount required to discharge all such liens, charges, encumbrances or other rights of others and will apply such amount to the repayment, on behalf of the Offeror, of the obligations secured thereby.

(4) If the Offeror defaults in transferring the Offered Shares to the Offeree as provided for in this Section 6.15, the Corporation is authorized and directed to receive the purchase money and thereupon to record the transfer of the Offered Shares, to enter the names of the Offeree in the registers of the Corporation as the holders of the Shares purchased by them, and to cause to be issued to the Offeree share certificates for the Offered Shares in the names of such Offeree. The Corporation will hold the purchase

money received by it in trust on behalf of the Offeror and will not commingle the purchase money with the Corporation's assets, except that any interest accruing thereon will be for the account of the Corporation. The receipt by the Corporation of the purchase money will be a good discharge to the Offeree and, after their names have been entered in the registers of the Corporation, the transaction of purchase and sale will be deemed completed at the price and on the other terms and conditions contemplated herein and the Offeree will for all purposes own the Offered Shares purchased by them. Upon such registration, the Offeror will cease to have any right to or in respect of the Offered Shares except the right to receive, without interest, the purchase money received by the Corporation upon surrender of any certificates that previously represented the Offered Shares.

(5) If after the application of Section 6.15(3), all of the Offeree Shares have not been accepted for purchase by the Offeree, the Corporation will be entitled to purchase the remaining Offered Shares in accordance with Sections 6.15(1) to 6.15(4) as if it were the Offeree, *mutatis mutandis*.

6.16 Determination of Fair Market Value

(1) Where any Share is to be purchased and sold pursuant to this Article 6 at fair market value ("**Fair Market Value**"), then such value will be determined by unanimous written agreement by the parties to such purchase and sale transaction (the "**Shareholder Parties**") within 30 days following written request for such valuation by any Shareholder Party to the other Shareholder Party or Shareholder Parties. In the event that the Shareholder Parties fail to reach a unanimous agreement prior to the expiry of such 30 day period, then the Shareholder Parties will jointly appoint a Valuator to determine the Fair Market Value of such Shares and request that such Valuator make such determination within 60 days following his or her appointment. If the Shareholder Parties fail to jointly appoint the Valuator on or before the 20th day following the expiry of the 30 day period referred to above, the Corporation will appoint the Valuator. The decision of the Corporation as to the appointment of the Valuator will be final and binding upon the Shareholder Parties.

(2) In determining Fair Market Value, the Valuator will be instructed to determine Fair Market Value on the basis of the monetary consideration that a prudent and informed buyer would pay to a prudent and informed seller, each acting at Arm's Length with the other and under no compulsion to act. The Valuator shall give consideration to all valuation methodologies, including, but not limited to, trading and transaction multiples, discounted cash flow and book value. When determining the Fair Market Value, the Valuator will be permitted to take into consideration any *bona fide* third party offer for the Shares or any material assets of the Corporation (provided, in each case, that such offer contemplates a cash-only purchase price payable immediately upon the transfer of such Shares or material assets and that such third party has made adequate arrangements prior to making the offer to ensure that the required funds are available to effect payment in full for such Shares or material assets) although such offer may not necessarily constitute the sole factor taken into consideration when determining such Fair Market Value. In its determination of the Fair Market Value the Valuator will not include any downward adjustment to reflect the fact that the Shares do not form part of a controlling interest. In allocating the value of the Corporation between the classes of Shares of the Corporation, the Valuator shall apply the following priorities: (a) first, value shall be applied to the Class B Shares, up to the amount that was originally invested by the holders of such Class B Shares (less any dividends paid); and (b) second, the remaining value (if any) will be allocated *pro rata* among all of the issued and outstanding Shares of the Corporation, regardless of the class or attributes of such Shares. The determination of the Valuator as to Fair Market Value will be final and binding upon the Shareholder Parties.

(3) The Valuator will have access to the books, accounts, records, vouchers, cheques, papers and documents of, or which may relate to, the Corporation. The Shareholders will cooperate with the Valuator and will provide all information and documents reasonably requested by the Valuator. The Shareholder Parties will equally bear all costs associated with such valuation, including the Valuator's fees.

6.17 Right of Conversion

(1) Notwithstanding any other provision of this Agreement, Appalsamy shall have the right, at any time whatsoever and in his sole discretion, to convert any number of Class A Shares that he owns to Class B Shares. In the event that Appalsamy exercises this right, he shall be entitled to receive Class B shares at a ratio conversion of 1 Class A share to 1 Class B share. Appalsamy's right to convert is referred to herein as the "**Conversion Right**" and the process of conversion is described herein as the "**Conversion**". By way of example, if Appalsamy exercises the Conversion Right over 100 Class A Shares he will be entitled to receive 100 Class B shares in exchange. Appalsamy shall not have the right to convert any Class B shares that he owns, to Class A shares.

(2) If at any time, Appalsamy seeks to exercise the Conversion Right, he shall provide written notice to the Board setting out the specific number of Class A Shares that he wishes to convert to Class B Shares (the "**Conversion Notice**"). The Conversion Notice must attach the original Class A Share certificates that Appalsamy wishes to convert to Class B Shares and provide a written representation that Appalsamy has title to the Class A Shares, free and clear of all liens, charges, encumbrances and any other rights of others. Upon the Board receiving the Conversion Notice it shall immediately issue the applicable number of Class B Shares to Appalsamy, update the shareholder registry to reflect the effect of the Conversion, and terminate the Class A Shares that Appalsamy submits for conversion.

6.18 Exclusivity of Sections

Each of Sections 6.04 - 6.15 are exclusive and the provisions thereof may only be relied upon by any party if the provisions of one of the other of such Sections are not at the same time being relied upon by the same or another party.

ARTICLE 7 - GENERAL

7.01 Non-Competition

No Voting Shareholder (or Principal thereof, as applicable) may, without the prior written consent of the Board, at any time while such Voting Shareholder is a shareholder of the Corporation and for a period expiring on the later to occur of: (i) 12 months following the date such Voting Shareholder ceases to be a Voting Shareholder of the Corporation; and (ii) the date that such Shareholder (or Principal thereof, as applicable) ceases to be an employee, officer or Director of the Corporation for any reason, either individually, or in partnership or jointly or in conjunction with any person as principal, agent, trustee, employee or shareholder or in any other manner whatsoever:

- (a) carry on, engage in or be concerned with or interested in; or
- (b) lend money to, guarantee the debts or obligations of or permit the name of such Shareholder (or Principal thereof, as applicable) or any part thereof to be used or employed by any person engaged in or concerned with or interested in,

any business that is the same as, substantially similar to or competitive with the business carried on by the Corporation, or by any of its Subsidiaries or Affiliates or, if such Voting Shareholder has ceased to be a Voting Shareholder of the Corporation, any business that is the same as, substantially similar to or competitive with the business or businesses carried on by the Corporation or any of its Subsidiaries or Affiliates at the time such Voting Shareholder ceased to be a Voting Shareholder of the Corporation within, in either case, Canada. Notwithstanding the foregoing, this Section 7.01 shall not prevent a Voting Shareholder (or Principal thereof, as applicable) from purchasing, as a passive investor, up to 2% of the outstanding publicly-traded shares of any issuer listed on a Canadian or United States stock exchange.

7.02 Non-Solicitation

No Shareholder (or Principal thereof, as applicable) may, without the prior written consent of the Board, at any time while such Shareholder is a shareholder of the Corporation and for a period expiring on the later to occur of: (i) 12 months following the date such Shareholder ceases to be a shareholder of the Corporation; and (ii) the date that such Shareholder (or Principal thereof, as applicable) ceases to be an employee, officer or Director of the Corporation for any reason, either individually or in partnership or jointly or in conjunction with any person as principal, agent, trustee, employee or shareholder or in any other manner whatsoever:

- (a) induce or endeavour to induce any employee of the Corporation to leave his or her employment with the Corporation;
- (b) employ or attempt to employ or assist any person to employ any employee of the Corporation or any of its Subsidiaries or Affiliates; or
- (c) solicit, endeavour to solicit or gain the business of, canvass or interfere with the relationship of the Corporation or any of its Subsidiaries or Affiliates with any person that:
 - (i) is a customer or a client of the Corporation while the Shareholder is a shareholder of the Corporation or at the date such Shareholder ceases to be a shareholder of the Corporation;
 - (ii) was a customer or a client of the Corporation at any time within six months prior to the date such Shareholder ceases to be a shareholder of the Corporation; or
 - (iii) had been pursued as a prospective customer or a client by or on behalf of the Corporation at any time within six months prior to the date such Shareholder ceases to be a shareholder of the Corporation and in respect of whom the Corporation has not determined to cease all such pursuit.

7.03 Confirmation

Each of the Shareholders and Principals confirms that all restrictions in Sections 7.01 and 7.02 are reasonable and valid and waives all defences to the strict enforcement thereof. Each Shareholder and Principal also acknowledges that:

- (a) the business of the Corporation is carried on throughout Canada;
- (b) the Corporation's reputation in the industry and its relationship with its customers are the result of hard work, diligence and perseverance on behalf of the Corporation over an extended period of time; and
- (c) the nature of the Corporation's business is such that the ongoing relationship between the Corporation and its customers is material and has a significant effect on the ability of the Corporation to continue to obtain business from its customers with respect to both long term and new projects.

7.04 Confidentiality

The Shareholders and Principals agree to treat all information, data, reports and other records, in whatever form (oral, written, electronic or otherwise) pertaining to the business, affairs or operations of

the Corporation (“**information**”) as confidential and will not disclose such information to any other person without the prior written consent of the Corporation; provided, however, that no Shareholder or Principal shall be liable for any such disclosure of such information if such information:

- (a) becomes generally available to the public other than as a result of a disclosure by such Shareholder or Principal or their representatives in violation of this Agreement;
- (b) was available to such Shareholder or Principal on a non-confidential basis without violation of this Agreement prior to its disclosure by the Corporation or its representatives;
- (c) becomes available to such Shareholder or Principal on a non-confidential basis without violation of this Agreement from a source other than the Corporation or its representatives provided that such source is not bound by a confidentiality agreement with the Corporation or a duty of confidentiality to or in respect of the Corporation to the knowledge of such Shareholder or Principal; or
- (d) is required by law to be disclosed by such Shareholder or Principal, provided that such Shareholder or Principal first notifies the Corporation that it believes it is required to disclose such information and it allows the Corporation a reasonable period of time to contest the disclosure of such information.

7.05 Insurance

The Corporation may maintain such life insurance policies as the Board may from time to time determine. The Corporation will obtain such Director and officer liability insurance policies as the Board may from time to time determine.

7.06 Disputes

(1) If any dispute, claim, question or difference (the “**Dispute**”) arises out of or in relation to this Agreement or any breach thereof, the parties subject to the Dispute shall use their best efforts to settle the Dispute. To this effect, they shall consult and negotiate with each other, in good faith and understanding of their mutual interests, to reach a just and equitable solution satisfactory to all Shareholders subject to the Dispute.

(2) Except as is expressly provided in this Agreement, if the parties subject to the Dispute do not reach a solution pursuant to Section 7.06(1) within a period of 30 days following written notice of the Dispute being given by one party to the other, then, upon written notice by any party to the others, the Dispute shall be determined by the Governance Committee.

(3) Any appeal from the decision of the Governance Committee shall be dealt with through binding mediation. Either party subject to the Dispute may submit the Dispute to any mutually agreed upon mediation service (the “**Mediator**”) for mediation by providing to the Mediator a joint, written request for mediation, setting forth the subject of the dispute and the relief requested. If the parties subject to the Dispute are unable to agree on a Mediator, the Governance Committee shall select the Mediator. The parties subject to the dispute covenant and agree as follows:

- (a) they will cooperate with the Mediator and with one another in selecting a neutral mediator and in scheduling the mediation proceedings;
- (b) they will use commercially reasonable efforts in participating in the mediation; and

- (c) the Mediator's fees and expenses and the costs incidental to the mediation will be shared equally between the parties, unless the Mediator orders otherwise.

(4) The decision of the Mediator shall be final and binding on the parties involved in the Dispute and shall not be subject to appeal, but shall not be binding as a precedent with respect to any subsequent disputes between any of the parties hereto.

(5) No party shall commence legal proceedings in respect of any Dispute arising out of or in relation to this Agreement or any breach thereof until the matter has been submitted to the Governance Committee and the Mediator and a decision has been rendered as provided in this Section 7.06.

(6) For so long as the Founding Shareholders beneficially own at least 50.1% of the outstanding Voting Shares, in the case that the Founding Shareholders cannot agree to a decision or approval that is required to be made or given by them in this Agreement, including in respect of casting of votes pursuant to Article 4, such disagreement shall be considered a Dispute and shall be resolved in accordance with this Section 7.06.

7.07 Further Assurances

Each of the parties will from time to time execute and deliver all such further documents and instruments and do all acts and things as another party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

7.08 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the parties.

7.09 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto, including, without limitation, the prior shareholders agreement dated November 6, 2018. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

7.10 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and Special Approval is obtained. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

7.11 Time of the Essence

Time shall be of the essence of this Agreement.

7.12 Truth of Recitals

The parties acknowledge, represent and warrant to each other that each of the recitals set out above are true in substance and in fact.

7.13 Assignment

Except as may be expressly provided in this Agreement, none of the parties may assign such party's rights or obligations under this Agreement without the prior written consent of all the other parties.

7.14 Termination

This Agreement will terminate upon:

- (a) the written agreement of the Shareholders;
- (b) the dissolution or bankruptcy of the Corporation or the making by the Corporation of an assignment under the provisions of the *Bankruptcy and Insolvency Act* (Canada);
- (c) one Shareholder becoming the beneficial owner of all the Shares; or
- (d) the date on which the Corporation completes an IPO.

7.15 Severability

In the event that any provisions contained in this Agreement, in whole or in part, shall be declared invalid, illegal or unenforceable by a court or other lawful authority of competent jurisdiction, this Agreement shall continue in force with respect to the enforceable provisions, or part thereof, and all rights and remedies accrued under the enforceable provisions shall survive any such declaration, and any non-enforceable provision shall to the extent permitted by law be replaced by a provision which, being valid, comes closest to the intention underlying the invalid, illegal and unenforceable provision.

7.16 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

To Michael Sioen:

372 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Email: mike@ayandacanncorp.com

To Shanil Ramdhany:

390 Cherry Street, Suite 910
Toronto, ON M5A 0E2

Email: shaun@ayandacanncorp.com

To the Shareholders, such address as is listed in the Corporation's registers.

To the Corporation:

Ayanda Cannabis Corporation
372 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Email: mike@ayandacanncorp.com
Attention: Michael Sioen

or such other street address, individual or electronic communication number or address as may be designated by notice given by any party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fifth (5th) Business Day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by electronic communication.

7.17 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

7.18 Acknowledgement.

Each of the parties to this Agreement acknowledge that: (i) the party has been advised by the other parties to seek independent legal advice; (ii) the party has sought such independent legal advice or deliberately decided not to do so; (iii) the party understands the rights and obligations under this Agreement as applicable to that party; and (iv) is executing this Agreement voluntarily.

7.19 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

7.20 Electronic Execution

Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

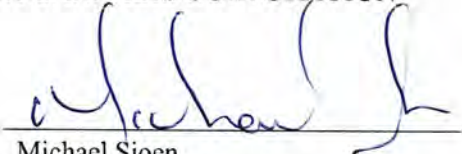
7.21 Effective Date

This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties have executed this Agreement.

AYANDA CANNABIS CORPORATION

Per: 
Name: Michael Sioen
Title: President



Witness:



Michael Sioen

Witness:

Shanil Ramdhany

IN WITNESS WHEREOF the parties have executed this Agreement.

AYANDA CANNABIS CORPORATION

Per: _____

Name: Michael Sioen

Title: President

Witness:



Witness:

Michael Sioen



Shanil Ramdhany

This is **Exhibit “K”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990F7178FF432

A Commissioner, etc.

David Hyde (DH): Please see changes highlighted in yellow throughout.

TERM SHEET
2021-12-28

**CONDITIONAL OFFER TO PURCHASE
AYANDA CANN CORP.**

324 Burford-Delhi Townline Rd., Norwich, ON, N0J 1P0

<u>Topic</u>	<u>Details</u>
Parties	Owner: Michael Sioen, Ayanda Broker: David Hyde, Hyde Advisory and Investments Purchaser: Pankaj "Peter" Sharma Broker: Lucas McCann, CannDelta
Type of Transaction	Share Asset sale: including Ayanda, licensed cannabis facility at above address that sits on 2 acres; 100 acres of land adjacent to the licensed site, dwelling place on property shall be included in the Purchase Price
Deposit	\$200,000 (CAD) upon sign back towards Purchase Price
Asking Price	<div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> <div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> (CAD), of which <div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> (CAD) for the licensed site, and <div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> (CAD) for the est. 99.8 acres of land adjacent to the licensed site
Offer Price Counter-offer	<div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> (CAD) in Cash, of which <div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> (CAD) is offered for the licensed site, and <div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> (CAD) for the est. 99.8 acres of land adjacent to the licensed site
Terms	Full payment (cash) on Close Date less any Deposits.
Close Date	March 1st, 2022
Treatment of Initial Deposit	Held in escrow by the Purchaser's counsel until Closing. If the transaction does not close (and the Purchaser has not breached its obligations under the APA), then the Initial Deposit shall be refunded to the Purchaser.
Outside Date	If transaction does not close by February 15 th , 2022, either party may terminate the APA (and the deposits will be refunded)
Conditions of Closing	Standard conditions of closing for a transaction of this nature, including:

This term sheet is non-binding and does not represent an offer or commitment to enter into any binding agreement with respect to the Transaction.

Pankaj “Peter” Sharma
12830353 Canada Inc.

I confirm that I have signing authority

This is **Exhibit “L”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

E1990E7178FF432

A Commissioner, etc.

**TERM SHEET
REGARDING THE PURCHASE OF AYANDA CANNABIS CORPORATION**

January 7, 2022

This binding term sheet (this "**Term Sheet**") is intended to summarize the principal terms of the transaction (the "**Transaction**") whereby 12830353 Canada Inc. on behalf of a nominee to be named (the "**Purchaser**") will purchase all of the issued and outstanding shares in the capital of Ayanda Cannabis Corporation (the "**Corporation**") from the shareholders thereof (collectively, the "**Vendor**" and together with the Purchaser, the "**Parties**"). For the purposes of this Term Sheet, the Vendor is represented by Michael Sioen, the majority shareholder of the Corporation.

**1. Acquisition of Shares
and Purchase Price**

Subject to the satisfaction of the conditions described in this Term Sheet, at the closing of the Transaction, the Purchaser will acquire all of the issued and outstanding Class A Common Shares and Class B Common Shares in the capital of the Corporation (the "**Shares**"). free and clear of all encumbrances.

The purchase price for the Shares shall be [REDACTED] (the "**Purchase Price**"), subject to adjustment, and satisfied as follows:

- (a) \$200,000 payable within three (3) business days of the execution of this Term Sheet (the "**Deposit**");
- (b) [REDACTED] payable at the closing of the Transaction (the "**Cash Purchase Price**"); and
- (c) the assumption of the \$1,000,000 secured loan owing by the Corporation to Michael Sioen Farms Ltd., to be repaid by the Purchaser within two (2) years of the closing of the Transaction.

The Deposit shall be held by the Corporation's counsel in trust and, upon close, shall be applied to the Purchase Price. If the Transaction does not close, and the Purchaser has not breached its obligations under the Definitive Agreement (as defined herein), the Deposit shall be returned to the Purchaser in full.

The Cash Purchase Price shall be subject to adjustment for: (i) cash balances in the bank accounts of the Corporation; (ii) deposits and prepaid expenses; and (iii) all dried flower inventory on hand at the closing of the Transaction, valued at \$1.00 / gram. The Vendor and the Purchaser shall negotiate in good faith to determine the value of such amounts at least five (5) days prior to the closing of the Transaction, and the Cash Purchase Price shall be increased accordingly.

The Parties acknowledge and agree that "dried flower inventory" shall not include dried flower that could be reasonably described as "shake" (broken or separated parts of the cannabis flower), plants, seed, oils, concentrates, distillates, input materials, starting materials, and ingredients not containing cannabis, all of which will be included in the transaction at no cost.

2. Definitive Agreement

As soon as reasonably practicable after the execution of this Term Sheet, and in any event on or before January 31, 2022, the Parties shall negotiate, finalize and execute a definitive share purchase agreement (the "**Definitive Agreement**") relating to the Purchaser's acquisition of the Shares. The Definitive Agreement will include the terms summarized in this Term Sheet and such other representations, warranties, conditions, covenants, indemnities and other terms that are standard and customary for transactions of this nature and are not inconsistent with this Term Sheet.

3. Conditions Precedent

The Purchaser's obligation to close the proposed Transaction will be subject to standard and customary closing conditions for a transaction of this nature.

which will be set out in the Definitive Agreement and will include, without limitation:

- (a) requisite approval of the shareholders of each Party, including the approval of 75% of the voting shareholders of the Corporation;
- (b) execution of the Definitive Agreement by both Parties, together with all ancillary documents;
- (c) confirmation that the Corporation's cannabis licence is in good standing and the Corporation's facility is operating in compliance with all applicable laws and regulations;
- (d) receipt of any and all consents and approvals in connection with the continued operation of the business of the Corporation in the normal course, including Health Canada's approval of the Transaction and the transfer of the Corporation's cannabis license to the Purchaser;
- (e) termination of the existing ground lease with Luke & Blanche Sioen Farms Ltd., and the execution of a renegotiated lease in form and substance satisfactory to the Purchaser. For certainty, the renegotiated lease shall allow the Purchaser to continue to operate the business in the ordinary course, and shall stipulate rent of \$400 / year or less;
- (f) completion of an appraisal and building inspection arranged by the Purchaser of the Corporation's facility and the real property on which the Corporation operates on or before February 28, 2022;
- (g) the continuity of security cleared staff (as defined by Health Canada's key personnel), at the Purchaser's discretion, to ensure the continuity of operations and ongoing regulatory compliance; and
- (h) confirmation of no material adverse change in the business, results of operations, prospects, condition (financial or otherwise) or assets of the Corporation.

The Transaction shall close upon the satisfaction or waiver of all conditions precedent contained in the Definitive Agreement, which shall occur on or before April 30, 2022. If the Transaction does not close on or before April 30, 2022, the Deposit shall be returned to the Purchaser in full.

4. Covenants of the Vendor During the period from the signing of this Term Sheet through the execution of the Definitive Agreement, the Vendor will ensure that the Corporation: (a) conducts its business in the ordinary course in a manner consistent with past practice; (b) maintains its properties and other assets in good working condition (normal wear and tear excepted) and ensures that none of the equipment and/or hardware present during the Purchaser's visit to the Corporation's facility on December 21, 2021 is removed; (c) uses its best efforts to maintain the business and employees, customers, assets and operations as an ongoing concern in accordance with past practice; (d) does not enter into any transaction other than in the ordinary course of its business and consistent with past practice on terms which are arm's length; and (e) gives the Purchaser prompt written notice of any material change in or affecting the business, affairs, operations, assets, liabilities or capital of the Corporation.

5. Representations and Warranties

The Definitive Agreement will contain standard and customary representation and warranties for a transaction of this nature.

6. Confidentiality

This Term Sheet and the contents herein are confidential and may not be disclosed by either Party without the prior consent of the other Parties, except as required by law. Any press release or public disclosure needs to be mutually agreed by both Parties.

7. Exclusivity

The Parties agree to deal exclusively with each other in negotiating and executing the documents contemplated by this Term Sheet. The Parties will

not solicit, encourage or initiate any offer or proposal from, or engage in any negotiations or enter into any agreement, commitment or understanding with any person, other than the other Parties, concerning the contents of this Term Sheet or any competing transaction for a period of 90 days after this Term Sheet is executed.

- 8. Jurisdiction / Governing Law** The Parties shall submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and agree to be bound to any suit, action or proceeding commenced in such courts and by any order or judgment resulting from such suit, action or proceeding.
- 9. Termination** This Term Sheet and the obligations of the Parties contained herein shall automatically cease and terminate if the Definitive Agreement is not entered into on or before January 31, 2022.
- 10. Expenses** The Parties agree to split expenses relating to the Transaction on a 50/50 basis, including the fees and expenses of financial, legal and other advisors, incurred in connection with the proposed Transaction.
- 11. Currency** All references to currency noted in this Term Sheet shall be a reference to Canadian dollars.
- 12. Miscellaneous** This Term Sheet may be executed in counterparts and delivered electronically. Each counterpart shall be deemed to be an original and all counterparts taken together shall constitute one agreement. The headings of the various sections of this Term Sheet have been inserted for reference only and shall not be deemed to be a part of this Term Sheet.

[Signature Page Follows]


IN WITNESS WHEREOF the Parties have executed this Term Sheet as of the date first written above.

12830353 CANADA INC., on behalf of
corporation to be named

By: 
Name: Pankaj Sharma
Title: Authorized Signatory

I have authority to bind the Corporation

AYANDA CANNABIS CORPORATION

By: 
Name: Michael Sioen
Title: President

I have authority to bind the Corporation

35

This is **Exhibit “M”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990F7178FF432

A Commissioner, etc.

MINUTES OF MEETING OF THE SHAREHOLDERS OF
AYANDA CANNABIS CORPORATION
(the "Corporation")

January
A video meeting of the voting shareholders of the Corporation was held via online video hosting on ~~September~~ 11, 2022 at 3:30 pm. Notice of the meeting was circulated by Michael Sioen on Saturday, January 8, 2022. The following voting shareholders were present at the meeting and participated through online video hosting: Victoria Ringelberg, Yogan Appalsamy, Rene Huyge, Shanil Ramdhany and Michael Sioen.

Also present at the meeting were Larry Ellis and Sam Massie of Miller Thomson LLP, corporate counsel to the Corporation.

Mr. Sioen acted as Chairperson of the meeting. Sam Massie acted as corporate secretary.

The Chairperson called the meeting to order. Based on the number of voting shareholders in attendance at the meeting, a quorum was present and the meeting could proceed.

Term Sheet

The only item of business to be discussed at the meeting was the receipt of an offer to purchase all of the issued and outstanding shares in the capital of the Corporation by 12830353 Canada Inc. or its nominee, dated January 7, 2022 and attached hereto (the "**Term Sheet**"). The Term Sheet had been distributed to, and reviewed by, all voting shareholders prior to the meeting. Mr. Sioen and Mr. Ellis provided an overview of the proposed transaction, and answered questions relating to same.

After discussion, Mr. Sioen put forward a motion to approve the Term Sheet and to authorize the Corporation to satisfy its obligation under the Term Sheet. The motion was unanimously approved and:

IT WAS RESOLVED that the form, terms and provisions of the Term Sheet, substantially in the form attached hereto, be and hereby are approved, and the Corporation be and it hereby is: (i) authorized to execute and deliver the Term Sheet, and any documents necessary to give effect to the Term Sheet; and (ii) authorized and empowered to perform all of its obligations under the Term Sheet.

There being no other business to consider, the meeting adjourned on January 11, 2022 at 4:00 pm.


Michael Sioen

President, as Chairperson of the meeting


Sam Massie

Acting as Corporate Secretary of the meeting

This is **Exhibit “N”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:
Erin Craddock
F1990F7178FF432

A Commissioner, etc.



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

January 21, 2022

Larry Ellis
Direct Line: 416.595.8639
lellis@millerthomson.com

Private and Confidential

The Shareholders of
Ayanda Cannabis Corporation

Dear Shareholders:

Re: Ayanda Cannabis Corporation

We are writing to you as counsel to Ayanda Cannabis Corporation (the “**Corporation**”), on behalf of the holders of Class A Common Shares in the Corporation (“**Class A Shareholders**”). You are receiving this correspondence because you are a holder of Class B Common Shares in the Corporation (“**Class B Shareholder**”).

The purpose of this communication is to inform you that the Corporation has executed a binding term sheet dated as of January 7, 2022 (the “**Term Sheet**”) with 12830353 Canada Inc. (the “**Purchaser**”) for the purchase and sale of all of the issued and outstanding shares of the Corporation (the “**Transaction**”). The Term Sheet, a copy of which is being provided with this letter, will be formalized in a definitive share purchase agreement (the “**Share Purchase Agreement**”) which will be executed later this month.

The Corporation and the Cannabis Industry

The Transaction is the culmination of significant efforts by the officers and directors of the Corporation (the “**Management Team**”), who have dedicated their full time and effort to creating value in the Corporation. The actions and successes of such individuals, some of which are detailed below, have created the framework for a niche cannabis company that has proven to hold value in the eyes of potential purchasers in a buyer’s market.

1. The Management Team engaged a consultant with a proven track record of creating value in licensed producers and worked with the consultant to develop a strategic sales plan for its products.
2. The Management Team negotiated the terms of a joint venture relationship with a strategic partner for the production and distribution of edible cannabis products.
3. The Management Team added talent and expertise by aligning the Corporation with respected medical professionals, industry experts and scientists.
4. The Management Team augmented the Corporation’s production facility by adding quality equipment.
5. The Management Team solicited and secured additional investors to finance all of the foregoing.

Despite the actions of the Management Team, the Corporation has struggled with the challenges facing the Canadian cannabis industry. A dramatic increase in the number of licensed producers has caused oversaturation in the market. There is an unprecedented level of competition among suppliers, which has driven down prices and profits. All of this has been exacerbated by the increased costs and operating challenges arising from the COVID-19 pandemic. The result has been the consolidation of the industry as a whole. Cannabis companies that had seemingly endless access to capital a few years ago are now filing for bankruptcy. The assets of these companies are being purchased by larger cannabis companies for a fraction of their initial value, and equity holders are generally not recouping their investments.

The Decision to Sell

The board of directors of the Corporation met in October of 2021 to assess the financial position of the Corporation and the path to profitability. In addition to the industry challenges detailed above, the President of the Corporation, Michael Sioen, was dealing with health issues that were impacting his ability to manage the Corporation. With the Corporation facing internal and external pressures, the board ultimately decided that pursuing a potential sale of the Corporation was the best way to preserve value for Class B Shareholders.

On October 21, 2021, a majority of the Corporation's board of directors voted to engage Hyde Advisory & Investments Inc. ("**Hyde Advisory**"), a leading cannabis consultant, for the purpose of providing strategic guidance and advice regarding the marketing and sale of the Corporation. Hyde Advisory conducted a thorough marketing and sales process through November and December of 2021, and ultimately produced an offer from the Purchaser in early January, 2022. Following a period of negotiation, the offer was memorialized in the Term Sheet, which was unanimously approved at a meeting of the Class A Shareholders on January 11, 2022.

The Transaction

Pursuant to the terms of the Term Sheet, the Class A Shareholders and Class B Shareholders (collectively, the "**Vendors**") will receive total compensation in the amount of [REDACTED] (the "**Purchase Price**") in exchange for all of the Class A Common Shares and Class B Common Shares of the Corporation. A portion of the Purchase Price will be used to satisfy the secured obligations of the Corporation at closing. The Purchase Price will be adjusted upwards at closing to compensate the Vendors for: (a) the value of any and all tax returns owing to the Corporation at closing; (b) the value of all dried flower cannabis inventory on hand at closing; and (c) cash balances in the bank and the value of any prepaid deposits.

The Purchaser will deliver the Purchase Price to Miller Thomson LLP, in trust, at closing. As soon as practicable following the closing of the Transaction, Miller Thomson LLP will distribute the Purchase Price to the Vendors. In accordance with the Corporation's constating documents, the Purchase Price will be paid to the Class B Shareholders in the stated capital account maintained for the class, in priority to the Class A Shareholders. It would be premature to quantify the exact recovery that Class B Shareholders will receive, but we expect that it will be a significant percentage of your original investment. Please also note that the Corporation will have to settle with various creditors prior to confirming final



payments to shareholders. The Corporation is conducting diligence now to finalize its balance sheet and quantify liabilities to creditors.

It should be noted that Michael Sioen has agreed to take certain steps to maximize the value of Class B Shareholders' recoveries, including the following:

1. The two acres housing the Corporation's production facility will be severed from Mr. Sioen's land and included in the Transaction, without additional funds flowing to Mr. Sioen.
2. Until such time as the land can be severed, Mr. Sioen will lease the land to the Purchaser for nominal value.
3. The Class B Common Shares held by Mr. Sioen will be sold to the Purchaser for the aggregate amount of \$1.00, which will increase the proceeds available to the remaining Class B Shareholders. For clarity, please note that Mr. Sioen's Class B Common Share interest is valued at a cost base of \$300,000. The estimated impact is that other Class B Shareholders will receive approximately 6% more in terms of their personal recovery.

Timelines, Next Steps

The Share Purchase Agreement will be finalized and signed on or before January 31, 2022 and will include a list of standard conditions that will need to be satisfied or waived in order for the Transaction to close. The conditions will include the approval of Health Canada. We expect that all such conditions will be satisfied, and the Transaction will close, in March/April of 2022. The Term Sheet stipulates an outside date of April 30, 2022 to accommodate the additional time it may take to obtain Health Canada's approval of the Transaction.

We will be sending additional shareholder communications to advise of updates relating to the Transaction. Should you have questions or concerns relating to the Transaction, please do not hesitate to contact us.

Yours truly,

MILLER THOMSON LLP

Per:



Larry Ellis
LE/sm



This is **Exhibit “O”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990E7178EE432...

A Commissioner, etc.



From: Ward, David
Sent: Monday, January 31, 2022 10:21 AM
To: 'Philip Healey' <philip.p.healey@gmail.com>; Ellis, Larry <lellis@millერთhompson.com>
Cc: Massie, Sam <smassie@millერთhompson.com>
Subject: RE: Application of Dr. Cook.

Hi Phil,
You can correspond with me on this going forward.
To your service question below, it is not my practice to accept service without having seen even draft materials. But if you provide me with your client's notice of application I undertake to get back to you promptly on acceptance of service in respect of any named respondents.
Thanks
David

From: Philip Healey [<mailto:philip.p.healey@gmail.com>]
Sent: Saturday, January 29, 2022 11:33 PM
To: Ellis, Larry <lellis@millერთhompson.com>
Cc: Mike Sioen <mike@ayandacanncorp.com>; Massie, Sam <smassie@millერთhompson.com>; Douglas Cook

<dj.cook@me.com>; Ward, David <dward@millerthomson.com>; Mark BASHALL <mbashall@hotmail.com>

Subject: Re: Application of Dr. Cook.

Larry.

You call that "conversation"?

I call it me trying to tell you that your client's have a problem and you hanging up on me and refusing to talk to me.

You say that you need "evidence/information" establishing that Dr. Cook has a "legal claim".

Let me see.

I don't know but I've been in the Commercial Court more than a few times if I've been there once and I would bet that if I told any of the Judges of that Court that Dr. Cook was told that he (ie if he would provide his services for and his name behind this venture), would be paid with shares (ie even the class of shares that he has - that's your argument right - Dr. Cook, as a minority shareholder of the valueless shares, does not have a contractual claim as his contract does not have a section providing for conversion - he just didn't contract for that clause you claimed - as if he was suppose to know what you were planning), only to find (ie after he provided those services), that you had, through the setting up of what was to be the Jan 31st transaction, arranged that only the shares owned by your clients (ie as I understand them to be), would end up being worth anything (ie as you yourself have confirmed - remember you telling me that the company is going bankrupt anyway so why bother - to which I said if that's the case then convert his shares), that Judge (ie all of them), would agree that that was oppression.

Oppression based upon, it appears clear, misrepresentations.

They would all also agree that who I understand to be your clients (ie the CEO, the CFO, and the other Board Members who were to financially benefit from the Jan 31st transaction), are becoming unjustly enriched from Dr. Cook's services, which I'd say was self evident.

Is that enough "evidence/information" for you?

Is there something more you want?

I mean isn't this the very reason why the OBCA has placed the legislative check it has on majority shareholders rights?

Oppression Larry can take many forms.

It does not have to be tied to a contract that you drafted.

The contract itself, rather, can be, as it is here, evidence (ie probative evidence), of the oppression.

Also, you keep telling me that your office is acting for the company.

I know that?

When I say, though, (ie after telling you that we're naming the individuals I listed also), could you be clearer, I'm asking you whether you will be accepting service on behalf of the individuals also.

Now can you please respond to that question?

Finally, I note that the proposed Jan 31st transaction is now not closing on Jan 31st but has been, so to speak, indefinitely delayed.

Can you provide any further information on that?

My client, being a shareholder (ie whose shares are going to be affected) has a right to that information.

Now please consider the above and govern yourself accordingly.

We will, of course, be seeking costs for everything.

Phil.

On Fri., Jan. 28, 2022, 3:16 p.m. Ellis, Larry, <lellis@millerthomson.com> wrote:

Thanks Philip.

We have instruction to accept service for Ayanda.

We don't need conversation at this point. We need evidence/information that establishes a legal claim.

Sincerely,

Larry

LARRY ELLIS

Providing services on behalf of a Professional Corporation

Partner

Miller Thomson LLP

Scotia Plaza

40 King Street West, Suite 5800

P.O. Box 1011

Toronto, Ontario M5H 3S1

Direct Line: +1 416.595.8639

Fax: +1 416.595.8695
Email: lellis@millerthomson.com
millerthomson.com



Please consider the environment before printing this email.

Our COVID-19 preparedness and support commitment

From: Philip Healey [mailto:philip.p.healey@gmail.com]
Sent: Friday, January 28, 2022 1:56 PM
To: Ellis, Larry <lellis@millerthomson.com>
Cc: Mike Sioen <mike@ayandacanncorp.com>; Massie, Sam <smassie@millerthomson.com>; Douglas Cook <dj.cook@me.com>; Ward, David <dward@millerthomson.com>; Mark BASHALL <mbashall@hotmail.com>
Subject: Re: [**EXT**] Application of Dr. Cook.

Larry.

As a preliminary response to your email.

First, Mark Bashall works with me.

Second, I wasn't angry on the phone.

Not even close.

I found it amusing.

With you hanging up, then picking up, and claiming that I was threatening you when all I said was that I'd be recommending litigation.

Nor am I using anything as a platform to do anything.

What I've said in my emails and on the phone has been said professionally and is 100% true.

Are you saying otherwise?

Third, I advised you to govern yourself accordingly.

What you think that means is for you to decide.

Fourth, could you be clear?

Are you saying that your offices are acting for and will be accepting service on behalf of the company only?

Please confirm.

I'll now finish my walk.

I'll add that perhaps there is someone at your offices who would maybe talk on the phone with me, as is normal (ie I'd say anyway), if further explanation about why Dr. Cook is bringing this application is needed.

That would save everyone some time and \$.

Please govern yourself accordingly.

Phil.

On Fri., Jan. 28, 2022, 11:45 a.m. Ellis, Larry, <lellis@millerthomson.com> wrote:

Phil,

Please advise as to how Mark Bashall fits into the email chain. I note that he has a Hotmail email address and don't want to continue him in our chain unless you confirm how he fits. I have added David Ward, who will be representing Ayanda in any litigation.

I acknowledge receipt of your email this morning and your email yesterday.

A few things to note that might be helpful:

1. The transaction won't close for some time, because it is conditional on Health Canada's approval. We anticipate that will take months. I am sure you knew this (given that you noted you having reviewed the purchase agreement), but thought it helpful to clarify;
2. At the moment our office has instructions to receive service and defend the claim on behalf of Ayanda;
3. I prefer to continue in writing with you because you are very angry and aggressive on the phone. As it turns out you also use the phone conversation platform as a vehicle to dramatically misrepresent what was said. If we stay in writing, I don't have to worry about being yelled at and I can let the written words speak for themselves. For reference, I am not going to waste time disputing your spin of the conversation. Nothing good can come from it.

If settlement is something of interest I would encourage you to provide the documents that create the obligation to pay your client. The Agreement we have relates to compensation through provision of options to purchase series "A" shares. Nobody is denying your client that contracted right. What is missing is the contract/document that gives rise to the right to convert to series "B" shares or the right to cash compensation. Please provide that to us for consideration.

If that document doesn't exist then Ayanda cannot pay your client. It would be illegal to do so as it would constitute an illegal preference.

In your response please also note the basis for an unjust enrichment claim. None of the constituent elements exist. For example, Mike Sioen will receive \$0 for his series "A" shares, \$0 for his series "B" shares and \$0 for the ground lease the purchaser is obtaining through the transaction. Not much enrichment taking place there.

We look forward to receiving your clients' evidence, as requested herein, or, if need be, your client's claim. We will move swiftly for summary judgment and seek full indemnity costs. Truth is, based on the evidence received to date, there isn't valid legal claim here.

Finally, I don't interpret your email as an offer to settle and therefore believe it to be disclosable. We are putting a communication to the shareholders together and intend to share the threats noted as it will impact the timing and quantum of any future distribution. Just a professional courtesy to let you know.

Sincerely,

Larry

LARRY ELLIS

Providing services on behalf of a Professional Corporation

Partner

Miller Thomson LLP

Scotia Plaza

40 King Street West, Suite 5800

P.O. Box 1011

Toronto, Ontario M5H 3S1

Direct Line: +1 416.595.8639

Fax: +1 416.595.8695

Email: lellis@millerthomson.com
millerthomson.com

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[Our COVID-19 preparedness and support commitment](#)

From: Philip Healey [mailto:philip.p.healey@gmail.com]
Sent: Friday, January 28, 2022 10:45 AM
To: Ellis, Larry <lellis@millerthomson.com>
Cc: Mike Sioen <mike@ayandacanncorp.com>; Massie, Sam <smassie@millerthomson.com>; Mark BASHALL <mbashall@hotmail.com>; Douglas Cook <dj.cook@me.com>
Subject: [**EXT**] Application of Dr. Cook.

Dear Mr. Ellis et al.

Further to:

(a) my email to Mr Ellis but cc'd to everyone of January 27th, 2021;

(b) further investigations of our offices; and

(c) given that time is of the essence;

I email today to advise:

(d) first, that Dr. Cook's Notice of Application will also (ie and I expect that this will come as no surprise to you to everyone), assert Dr. Cook's OBCA rights as an oppressed shareholder and, of course, seek costs; and

(e) second, that your CEO and Board Member, Mr. Michael Sioen, his wife and Board Member, Mrs. Loretta Sioen, your CFO and Board Member, Mrs Vicki Ringleberg, and the shareholder whose shares were converted, Mr. Yoagan Appalsamy, will be named as Respondents to that Application.

The claims asserted against these individuals will be, to put it bluntly and I would say expectedly, based upon collusion, unjust enrichment, and the OBCA.

These were the persons who, in essence, implemented the oppression.

Also, and as we understand that you are counsel for all or some of the above named parties, will your offices accept service of the application on their behalf?

Or on behalf of any of those Respondents so named that your offices are acting for?

I'll also, given:

(a) the time constraints; and

(b) your earlier remarks about not being willing to discuss this matter further with me, not caring about what I have to say, or being served;

remind you Mr.Ellis of your professional obligations to respond timely to legitimate inquiries by opposite counsel.

Please, therefore, advise whether your offices will accept service on behalf of all or which Respondents as soon as possible.

Finally, Dr. Cook has instructed me to advise that, as he put it, to try to preserve relations (ie he's seeking, simply, compensation for his services, as he was told) , his preference would be to discuss this directly with the parties involved; and further instructed me to say that he would be willing to consider your clients view of fair compensation for that if your clients had a view they wished to assert, but your clients have, apparently, also, like you, refused to even discuss this with him.

Racing to the finish line I guess.

Anyway, I note that on the question of costs.

Please govern yourselves accordingly and I look forward to hearing from Mr. Ellis at his earliest convenience (ie hopefully later today).

Thank you.

Phil Healey.

[EXTERNAL EMAIL / COURRIEL EXTERNE]

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This is **Exhibit “P”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

E1990E7178EE432

A Commissioner, etc.



January 17, 2022

Email: mike@ayandacanncorp.com

tfrankel@cassels.com

tel: +1 416 642 7469

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, Ontario N0J 1P0

Attention: Michael Sioen

Dear Sir:

Re. Ayanda Cannabis and Shaun Ramdhany

As you know, we are lawyers for Shanil Ramdhany ("**Ramdhany**").

By letter dated October 19, 2021 we wrote to, among other things, seek payment of consideration promised to Mr. Ramdhany in exchange for Ayanda Cannabis Corporation ("**Ayanda**") redeeming 100,000 of his Class A Common Shares at a price of \$2.00/share. No payment has been made since that time. As such, \$183,618.20 remains owing to Mr. Ramdhany and must be paid immediately.

There is additional urgency given 12830353 Canada Inc.'s ("**128**") offer to acquire all of the issued and outstanding shares of Ayanda with a potential March closing.

In addition to the redemption consideration referred to above, Ayanda owes Mr. Ramdhany for various contributions to Ayanda over the past six years. In or around June 2016, and at various junctures thereafter, Mr. Sioen and Mr. Ramdhany agreed that Mr. Ramdhany would serve as Chief Scientific Officer and provide his considerable expertise with respect to Health Canada filings, standard operating procedures, cannabis producer licensing, inventory control, business development, edible cannabis strategy, and more.

It was understood and agreed by the parties that Mr. Ramdhany would provide these services for fair market compensation, but that his compensation would be deferred until such time as Ayanda achieved a Health Canada Cultivation License (which was attained on June 2020) or was sold to a third party. The essential terms of this oral contract between Ayanda and Mr. Ramdhany were discussed and agreed upon, and there was a "meeting of the minds" with respect to these terms. Mr. Ramdhany performed all the agreed-upon services and has gone without compensation for approximately six years.

In the months leading up to the signing of a binding term sheet with 128 dated January 7, 2021, Mr. Ramdhany attempted to negotiate a resolution of the consideration owed to him – to no avail. As such, Mr. Ramdhany hereby demands payment of \$965,000 for services rendered.

CasselsJanuary 17, 2022
Page 2

The professional services provided by Mr. Ramdhany are particularized in **Schedule "A"** below, with fee estimates for each service category (based on standard industry rates).

Pursuant to section 7.06(1) of the shareholders' agreement between Messrs. Sioen and Ramdhany, all disputes, claims, questions, etc. arising from the agreement are to be resolved, at first instance, through good faith negotiation. While Mr. Ramdhany takes the position that negotiation has already been ongoing for more than the 30 days stipulated by section 7.06(2), he is prepared to negotiate a resolution over the next ten business days.

If no resolution can be achieved by Monday, January 31, 2022, Mr. Ramdhany requires that the Governance Committee address the matter pursuant to section 7.06(3), and any appeal be addressed prior to the anticipated closing in March 2022.

We look forward to your prompt response.

Yours very truly,

Cassels Brock & Blackwell LLP



Ted Frankel
Partner
TF/gmc



January 17, 2022
Page 2

Schedule "A"

1. QAP Salary from Licensing

Period: June 2020 to January 2022 (18 Months)

Milestone: Fully Compliant Health Canada Record including full closure of Inspection Reports for June 2021. Achieved proof of concept for non irradiated crop cultivation in living soil.

Professional Fees: \$255K

2. Health Canada Regulatory Affairs: RP and AHS Salary including filing of Monthly CTLS reports

Period: November 2020 to January 2022 (14 Months)

Milestone: Fully Compliant Health Canada Record. All Health Canada filings for 2021 complete including monthly CTLS inventory reports and Key investor reports, Site Plan Change and room amendments

Professional Fees: \$190K

4. Ample Organics Inventory Control

Period: June 2020 to January 2022 (18 Months)

Milestone: Execution of plant based tracking method for inventory control from clone to bulk packaging and tracking of production phases. Developed industry unique methodology.

Professional fees: \$100K

5. Developed all SOPs and Forms:

Period: Jan 2018-Jan-2022 (36 months)

Milestone: All Sops, Security Documents and Organization Security Plan, Quality Assurance records, equipment validations accepted and approved by Health Canada after June 2021 audit. (Version 3 SOPs). Shaun began writing Ayanda SOP through the licensing process MMPR, ACMPR and Cannabis Regulations.

Professional fees: \$150K

6. Business Development and Chief Scientific Officer:

Period: January 2016 - January 2022

Milestone: Developed Marketing and Branding strategy for Ayanda including content for slide deck used for Capital raise and marketing, Ayanda website and social media. Developed Medical and Prescription strategy for Ayanda, raised \$1MM of investment for Ayanda in 2021

Professional Fees: \$200K

Cassels

January 17, 2022
Page 2

7. Formulated and Executed Ayanda Edible Cannabis Strategy

Period: June 2019- January 2022

Milestone: recruited an edible gummy custom production company to produce soft chews formulations at Ayanda; Developed SOP's and PCP plan for Cannabis Edible production. Achieved passing EU-GMP testing results for two validation batches of soft chews; ready for sales amendment application.

Professional Fees: \$100K

Total Expected Compensation= \$965,000.00

LEGAL*54966251.1



October 19, 2021

Email: mike@ayandacanncorp.com

tfrankel@cassels.com

tel: +1 416 642 7469

Ayanda Cannabis Corporation
372 Burford-Delhi Townline Road
Norwich, Ontario N0J 1P0

Attention: Michael Sioen

Dear Sir:

Re. Ayanda Cannabis and Shaun Ramdhany

We are lawyers for Mr. Shanil "Shaun" Ramdhany ("**Mr. Ramdhany**").

As you know, Mr. Ramdhany is Co-Founder, Chief Scientific Officer, Board Member, and the owner of 850,000 Class A Common Shares in Ayanda Cannabis Corporation ("**Ayanda**").

In May 2021, Ayanda agreed to redeem for cancellation 100,000 of Mr. Ramdhany's Class A Common Shares at a price of \$2.00/share.

To date, Mr. Ramdhany has received \$16,381.80 (after tax and deductions) of the \$200,000 consideration that Ayanda agreed to pay for the shares. Mr. Ramdhany hereby demands payment of the balance of funds owed to him.

In addition, and pursuant to sections 140(2) and 145 of the *Business Corporations Act (Ontario)* (the "**Act**"), Mr. Ramdhany wishes to examine accounting records from fiscal years 2019, 2020 and 2021. Our client's representative is prepared to do so during the usual business hours of the corporation, and take extracts from those records, or make alternate arrangements with you to review .pdf copies of those accounting records sent to us electronically.

Mr. Ramdhany requires delivery of the following corporate documents pertaining to Ayanda within the next 10 days:

- a) Ayanda's corporate articles, by-laws and all amendments thereto;
- b) The minutes of meetings and resolutions of shareholders;
- c) A securities register which sets out full information on the present shareholders of Ayanda, including their present residential addresses.

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Page 2

Further, please advise us if consolidated audited financial statements have been prepared for fiscal years 2019, 2020 and 2021 and, if so, please provide us with copies of those statements. We reserve all rights to require that audited financial statements be prepared in accordance with Part XII of the Act.

We understand that Mr. David Hyde of David Hyde & Associates, and that Mr. Larry Ellis of Miller Thompson LLP, have been engaged or may be engaged by you. Can you please advise:

- a) Have these firms been retained?
- b) If so, on whose behalf have they been retained and for what purpose(s)?
- c) What individual or entity is expected to cover the fees incurred by these firms.

Given that there has been a sudden uptick in Board activity, and talk of a potential sale transaction, we require your prompt attention to this matter and ask that you deliver the above documents as they become available (as opposed to waiting until they have all been compiled).

Yours very truly,

Cassels Brock & Blackwell LLP



Ted Frankel
Partner
TF/gmc

This is **Exhibit “Q”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

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A Commissioner, etc.

MINUTES OF MEETING OF THE SHAREHOLDERS OF
AYANDA CANNABIS CORPORATION
(the “Corporation”)

A video meeting of the voting shareholders of the Corporation was held via online video hosting on February 2, 2022 at 9:00 am. Notice of the meeting was circulated on February 1, 2022. The following voting shareholders were present at the meeting and participated through online video hosting: Victoria Ringelberg, Yogan Appalsamy, Michael Sioen and Loretta Sioen (as proxy for Rene Huyge).

Also present at the meeting were Larry Ellis, Sam Massie and Elsir Tawfik of Miller Thomson LLP, corporate counsel to the Corporation.

Mr. Sioen acted as Chairperson of the meeting. Sam Massie acted as corporate secretary.

The Chairperson called the meeting to order. Based on the number of voting shareholders in attendance at the meeting, a quorum was present and the meeting could proceed.

Share Purchase Agreement, Notice of Intention to Make a Proposal

The only item of business to be discussed at the meeting was a proposed share purchase agreement (the “**Purchase Agreement**”) between the Corporation and 12830353 Canada Inc. (the “**Purchaser**”) pursuant to which the Purchaser, or its assignee, would become the 100% owner of the Corporation (the “**Transaction**”). The Purchase Agreement was the culmination of negotiations between the Corporation and the Purchaser following the execution of the binding term sheet dated as of January 7, 2022 (the “**Term Sheet**”). The Term Sheet and the Transaction were approved by the voting shareholders of the Corporation on January 11, 2022. The Purchase Agreement had been distributed to, and reviewed by, all shareholders present at the meeting prior to the meeting.

Mr. Ellis and Mr. Sioen explained that the Purchase Agreement was similar to the Term Sheet, except that the Transaction would proceed by way of proposal proceeding under the *Bankruptcy and Insolvency Act* (the “**BIA**”). The new structure was intended to address the Purchaser’s concerns relating to litigation risk and other liabilities that had arisen following the execution of the Term Sheet.

After discussion, Mr. Sioen put forward a motion to: (i) approve the Purchase Agreement; (ii) re-affirm the prior authorization for the Corporation to satisfy its obligation under the Purchase Agreement and take any and all actions that may be necessary or desirable to complete the Transaction; and (iii) authorized the Corporation to file a Notice of Intention to Make a Proposal under the BIA.

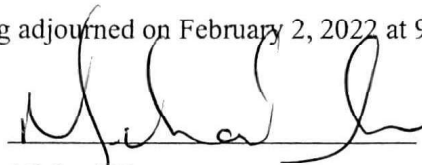
The motion was unanimously approved and:

IT WAS RESOLVED:

1. that the form, terms and provisions of the Purchase Agreement, substantially in the form attached hereto, be and hereby are approved, and Michael Sioen, as a director and officer of the Corporation (the “**Approved Signatory**”) be and hereby is authorized and directed to execute and deliver, in the name and on behalf of the Corporation, the Purchase Agreement, with such amendments or variations as he may deem expedient to make and approve, the approval of any such amendment or variation to be conclusively evidenced by his execution of the Purchase Agreement, as so amended;

2. that the Corporation be and it hereby is authorized and directed to: (i) initiate proceedings under the BIA; (ii) take such actions, steps and proceedings as may be necessary or desirable to effect a restructuring of its business and affairs under the BIA, including by completing the transaction contemplated by the Purchase Agreement; and (iii) retain and instruct such financial advisors, legal counsel, trustees and other professionals as may be necessary to or desirable to give effect to these resolutions;
3. that the Approved Signatory is hereby authorized and directed to do all such things as may be necessary or desirable in order to give effect to the foregoing, including, without limitation: (i) the execution and delivery of such other documents and certificates as may be necessary or desirable for the purpose of bringing into effect and performing the terms and conditions of the Purchase Agreement and the obligations of the Corporation set out therein; and (ii) the execution and delivery of such other documents affidavits, agreements, certificates, waivers, consents, postponements or instruments as may be contemplated by or required to give effect to the BIA proceedings.

There being no other business to consider, the meeting adjourned on February 2, 2022 at 9:46 am.



Michael Sioen

President, as Chairperson of the meeting



Sam Massie

Acting as Corporate Secretary of the meeting

SCHEDULE "A"
PURCHASE AGREEMENT

SHARE PURCHASE AGREEMENT

This Agreement is made as of the 2nd day of February, 2022, between:

AYANDA CANNABIS CORPORATION
(the “**Corporation**”)

– and –

12830353 CANADA INC.
(the “**Purchaser**”)

WHEREAS the Corporation engaged Hyde Advisory & Investments Inc. on October 21, 2021 to solicit offers for the sale of all or substantially all of the assets or equity of the Corporation, which culminated in the Purchaser offering to purchase all of the issued and outstanding shares of the Corporation.

AND WHEREAS the Purchaser’s offer was memorialized in a binding term sheet dated as of January 7, 2022 (the “**Term Sheet**”) which was duly authorized by the Class A Shareholders (as defined herein) on January 11, 2022. The Term Sheet set out the terms and conditions pursuant to which the Purchaser would acquire 100% of the issued and outstanding shares of the Corporation (the “**Transaction**”).

AND WHEREAS the Purchaser requires that the Corporation deliver the shares of the Corporation free and clear of any and all encumbrances and that any and all liabilities of the Corporation be vested through an Approval and Vesting Order (as defined herein).

AND WHEREAS the Corporation is required to file a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) (the “**Proceeding**”) in order to secure the Approval and Vesting Order.

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

“**Adjustments**” has the meaning set out in Section 3.4.

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

“**Agreement**” means this share purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, and “**Article**” and “**Section**” mean and refer to the specified article, section and subsection of this Agreement.

“Applicable Law” means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, in each case, having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“Appraisal Condition” has the meaning set out in Section 8.2(j).

“Approval and Vesting Order” means an approval and vesting order issued by the Court, in form and substance satisfactory to the Purchaser and the Corporation, which, among other things, approves this Agreement and the Transaction.

“Assumed Contracts” means the Contracts listed in Schedule “A”.

“Assumed Liabilities” means all Liabilities which: (i) relate to the Business under any Assumed Contracts, Permits and Licences (in each case, to the extent forming part of the Retained Assets) arising out of events or circumstances that occur after the Closing; or (ii) are to be performed after the Closing.

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

“Books and Records” means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records, used or intended for use by, and in the possession of the Corporation, in connection with the ownership of the Corporation, or operation of the Business, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, credit records, records relating to suppliers and other data, in each case, relating to the Business.

“Business” means the business conducted by the Corporation, being the cultivation, processing and sale of cannabis and cannabis products.

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

“Cash Purchase Price” has the meaning set out in Section 3.2(b).

“Claims” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, chose in or cause of action, suit, default, assessment, litigation, third party action, arbitral proceeding or proceeding by or before any Person.

“Class A Common Shares” means all of the issued and outstanding Class A Common Shares in the capital of the Corporation.

“Class B Common Shares” means all of the issued and outstanding Class B Common Shares in the capital of the Corporation.

“Class A Shareholders” means all of the holders of Class A Common Shares.

“Class B Shareholders” means all of the holders of Class B Common Shares.

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

“Closing Date” means the date that is the later of: (i) ten (10) Business Days after the date the Approval and Vesting Order is obtained; and (ii) the date that Health Canada approves the change of control of the Corporation, or such other earlier or later date as may be agreed by the Parties.

“Closing Time” means 10:00 a.m. (Toronto time) on the Closing Date.

“Consolidation and Cancellation” means the consolidation of all New Common Shares and Existing Shares in accordance with the Consolidation Ratio, and the cancellation of all fractional New Common Shares and Existing Shares in accordance with Article 2.

“Consolidation Ratio” means the ratio by which all New Common Shares and Existing Shares shall be consolidated, as determined by the Purchaser, acting reasonably and in consultation with the Corporation and the Proposal Trustee, given the intended effect of the Transaction.

“Contracts” means the written contracts, agreements, leases, understandings and arrangements that are related to the Business of the Corporation and to which the Corporation is a party or by which the Corporation is bound or in which the Corporation has any rights, including any Contracts in respect of Employees.

“Court” means the Ontario Superior Court of Justice (Commercial List).

“Deposit” has the meaning set out in Section 3.2(a).

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

“Dried Flower Inventory” means dried flower cannabis and does not include dried flower that could reasonably be described as “shake” (broken or separated parts of the cannabis flower), plants, seed, oils, concentrates, distillates, input materials, starting materials, and ingredients not containing cannabis.

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

“Encumbrances” means any security interest, lien, Claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

“Equity Interests” has the meaning set out in section 2 of the BIA and includes the Existing Shares, any shareholder agreement in respect of the Existing Shares, and any other interest or entitlement to shares in the capital of the Corporation, but, for greater certainty, does not include the Post-Consolidation Shares.

“Excluded Assets” means those assets listed on Schedule “B”.

“Excluded Contracts” means all Contracts that are not Assumed Contracts.

“Excluded Liabilities” has the meaning set out in Section 2.3(a).

“Existing Shares” means all of the Class A Common Shares and Class B Common Shares of the Corporation that are issued and outstanding immediately prior to the Closing Time, which, for greater certainty, shall not include the New Common Shares or the Post-Consolidation Shares.

“Facility” means the Corporation’s production facility, located at 372 Burford-Delhi Townline Road, Norwich, Ontario.

“Governmental Authority” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court, tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“GST/HST” means all goods and services tax and harmonized sales tax imposed under Part IX of the Excise Tax Act (Canada).

“Health Canada Licences” means all authorizations related to cannabis and issued by Health Canada to the Corporation, including authorizations to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation the licences attached hereto as Schedule “E”.

“Independent Accountant” has the meaning set out in Section 3.5(c).

“Interim Period” has the meaning set out in Section 6.3.

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

“Miller Thomson” means Miller Thomson LLP, counsel to the Corporation.

“New Common Shares” means the Class A Common Shares and Class B Common Shares of the Corporation to be issued to the Purchaser from treasury as part of the Closing in exchange for the Purchase Price.

“Ordinary Course” when used in relation to the conduct of the Corporation's Business, means any transaction that constitutes an ordinary day-to-day Business activity of the Corporation conducted in a manner consistent with the Corporation's past practice.

“Organizational Documents” means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“Outside Date” means June 30, 2022, or such later date as the Parties may agree to in writing.

“Outstanding Options” has the meaning set out in Section 5.1(e).

“Party” means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means more than one of them.

“Permits and Licences” means the permits, licences, authorizations, approvals or other evidence of authority related to the Business, including (i) the permits, licences, authorizations, approvals or other evidence of authority related to the Business and issued to, granted to, conferred upon, or otherwise created for, the Corporation; and (ii) the Health Canada Licences.

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

“Post-Consolidation Shares” means the 1,000 Class A Common Shares and 1,000 Class B Common Shares of the Corporation that will remain after the Consolidation and Cancellation, which shall: (i) represent 100% of the issued and outstanding common shares of the Corporation after the Consolidation and Cancellation; and (ii) be solely owned and controlled by the Purchaser.

“Pre-Closing Reorganization” means the transactions, acts or events described in Exhibit “A” which are to occur immediately prior to the Closing Time.

“Preserved Equity Claim” has the meaning set out in Section 2.1(e).

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

“Proposal Trustee” means Richter Advisory Group Inc., pursuant to its proposed appointment as proposal trustee of the Corporation under the BIA.

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

“ResidualCo” means a corporation to be incorporated to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Pre-Closing Reorganization.

“ResidualCo Shares” means all of the existing and outstanding shares of ResidualCo that are beneficially owned by the Corporation.

“Resignations” has the meaning set out in Section 6.5.

“Retained Assets” has the meaning set out in Section 4.1.

“Resolution Period” has the meaning set out in Section 3.5(b).

“Shareholders Agreement” means the unanimous shareholders agreement among the Corporation, the Class A Shareholders and the Class B Shareholders dated as of May 14, 2021.

“Statement of Adjustments” has the meaning set out in Section 3.4.

“Statement of Objections” has the meaning set out in Section 3.5(b).

“Taxes” means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll

taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“Terminated Employees” means those individuals currently employed by the Corporation whose employment will be terminated prior to Closing, as determined by the Purchaser.

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

1.2 Interpretation Not Affected by Headings, etc.

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

1.3 General Construction

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

1.4 Extended Meanings

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

1.5 Currency

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

1.6 Statutes

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

1.7 Schedules

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

EXHIBITS

Exhibit A - Pre-Closing Reorganization

SCHEDULES

Schedule A	-	Assumed Contracts
Schedule B	-	Excluded Assets
Schedule C	-	Excluded Liabilities
Schedule D	-	List of Terminated Employees
Schedule E	-	Health Canada Licences

The Parties acknowledge that as of today's date, the Schedules are not complete. The Parties shall cooperate with each other and shall use commercially reasonable efforts to complete the Schedules prior to the Closing Date.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2

PURCHASE AND SALE OF SHARES

2.1 Purchase and Sale of Shares

- (a) Share Issuance. The Corporation shall issue, assign and transfer the New Common Shares to the Purchaser in a number to be determined by the Purchaser, acting reasonably and in consultation with the Corporation and the Proposal Trustee, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price.
- (b) Share Consolidation. The Corporation's Articles shall be amended to, among other things: (i) consolidate the New Common Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the New Common Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
- (c) Share Cancellation. Any fractional New Common Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.
- (d) Equity Interests Extinguished. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof.
- (e) Preservation of Claims. Notwithstanding the Consolidation and Cancellation and the extinguishment of Equity Interests, each Class A Shareholder and Class B Shareholder shall have a claim against ResidualCo equal to the cost base of their Class A Common

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Shares or Class B Commons Shares (each, a "**Preserved Equity Claim**"), and the Books and Records of the Corporation shall constitute *prima facie* evidence of the quantum of all Preserved Equity Claims. For certainty, the Preserved Equity Claims shall exist solely against ResidualCo and not against the Corporation.

2.2 Post-Consolidation Shares

Subject to the terms and conditions of this Agreement, effective immediately after the Closing Time and following the Consolidation and Cancellation, the Purchaser shall be the sole owner of the Post-Consolidation Shares, which shall represent 100% of the Corporation's issued and outstanding equity.

2.3 Assumed Liabilities of the Corporation

- (a) Pursuant to the Approval and Vesting Order, save and except for the Assumed Liabilities, all debts, obligations, Liabilities, Encumbrances, indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Corporation or relating to any Excluded Assets or Excluded Contracts as at the Closing Time, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule "C", any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Corporation may be bound as at the Closing Time, all Liabilities relating to or under the Excluded Contracts and Excluded Assets, Liabilities for Terminated Employees whose employment with the Corporation is terminated on or before Closing (collectively, the "**Excluded Liabilities**") shall be excluded and will no longer be binding on the Corporation following the Closing Time.
- (b) Pursuant to the Approval and Vesting Order, the Excluded Liabilities shall be channeled to and assumed in full by ResidualCo in accordance with and as further described in Article 4 and the Corporation and its assets, undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, including the Preserved Equity Claims, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser for the New Common Shares shall be [REDACTED] (the "**Purchase Price**"). The Purchase Price shall be paid to the Proposal Trustee, for the benefit of ResidualCo, and any Claim against the Corporation (including the Preserved Equity Claims) shall continue to exist as against ResidualCo after Closing.

3.2 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price as follows:

- (a) Deposit. The Parties acknowledge that the Purchaser has paid a deposit in the amount of \$200,000 (the “**Deposit**”), which shall be applied to reduce the outstanding balance of the Purchase Price at Closing.
- (b) Cash Purchase Price. At the Closing Time, the Purchaser shall pay [REDACTED] plus the Adjustments (the “**Cash Purchase Price**”) to Miller Thomson, in trust, in immediately available funds.

3.3 Taxes

The Purchaser shall be responsible for the payment of any Taxes that are required to be paid or remitted in connection with the consummation of the Transaction contemplated in this Agreement, which such amounts shall be in addition to the Purchase Price. If applicable, at Closing, the Purchaser and the Corporation shall jointly execute an election under Section 167 of the *Excise Tax Act* (Canada) to seek to cause the Transaction to take place on an HST-free basis under Part IX of the *Excise Tax Act* (Canada).

3.4 Purchase Price Adjustments

The Cash Purchase Price shall be increased at Closing, on a dollar-for-dollar basis, to account for the following adjustments (the “**Adjustments**”):

- (a) cash balances in the Corporation’s bank accounts;
- (b) deposits and prepaid expenses;
- (c) accounts receivable due and owing to the Corporation, including any and all GST/HST returns; and
- (d) all Dried Flower Inventory at the Facility, valued at \$1 / gram, up to a maximum \$60,000. For certainty, if the value of the Dried Flower Inventory exceeds \$60,000, the Purchase Price shall be increased by \$60,000 and the Purchaser shall be entitled to keep all Dried Flower Inventory.

The Corporation shall prepare and deliver to the Purchaser a statement setting forth the proposed value of the Adjustments ten (10) Business Days prior to Closing (the “**Statement of Adjustments**”). **Examination and Review of Purchase Price Adjustments**

- (a) After receipt of the Statement of Adjustments, the Purchaser and the Corporation shall work together in good faith to negotiate and finalize the value of the Adjustments. Throughout the Purchaser’s review of the Statement of Adjustments, the Purchaser shall have full access to the Books and Records of the Corporation, the personnel of the Corporation and its advisors and to such other information reasonably relating to the Statement of Adjustments.
- (b) The Purchaser may object to the Statement of Adjustments by delivering to the Corporation a written statement setting forth the Purchaser’s objections in reasonable detail, indicating each disputed item or amount and the basis for the Purchaser’s disagreement therewith (the “**Statement of Objections**”). If the Purchaser fails to deliver the Statement of Objections within five (5) Business Days of receiving the Statement of Adjustments, the Statement of Adjustments shall be deemed to have been accepted by the

Purchaser. If the Purchaser delivers a Statement of Objections, the Purchaser and the Corporation shall negotiate in good faith to resolve such objections within five (5) Business Days after the delivery of the Statement of Objections (the “**Resolution Period**”), and, if the same are so resolved within the Resolution Period, the Statement of Adjustments with such changes as may have been previously agreed in writing by the Purchaser and the Corporation, shall be final and binding.

- (c) If the Corporation and the Purchaser fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before the expiration of the Resolution Period, then any amounts remaining in dispute shall be submitted for resolution to the office of an independent accountant, which the Purchaser and the Corporation shall appoint by mutual agreement (the “**Independent Accountant**”). The Independent Accountant, acting as an expert and not an arbitrator, shall resolve disputed amounts and make any required adjustments to the Statement of Adjustments. The Parties agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the Parties and its decision for each disputed amount must be within the range of values assigned to each such item in the Statement of Adjustments and the Statement of Objections, respectively. The Independent Accountant shall make a determination as soon as practicable within 30 days (or such other time as the Parties shall agree in writing) after its engagement, and its resolution of the disputed amounts and its adjustments to the Statement of Adjustments shall be conclusive and binding upon the Parties.
- (d) The fees and expenses of the Independent Accountant shall be paid by the Corporation and the Purchaser based upon the percentage that the amount actually contested but not awarded to the Corporation or the Purchaser, respectively, bears to the aggregate amount actually contested by the Corporation and the Purchaser.

ARTICLE 4

TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Transfer of Excluded Assets to ResidualCo

On the Closing Date, the Corporation shall retain all of the assets owned by it on the date of this Agreement and any assets acquired by it up to and including Closing, including its Assumed Contracts, Permits and Licences and Books and Records (the “**Retained Assets**”), save and except for the Excluded Assets and Excluded Contracts, which the Corporation shall transfer to ResidualCo at or before the Closing Time or shall be vested in ResidualCo pursuant to the Approval and Vesting Order.

4.2 Transfer of Excluded Liabilities to ResidualCo

At or before the Closing Time, the Excluded Liabilities shall have been channeled to and assumed by ResidualCo, in accordance with the Pre-Closing Reorganization and pursuant to the Approval and Vesting Order. Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Corporation shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Corporation and its assets, undertakings, Business and properties from and after the Closing Time.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Corporation

Subject to the issuance of the Approval and Vesting Order, the Corporation hereby represents and warrants to and in favour of the Purchaser, and acknowledges that, as of the Closing Time, the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Corporation is a corporation incorporated and existing under the *Canada Business Corporations Act*, is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Corporation of this Agreement has been authorized by all necessary corporate action on the part of the Corporation.
- (c) No Conflict. The execution, delivery and performance by the Corporation of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Corporation.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Authorized and Issued Capital. Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will constitute all of the issued and outstanding shares in the capital of the Corporation and the Purchaser will be the sole registered and beneficial owner of the Post-Consolidation Shares, with good and valid title thereto, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Vesting Order. Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will be: (i) duly authorized and validly issued as fully paid and non-assessable, (ii) issued by the Corporation in compliance with all applicable corporate and securities laws and (iii) there will be no issued and outstanding Class A Common Shares or Class B Common Shares or other securities of the Corporation other than the Post-Consolidation Shares nor will there be any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for common shares or any other securities of the Corporation.
- (f) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, and certain outstanding options and conversion rights, which will be accelerated and exercised or terminated prior to Closing, no Person has any contractual right, option or privilege for the purchase or acquisition from the Corporation of any Class A Common Shares, Class B Common Shares or Retained Assets.
- (g) Health Canada Licences. The Health Canada Licences are in full force and effect. Except for the Purchaser's rights under this Agreement, no Person has any contractual right,

option or privilege for the purchase or acquisition of any interest in, or the creation of any Encumbrance in respect of, the Health Canada Licences.

- (h) Assumed Contracts. The Corporation has provided to the Purchaser correct and complete copies of each Assumed Contract listed in Schedule “A” together with all amendments, modifications and supplements thereto.
- (i) Brokers. Except for Hyde Advisory & Investments Inc., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Corporation.
- (j) No other Representations and Warranties. Except for the representations and warranties contained in this Section 5.1, neither the Corporation nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of the Corporation, including any representation or warranty as to the accuracy or completeness of any information regarding the Corporation furnished or made available to the Purchaser and its representatives or as to the future revenue, profitability or success of the Corporation, or any representation or warranty arising from statute or otherwise in law.

5.2 Representations and Warranties of the Purchaser

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

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the *Canada Business Corporations Act*, is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (f) HST Registrant: The Purchaser is, or will be on the Closing Date, an HST registrant.

- (g) Brokers. Except for CannDelta Inc., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Purchaser.
- (h) Sufficiency of Funds. The Purchaser has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the Transaction.
- (i) Independent Investigation. The Purchaser has conducted its own independent investigation, review and analysis of the Business, results of operations, prospects, condition (financial or otherwise) or assets of the Corporation, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, Books and Records, and other documents and data of the Corporation for such purpose. The Purchaser acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, the Purchaser has relied solely upon its own investigation and the express representations and warranties of the Corporation set forth Section 5.1; and (b) neither the Corporation nor any other Person has made any representation or warranty as to the Corporation or this Agreement, except as expressly set forth in Section 5.1.

5.3 As is, Where is

The representations and warranties of the Corporation shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser explicitly acknowledges, agrees and confirms that, at the Closing Time, the New Common Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "*as is, where is*" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, Encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever, including with respect to the New Common Shares, the Post-Consolidation Shares, the Retained Assets, the Business or the Corporation.

ARTICLE 6 COVENANTS

6.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article 8 on or before the Outside Date. For certainty, the Parties shall work together to promptly obtain Health Canada's approval of the Transaction.

6.2 Motion for Approval and Vesting Order

As soon as practicable after the satisfaction or waiver of the Appraisal Condition, the Corporation shall bring a motion for the Approval and Vesting Order, seeking relief that will: (i) vest all of the Liabilities of the Corporation in ResidualCo; (ii) authorize the Corporation to take all necessary actions and steps to: (A) issue the New Common Shares and vest the New Common Shares in the Purchaser; (B) consolidate the Existing Shares and the New Common Shares; and (C) cancel any fractional Existing Shares and New Common Shares existing after consolidation; and (iii) release the officers and directors of the Corporation, its advisor and the Proposal Trustee. The Corporation shall diligently use its commercially reasonable efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Corporation in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

6.3 Interim Period

From the date hereof until the Closing (the “**Interim Period**”), except as otherwise provided in this Agreement or consented to in writing by the Purchaser (which consent shall not be unreasonably withheld or delayed), the Corporation shall: (a) conduct the Business of the Corporation in the Ordinary Course; (b) use commercially reasonable efforts to maintain the properties and other assets of the Corporation in good working condition (normal wear and tear excepted) and ensure that none of the equipment and/or hardware present during the Purchaser’s visit to the Facility on December 21, 2021 is removed; (c) use commercially reasonable efforts to maintain and preserve intact the current organization and Business of the Corporation and to preserve the rights, goodwill and relationships of its Employees, customers, lenders, suppliers, regulators and others having business relationships with the Corporation; (d) not enter into any transaction other than in the Ordinary Course and consistent with past practice on terms which are arm’s length; and (e) provide the Purchaser prompt written notice of any material change in or affecting the Business, affairs, operations, assets, liabilities or capital of the Corporation.

6.4 Resignations

The Corporation shall deliver to the Purchaser written resignations, effective as of the Closing Date, of the officers and directors of the Corporation as requested by the Purchaser at least ten (10) Business Days prior to Closing (“**Resignations**”).

6.5 Terminated Employees

As soon as practicable following the execution of this Agreement, and in any event, no later than ten (10) Business Days prior to Closing, the Purchaser shall provide the Corporation with a list of Terminated Employees. As soon as practicable following the receipt of such list, the Corporation shall terminate the employment of any and all Terminated Employees. The Purchaser shall be entitled to conduct interviews with Employees during the Interim Period for the purpose of determining the Employees that will be retained by the Purchaser, if any.

6.6 ResidualCo

On the Closing Date, the Corporation shall convey the ResidualCo Shares to Miller Thomson to hold the ResidualCo Shares as agent and bare trustee on behalf of the Class A Shareholders and Class B Shareholders of the Corporation immediately prior to the Consolidation and Cancellation as their interests may be agreed or as they may be determined by the Court. For greater certainty, Miller Thomson shall not have any obligation or duties to take any actions, steps or otherwise in respect of the ResidualCo Shares, subject to direction from Michael Sioen, or Order of the Court in the Proceeding.

6.7 Further Assurances

Following the execution of this Agreement, each of the Parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances, and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE 7 CLOSING ARRANGEMENTS

7.1 Closing

Subject to the terms and conditions of this Agreement, Closing shall take place electronically (or as otherwise determined by mutual agreement of the Parties in writing) on the Closing Date, by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

7.2 Corporation's Closing Deliveries

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

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) share certificates representing the New Common Shares;
- (c) the Resignations, as required by the Purchaser;
- (d) all information and documents required to access the Corporation's bank accounts, including any and all signatures required to transfer signing authority for such accounts to a Person designated by the Purchaser;
- (e) confirmation, in form and substance satisfactory to the Purchaser, that Health Canada has approved the change of control contemplated by the Transaction such that the Health Canada Licences will be valid and in good standing following the Closing;
- (f) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Corporation contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Corporation has performed in all material respects the covenants to be performed by them prior to the Closing Time; and
- (g) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

7.3 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Corporation, the following:

- (a) the Cash Purchase Price;
- (b) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing

Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and

- (c) such other agreements, documents and instruments as may be reasonably required by the Corporation to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 8 CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of both Parties

The obligation of the Parties to complete the Transaction is subject to the following joint condition being satisfied, fulfilled or performed, which joint condition may not be waived by either Party:

- (a) Approval and Vesting Order. The Court shall have granted the Approval and Vesting Order in form and substance satisfactory to each of the Purchaser and the Corporation, and the Approval and Vesting Order shall not have been stayed, amended, appealed, modified, reversed or dismissed as at the Closing Date.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed:

- (a) Court Approval. The Approval and Vesting Order shall have been issued and entered by the Court and shall not have been vacated, set aside or stayed.
- (b) Health Canada Approval. The Purchaser shall have obtained approval in a form satisfactory to the Purchaser (acting reasonably) from Health Canada in connection with the change of control arising from this Agreement.
- (c) Corporation's Deliverables. The Corporation shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.2.
- (d) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 5.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (e) No Breach of Covenants. The Corporation shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Corporation on or before the Closing Date.
- (f) Corporation Employees. The Corporation shall have terminated the employment of the Terminated Employees, as requested by the Purchaser in its sole discretion.
- (g) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets and the proceeds from the Purchase Price; and (iii) the Corporation, its Business and property shall have been

released and forever Discharged of all Claims and Encumbrances (other than Assumed Liabilities, if any) such that, from and after Closing the Business and property of the Corporation shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.

- (h) Disclaim Excluded Contracts. The Corporation shall have sent notices of disclaimer for all such known Excluded Contracts and other agreements, and such known Excluded Contracts shall form part of the Excluded Assets. For certainty, the Corporation shall have disclaimed existing lease of the Facility with Luke & Blanche Sioen Farms Ltd.
- (i) Facility Lease. The Purchaser shall have successfully negotiated a new lease of the Facility that allows for the continued operation of the Business, on terms satisfactory to the Purchaser including, without limitation, annual rent of \$400 or less.
- (j) Facility Appraisal. The Purchaser shall have obtained an appraisal and building inspection of the Facility and the real property on which the Facility sits, and such appraisal shall confirm value equal to or greater than the Purchase Price (the “**Appraisal Condition**”).
- (k) Transitional Services. The Purchaser shall have entered into a transitional services agreement with Michael Sioen, in form and substance satisfactory to the Purchaser, confirming that Michael Sioen will act as a consultant to assist with the transition of the Business following the Closing.
- (l) CTLS Personnel. The Purchaser shall have ensured the continuity of security cleared staff, at the Purchaser’s discretion, to ensure the continuity of operations and ongoing regulatory compliance.
- (m) Health Canada Licences. The Health Canada Licences shall be in good standing at the Closing Time and shall remain in good standing immediately following and notwithstanding Closing.

8.3 Conditions Precedent in favour of the Corporation

The obligation of the Corporation to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed:

- (a) Court Approval. The Approval and Vesting Order shall have been issued and entered by the Court and shall not have been vacated, set aside or stayed.
- (b) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Corporation at the Closing all the documents and payments contemplated in Section 7.3.
- (c) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 5.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (d) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

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

- (a) by the mutual written agreement of the Corporation and the Purchaser;
- (b) by the Purchaser by written notice to the Corporation if:
 - (i) the Purchaser is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Corporation under this Agreement that would give rise to the failure of any of the conditions specified in Article 8 and such breach, inaccuracy or failure cannot be cured by the Corporation by the Outside Date; or
 - (ii) any of the conditions set forth in Section 8.1 or Section 8.2 shall not have been fulfilled by the Outside Date, unless such failure shall be due to the failure of the Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing;
- (c) by the Corporation by written notice to the Purchaser if:
 - (i) the Corporation is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Purchaser under this Agreement that would give rise to the failure of any of the conditions specified in Article 8 and such breach, inaccuracy or failure cannot be cured by the Purchaser by the Outside Date; or
 - (ii) any of the conditions set forth in Section 8.1 or Section 8.3 shall not have been fulfilled by the Outside Date, unless such failure shall be due to the failure of the Corporation to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by them before the Closing; or
- (d) by the Purchaser or the Corporation if:
 - (i) there shall be any law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or
 - (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

9.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder, except:

- (a) as set forth in this Article 9 and Article 10;
- (b) that nothing herein shall relieve any Party hereto from any Liability for any intentional breach of any provision hereof;
- (c) that the Corporation shall be entitled to keep the Deposit if this Agreement is terminated in accordance with Section 9.1(c); and
- (d) that the Deposit shall be returned to the Purchaser if this Agreement is terminated in accordance with Section 9.1(b), or if Closing does not occur on or before the Outside Date, provided that the Purchaser is not then in material breach of the provisions of this Agreement.

ARTICLE 10 MISCELLANEOUS

10.1 Notice

Any notice or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if: (i) delivered personally; (ii) sent by prepaid courier service; or (iii) sent by email or other similar means of electronic communication, in each case to the applicable address set out below:

- (a) in the case of the Purchaser, as follows:

12830353 Canada Inc.
87 Dunrobin Crescent
Vaughan, Ontario L4H 4A9

Attention: Peter Sharma
Email: punksharma@icloud.com

with a copy to:

Pomer & Boccia Professional Corporation
4000 Steeles Ave West, Suite 212
Woodbridge, Ontario L4L 4V9

Attention: David Pomer
Email: david.pomer@pomerandboccia.com

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

372 Burford-Delhi Townline Road
Norwich, Ontario N0J 1P0

Attention: Michael Sioen
Email: mike@ayandacanncorp.com

with a copy to:

Miller Thomson LLP
40 King Street West, Suite 5800
Toronto, Ontario M5H 3S1

Attention: Larry Ellis
Email: lellis@millerthomson.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

10.2 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by all of the Parties.

10.3 Survival

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

10.4 Benefit of Agreement

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

10.5 Entire Agreement

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

10.6 Independent Legal Advice

The Parties acknowledge having obtained independent legal advice from their respective solicitors, or having been given the opportunity to obtain independent legal advice, with respect to the terms of this Agreement prior to its execution, and each of the Parties further acknowledges and agrees that it understands the terms, and its rights and obligations under this Agreement.

10.7 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.8 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

10.9 Assignment by Purchaser

This Agreement may be assigned by the Purchaser without the prior written consent of the Corporation, provided that such assignee is a related party or subsidiary of the Purchaser and: (i) the Purchaser shall provide prior notice of such assignment to the Corporation; (ii) such assignee shall agree to be bound by the terms of this Agreement to the extent of the assignment; and (iii) the Purchaser shall continue to be responsible for all obligations of the Purchaser hereunder notwithstanding such assignment.

10.10 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 facsimile or by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

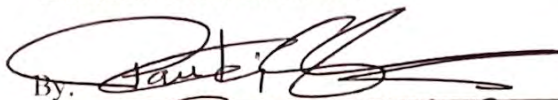
10.11 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

[Signature Page Follows]

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

12830353 CANADA INC.

By: 

Name: PANKAJ SHARMA

Title: CEO/PRESIDENT

I have authority to bind the corporation.

FEB 1, 2022

AYANDA CANNABIS CORPORATION

By: _____

Name: Michael Sioen

Title: President

I have authority to bind the corporation.

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

12830353 CANADA INC.

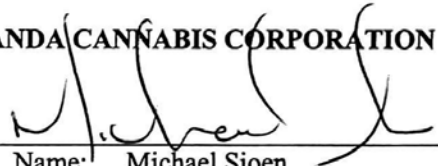
By: _____

Name:

Title:

I have authority to bind the corporation.

AYANDA CANNABIS CORPORATION

By:  _____

Name: Michael Sioen

Title: President

I have authority to bind the corporation.

EXHIBIT "A"
PRE-CLOSING AND CLOSING REORGANIZATION STEPS

Pre-Closing

1. ResidualCo shall be incorporated by the Corporation with nominal consideration for common shares.

Upon Closing

The following steps shall be deemed to happen concurrently:

2. Share Issuance, Consolidation, Cancellation:
 - a. The Corporation shall issue, assign and transfer the New Common Shares to the Purchaser in a number to be determined by the Purchaser, acting reasonably and in consultation with the Corporation and the Proposal Trustee, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price.
 - b. The Corporation's Articles shall be amended to, among other things: (i) consolidate the New Common Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the New Common Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
 - c. Any fractional New Common Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.
 - d. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof.
3. The Excluded Assets and Excluded Liabilities shall vest in ResidualCo pursuant to the Approval and Vesting Order. All Claims attaching to the Excluded Assets and Excluded Liabilities, including the Preserved Equity Claims, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.
4. The Corporation shall convey the ResidualCo Shares to Miller Thomson as agent and bare trustee for the holders of the Existing Shares.

SCHEDULE "A"
ASSUMED CONTRACTS

The following is a comprehensive list of the Assumed Contracts:

1. Contracts relating to the employment of any employees that are not Terminated Employees.

**[The Parties hereto acknowledge and agree that this Schedule is incomplete, but shall be finalized
prior to Closing]**

**SCHEDULE “B”
EXCLUDED ASSETS**

The following is a comprehensive list of the Excluded Assets:

1. Excluded Contracts.

**[The Parties hereto acknowledge and agree that this Schedule is incomplete, but shall be finalized
prior to Closing]**

SCHEDULE "C"
EXCLUDED LIABILITIES

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Corporation may be bound as at the Closing Time.
2. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.
3. Liabilities for Terminated Employees whose employment with the Corporation or its Affiliate is terminated on or before Closing.
4. Any and all Liabilities that are not Assumed Liabilities.

[The Parties hereto acknowledge and agree that this Schedule is incomplete, but shall be finalized prior to Closing]

SCHEDULE "E"
LIST OF TERMINATED EMPLOYEES

**[The Parties hereto acknowledge and agree that this Schedule is incomplete, but shall be finalized
prior to Closing]**

**SCHEDULE “D”
HEALTH CANADA LICENCES**

Attached.

Licence No. - N° de licence
LIC-7XU9IV6IQY-2020

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Ayanda Cannabis Corporation

Licensed Site / Lieu autorisé :
324 BURFORD DEHLI TOWNLINE ROAD
NORWICH, ON, CANADA, N0J 1P0

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses:

- Standard Cultivation
- Standard Processing
- Sale for Medical Purposes

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes:

- Culture standard
- Transformation standard
- Vente à des fins médicales

Indoor Area(s) / Zone(s) intérieure(s)

Ayanda MMC Facility

Activities	Activités
<ul style="list-style-type: none">• to possess cannabis• to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis• to sell cannabis in accordance with subsection 11(5) of the <i>Cannabis Regulations</i>• for the purpose of testing, to obtain cannabis by altering its chemical or physical properties by any means• to produce cannabis, other than obtain it by cultivating, propagating or harvesting it• to sell cannabis in accordance with subsection 17(5) of the <i>Cannabis Regulations</i>• to sell cannabis products in accordance with section 27 and Part 14, Division 1 of the <i>Cannabis Regulations</i>	<ul style="list-style-type: none">• avoir du cannabis en sa possession• obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis• vendre du cannabis en vertu du paragraphe 11(5) du <i>Règlement sur le cannabis</i>• afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques• produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte• vendre du cannabis en vertu du paragraphe 17(5) du <i>Règlement sur le cannabis</i>• vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du <i>Règlement sur le cannabis</i>

Outdoor Area(s) / Zone(s) extérieure(s)

Conditions

Ayanda Cannabis Corporation must meet the requirements set out in the Health Canada document entitled "Mandatory cannabis testing for pesticide active ingredients - Requirements".
The only cannabis products that Ayanda Cannabis Corporation may sell or distribute to (i) a holder of a licence for sale, and, (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; and cannabis plant seeds.
The only cannabis products that Ayanda Cannabis Corporation may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; and cannabis plant seeds.

Conditions

Ayanda Cannabis Corporation doit respecter les exigences énoncées dans le document de Santé Canada intitulé « Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».
Les seuls produits du cannabis que Ayanda Cannabis Corporation peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; et graines provenant d'une plante de cannabis.
Les seuls produits du cannabis que Ayanda Cannabis Corporation peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; et graines provenant d'une plante de cannabis.

Effective date of the licence:

This licence is effective as of **June 26, 2020**

Expiry date of the licence:

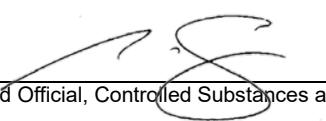
This licence expires on **June 26, 2023**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **26 juin 2020**

Date d'expiration de la licence:

La présente licence expire le **26 juin 2023**



Authorized Official, Controlled Substances and Cannabis Branch

Officiel autorisé, Direction générale des substances contrôlées et du cannabis

Canada Revenue
AgencyAgence du revenu
du Canada

July 6, 2020

Ayanda Cannabis Corporation
372 Burford Delhi Townline Road
Norwich, ON N0J 1P0

Dear Susan Dagge:

RE: Issuance of Cannabis Licence under the *Excise Act, 2001*

Your application for a cannabis licence under the *Excise Act, 2001* (Act) has been approved effective July 2, 2020.

Cannabis licence number

The following licence number should be recorded on all correspondence with the CRA:

77580 1921 RD0001

324 Burford Delhi Townline Road, Norwich ON N0J 1P0

Under the current circumstances, we are issuing your licence with minimal review. Accordingly, your licence has been approved for a period of 6 months. You will be contacted at a later date for further verification of the information and documentation provided during this application process. A more fulsome and detailed process will also be undertaken at the time of your renewal.

Renewal of Cannabis Licence

The expiry date for your licence will be **January 1, 2021**. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application **must** be submitted to your regional office not later than 30 days before the expiry date.

Acknowledgement of Security

We acknowledge receipt of the required security in the form of a certified cheque in the amount of \$46,440 (forty six thousand four hundred and forty dollars).

Obligations of a Cannabis Licensee

A cannabis licensee must continue to meet the conditions set out under the Act for the licence to remain valid. Please see EDN52, Obtaining and Renewing a Cannabis Licence for information about these conditions.

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

Further Approvals

Destruction of cannabis product

During the review of the cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16 of the Act, a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister of National Revenue (Minister). Your request has been approved. Please see attached Appendix A for more information. If this approved method of destruction changes, a request in writing must be submitted to the Regional Manager of Excise Duties and Taxes, and approval must be obtained prior to any destruction using the new, unapproved method.

As per section 187.1 of the Act, the Minister may refund to a cannabis licensee the duty paid on a cannabis product that is re-worked or destroyed by the cannabis licensee in accordance with section 158.16 if the licensee applies for the refund within two years after the cannabis product is re-worked or destroyed.

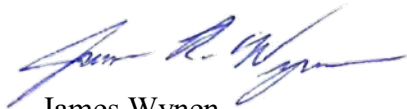
Subparagraph 158.3(a)(iv) of the Act provides that duty is not payable on a cannabis product that is destroyed by the cannabis licensee in a manner approved by the Minister.

Cannabis product taken for analysis

We also reviewed your request for approval of a method of taking cannabis products for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister. Your request has been approved. Please see attached Appendix B for more information. If this approved method of taking a cannabis product for analysis changes, a request must be submitted in writing to the Regional Manager of Excise Duties and Taxes, and approval must be obtained prior to any cannabis being taken for analysis using the new method.

Should you have any questions regarding the above or any other Excise Duties and Taxes matter, please call our toll free line at 1-866-667-9851. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,



James Wynen,
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs Division

Enclosures (2).

Appendix A

Request for approval of method of destruction

During the review of your cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16, a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister. Subparagraph 158.3(a)(iv) also states that duty is not payable on a cannabis product that is destroyed by a cannabis licensee in a manner approved by the Minister.

Based on the information that you provided, we understand the following:

- The location of the destruction will be at 324 Burford Delhi Townline Road in Norwich, Ontario;
- The method of destruction will be shredding, mixing with vinegar/sand and subsequently burying on said site.
- The method will be ongoing; and
- The controls in place will be controls detailed as per the Standard Operating procedure denoted with Health Canada.

You also indicated that you will maintain a record of all destructions conducted by using a Cannabis Destruction Record (Certificate of Destruction).

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization to destroy cannabis products under the following conditions (these conditions would apply to any cannabis products in your possession):

- Adequate records and information, including the date of destruction, type and quantity of cannabis products being destroyed, etc. must be kept/maintained;
- Once the destruction is complete, create a record/certificate of destruction, which should accompany any refund claims submitted for the destruction of duty-paid products; and
- All records for the destruction must be maintained at 372 Burford Delhi Townline Road in Norwich, Ontario.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Appendix B

Request for approval of a method of taking cannabis products for analysis

In addition to the review of your cannabis licence application, we considered your request for approval of a method of taking for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister.

Based on the information provided, we understand the following:

- The analysis will be conducted at an authorized Health Canada Testing facility;
- The third party will provide microbiological and analytical testing of cannabis and products derived from it so that the licensee can be assured of the quality and reproducibility of their products;
- The method will be ongoing; and
- The controls in place will be controls detailed as per the Standard Operating procedure denoted with Health Canada.

Please note that if the analysis will be conducted off-site by a third party, the intermediary testing facility will require authorization from Health Canada.

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization for taking cannabis products for analysis under the following conditions (these conditions would apply to any cannabis product in your possession):

- You must keep adequate records and information including the date taken for analysis, type and quantity of cannabis products taken, etc.;
- All records for the cannabis taken for analysis must be maintained at 372 Burford Delhi Townline Road in Norwich, Ontario.

December 21, 2020

Michael Sioen
Ayanda Cannabis Corporation
324 Burford Delhi Townline Rd
Norwich, ON N0J 1P0

Dear Michael Sioen:

RE: Renewal of Cannabis Licence under the Excise Act, 2001

We have reviewed your cannabis licence renewal application, and are pleased to inform you that your cannabis licence under the Excise Act, 2001 has been renewed effective January 2, 2021.

Cannabis licence number

The following licence number should be recorded on all correspondence with the CRA:

77580 1921 RD0001
324 Burford Delhi Townline Rd, Norwich ON N0J 1P0

Each of the physical business locations included in the licence application has been provided with a separate account number as follows:

Location	Account Identifier	Account Type	Premises Address
1	RD0001	Filing	324 Burford Delhi Townline Rd, Norwich ON

Acknowledgement of Security

A person renewing a cannabis licence under the Act is required to maintain security in a form satisfactory to the CRA and in an amount determined by the Regulations Respecting Excise Licences and Registrations. Please ensure your posted security remains valid, and is sufficient to ensure payment of the amount referred to in paragraph 160(b) of the Act (highest duty payable on your B300 excise duty return for any month). If you have questions in regards to the security requirement, please contact our office.

Renewal of Cannabis Licence

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the

requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your licence will be January 1, 2023. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

Obligations of a Cannabis Licensee

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

Methods of Destruction and Analysis

As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be

submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Maggie McNaughton at 289-556-6377. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,

Dan Reggio

Digitally signed by Dan
Reggio
Date: 2020.12.21 16:07:09
-05'00'

Dan Reggio
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs

This is **Exhibit “R”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990E7178EE432...

A Commissioner, etc.

SHARE PURCHASE AGREEMENT

This Agreement is made as of the 2nd day of February, 2022, between:

AYANDA CANNABIS CORPORATION
(the “**Corporation**”)

– and –

12830353 CANADA INC.
(the “**Purchaser**”)

WHEREAS the Corporation engaged Hyde Advisory & Investments Inc. on October 21, 2021 to solicit offers for the sale of all or substantially all of the assets or equity of the Corporation, which culminated in the Purchaser offering to purchase all of the issued and outstanding shares of the Corporation.

AND WHEREAS the Purchaser’s offer was memorialized in a binding term sheet dated as of January 7, 2022 (the “**Term Sheet**”) which was duly authorized by the Class A Shareholders (as defined herein) on January 11, 2022. The Term Sheet set out the terms and conditions pursuant to which the Purchaser would acquire 100% of the issued and outstanding shares of the Corporation (the “**Transaction**”).

AND WHEREAS the Purchaser requires that the Corporation deliver the shares of the Corporation free and clear of any and all encumbrances and that any and all liabilities of the Corporation be vested through an Approval and Vesting Order (as defined herein).

AND WHEREAS the Corporation is required to file a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) (the “**Proceeding**”) in order to secure the Approval and Vesting Order.

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

“**Adjustments**” has the meaning set out in Section 3.4.

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

“**Agreement**” means this share purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, and “**Article**” and “**Section**” mean and refer to the specified article, section and subsection of this Agreement.

“Applicable Law” means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, in each case, having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“Appraisal Condition” has the meaning set out in Section 8.2(j).

“Approval and Vesting Order” means an approval and vesting order issued by the Court, in form and substance satisfactory to the Purchaser and the Corporation, which, among other things, approves this Agreement and the Transaction.

“Assumed Contracts” means the Contracts listed in Schedule “A”.

“Assumed Liabilities” means all Liabilities which: (i) relate to the Business under any Assumed Contracts, Permits and Licences (in each case, to the extent forming part of the Retained Assets) arising out of events or circumstances that occur after the Closing; or (ii) are to be performed after the Closing.

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

“Books and Records” means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records, used or intended for use by, and in the possession of the Corporation, in connection with the ownership of the Corporation, or operation of the Business, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, credit records, records relating to suppliers and other data, in each case, relating to the Business.

“Business” means the business conducted by the Corporation, being the cultivation, processing and sale of cannabis and cannabis products.

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

“Cash Purchase Price” has the meaning set out in Section 3.2(b).

“Claims” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, chose in or cause of action, suit, default, assessment, litigation, third party action, arbitral proceeding or proceeding by or before any Person.

“Class A Common Shares” means all of the issued and outstanding Class A Common Shares in the capital of the Corporation.

“Class B Common Shares” means all of the issued and outstanding Class B Common Shares in the capital of the Corporation.

“Class A Shareholders” means all of the holders of Class A Common Shares.

“Class B Shareholders” means all of the holders of Class B Common Shares.

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

“Closing Date” means the date that is the later of: (i) ten (10) Business Days after the date the Approval and Vesting Order is obtained; and (ii) the date that Health Canada approves the change of control of the Corporation, or such other earlier or later date as may be agreed by the Parties.

“Closing Time” means 10:00 a.m. (Toronto time) on the Closing Date.

“Consolidation and Cancellation” means the consolidation of all New Common Shares and Existing Shares in accordance with the Consolidation Ratio, and the cancellation of all fractional New Common Shares and Existing Shares in accordance with Article 2.

“Consolidation Ratio” means the ratio by which all New Common Shares and Existing Shares shall be consolidated, as determined by the Purchaser, acting reasonably and in consultation with the Corporation and the Proposal Trustee, given the intended effect of the Transaction.

“Contracts” means the written contracts, agreements, leases, understandings and arrangements that are related to the Business of the Corporation and to which the Corporation is a party or by which the Corporation is bound or in which the Corporation has any rights, including any Contracts in respect of Employees.

“Court” means the Ontario Superior Court of Justice (Commercial List).

“Deposit” has the meaning set out in Section 3.2(a).

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

“Dried Flower Inventory” means dried flower cannabis and does not include dried flower that could reasonably be described as “shake” (broken or separated parts of the cannabis flower), plants, seed, oils, concentrates, distillates, input materials, starting materials, and ingredients not containing cannabis.

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

“Encumbrances” means any security interest, lien, Claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

“Equity Interests” has the meaning set out in section 2 of the BIA and includes the Existing Shares, any shareholder agreement in respect of the Existing Shares, and any other interest or entitlement to shares in the capital of the Corporation, but, for greater certainty, does not include the Post-Consolidation Shares.

“Excluded Assets” means those assets listed on Schedule “B”.

“Excluded Contracts” means all Contracts that are not Assumed Contracts.

“Excluded Liabilities” has the meaning set out in Section 2.3(a).

“Existing Shares” means all of the Class A Common Shares and Class B Common Shares of the Corporation that are issued and outstanding immediately prior to the Closing Time, which, for greater certainty, shall not include the New Common Shares or the Post-Consolidation Shares.

“Facility” means the Corporation’s production facility, located at 372 Burford-Delhi Townline Road, Norwich, Ontario.

“Governmental Authority” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court, tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“GST/HST” means all goods and services tax and harmonized sales tax imposed under Part IX of the Excise Tax Act (Canada).

“Health Canada Licences” means all authorizations related to cannabis and issued by Health Canada to the Corporation, including authorizations to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation the licences attached hereto as Schedule “E”.

“Independent Accountant” has the meaning set out in Section 3.5(c).

“Interim Period” has the meaning set out in Section 6.3.

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

“Miller Thomson” means Miller Thomson LLP, counsel to the Corporation.

“New Common Shares” means the Class A Common Shares and Class B Common Shares of the Corporation to be issued to the Purchaser from treasury as part of the Closing in exchange for the Purchase Price.

“Ordinary Course” when used in relation to the conduct of the Corporation's Business, means any transaction that constitutes an ordinary day-to-day Business activity of the Corporation conducted in a manner consistent with the Corporation's past practice.

“Organizational Documents” means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“Outside Date” means June 30, 2022, or such later date as the Parties may agree to in writing.

“Outstanding Options” has the meaning set out in Section 5.1(e).

“Party” means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means more than one of them.

“Permits and Licences” means the permits, licences, authorizations, approvals or other evidence of authority related to the Business, including (i) the permits, licences, authorizations, approvals or other evidence of authority related to the Business and issued to, granted to, conferred upon, or otherwise created for, the Corporation; and (ii) the Health Canada Licences.

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

“Post-Consolidation Shares” means the 1,000 Class A Common Shares and 1,000 Class B Common Shares of the Corporation that will remain after the Consolidation and Cancellation, which shall: (i) represent 100% of the issued and outstanding common shares of the Corporation after the Consolidation and Cancellation; and (ii) be solely owned and controlled by the Purchaser.

“Pre-Closing Reorganization” means the transactions, acts or events described in Exhibit “A” which are to occur immediately prior to the Closing Time.

“Preserved Equity Claim” has the meaning set out in Section 2.1(e).

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

“Proposal Trustee” means Richter Advisory Group Inc., pursuant to its proposed appointment as proposal trustee of the Corporation under the BIA.

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

“ResidualCo” means a corporation to be incorporated to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Pre-Closing Reorganization.

“ResidualCo Shares” means all of the existing and outstanding shares of ResidualCo that are beneficially owned by the Corporation.

“Resignations” has the meaning set out in Section 6.5.

“Retained Assets” has the meaning set out in Section 4.1.

“Resolution Period” has the meaning set out in Section 3.5(b).

“Shareholders Agreement” means the unanimous shareholders agreement among the Corporation, the Class A Shareholders and the Class B Shareholders dated as of May 14, 2021.

“Statement of Adjustments” has the meaning set out in Section 3.4.

“Statement of Objections” has the meaning set out in Section 3.5(b).

“Taxes” means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll

taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“Terminated Employees” means those individuals currently employed by the Corporation whose employment will be terminated prior to Closing, as determined by the Purchaser.

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

1.2 Interpretation Not Affected by Headings, etc.

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

1.3 General Construction

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

1.4 Extended Meanings

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

1.5 Currency

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

1.6 Statutes

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

1.7 Schedules

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

EXHIBITS

Exhibit A - Pre-Closing Reorganization

SCHEDULES

Schedule A	-	Assumed Contracts
Schedule B	-	Excluded Assets
Schedule C	-	Excluded Liabilities
Schedule D	-	List of Terminated Employees
Schedule E	-	Health Canada Licences

The Parties acknowledge that as of today's date, the Schedules are not complete. The Parties shall cooperate with each other and shall use commercially reasonable efforts to complete the Schedules prior to the Closing Date.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2

PURCHASE AND SALE OF SHARES

2.1 Purchase and Sale of Shares

- (a) Share Issuance. The Corporation shall issue, assign and transfer the New Common Shares to the Purchaser in a number to be determined by the Purchaser, acting reasonably and in consultation with the Corporation and the Proposal Trustee, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price.
- (b) Share Consolidation. The Corporation's Articles shall be amended to, among other things: (i) consolidate the New Common Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the New Common Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
- (c) Share Cancellation. Any fractional New Common Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.
- (d) Equity Interests Extinguished. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof.
- (e) Preservation of Claims. Notwithstanding the Consolidation and Cancellation and the extinguishment of Equity Interests, each Class A Shareholder and Class B Shareholder shall have a claim against ResidualCo equal to the cost base of their Class A Common

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Shares or Class B Commons Shares (each, a “**Preserved Equity Claim**”), and the Books and Records of the Corporation shall constitute *prima facie* evidence of the quantum of all Preserved Equity Claims. For certainty, the Preserved Equity Claims shall exist solely against ResidualCo and not against the Corporation.

2.2 Post-Consolidation Shares

Subject to the terms and conditions of this Agreement, effective immediately after the Closing Time and following the Consolidation and Cancellation, the Purchaser shall be the sole owner of the Post-Consolidation Shares, which shall represent 100% of the Corporation’s issued and outstanding equity.

2.3 Assumed Liabilities of the Corporation

- (a) Pursuant to the Approval and Vesting Order, save and except for the Assumed Liabilities, all debts, obligations, Liabilities, Encumbrances, indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Corporation or relating to any Excluded Assets or Excluded Contracts as at the Closing Time, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule “C”, any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Corporation may be bound as at the Closing Time, all Liabilities relating to or under the Excluded Contracts and Excluded Assets, Liabilities for Terminated Employees whose employment with the Corporation is terminated on or before Closing (collectively, the “**Excluded Liabilities**”) shall be excluded and will no longer be binding on the Corporation following the Closing Time.
- (b) Pursuant to the Approval and Vesting Order, the Excluded Liabilities shall be channeled to and assumed in full by ResidualCo in accordance with and as further described in Article 4 and the Corporation and its assets, undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, including the Preserved Equity Claims, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser for the New Common Shares shall be [REDACTED] (the “**Purchase Price**”). The Purchase Price shall be paid to the Proposal Trustee, for the benefit of ResidualCo, and any Claim against the Corporation (including the Preserved Equity Claims) shall continue to exist as against ResidualCo after Closing.

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3.2 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price as follows:

- (a) Deposit. The Parties acknowledge that the Purchaser has paid a deposit in the amount of \$200,000 (the "**Deposit**"), which shall be applied to reduce the outstanding balance of the Purchase Price at Closing.
- (b) Cash Purchase Price. At the Closing Time, the Purchaser shall pay [REDACTED], plus the Adjustments (the "**Cash Purchase Price**") to Miller Thomson, in trust, in immediately available funds.

3.3 Taxes

The Purchaser shall be responsible for the payment of any Taxes that are required to be paid or remitted in connection with the consummation of the Transaction contemplated in this Agreement, which such amounts shall be in addition to the Purchase Price. If applicable, at Closing, the Purchaser and the Corporation shall jointly execute an election under Section 167 of the *Excise Tax Act* (Canada) to seek to cause the Transaction to take place on an HST-free basis under Part IX of the *Excise Tax Act* (Canada).

3.4 Purchase Price Adjustments

The Cash Purchase Price shall be increased at Closing, on a dollar-for-dollar basis, to account for the following adjustments (the "**Adjustments**"):

- (a) cash balances in the Corporation's bank accounts;
- (b) deposits and prepaid expenses;
- (c) accounts receivable due and owing to the Corporation, including any and all GST/HST returns; and
- (d) all Dried Flower Inventory at the Facility, valued at \$1 / gram, up to a maximum \$60,000. For certainty, if the value of the Dried Flower Inventory exceeds \$60,000, the Purchase Price shall be increased by \$60,000 and the Purchaser shall be entitled to keep all Dried Flower Inventory.

The Corporation shall prepare and deliver to the Purchaser a statement setting forth the proposed value of the Adjustments ten (10) Business Days prior to Closing (the "**Statement of Adjustments**"). **Examination and Review of Purchase Price Adjustments**

- (a) After receipt of the Statement of Adjustments, the Purchaser and the Corporation shall work together in good faith to negotiate and finalize the value of the Adjustments. Throughout the Purchaser's review of the Statement of Adjustments, the Purchaser shall have full access to the Books and Records of the Corporation, the personnel of the Corporation and its advisors and to such other information reasonably relating to the Statement of Adjustments.
- (b) The Purchaser may object to the Statement of Adjustments by delivering to the Corporation a written statement setting forth the Purchaser's objections in reasonable detail, indicating each disputed item or amount and the basis for the Purchaser's disagreement therewith (the "**Statement of Objections**"). If the Purchaser fails to deliver the Statement of Objections within five (5) Business Days of receiving the Statement of Adjustments, the Statement of Adjustments shall be deemed to have been accepted by the

Purchaser. If the Purchaser delivers a Statement of Objections, the Purchaser and the Corporation shall negotiate in good faith to resolve such objections within five (5) Business Days after the delivery of the Statement of Objections (the “**Resolution Period**”), and, if the same are so resolved within the Resolution Period, the Statement of Adjustments with such changes as may have been previously agreed in writing by the Purchaser and the Corporation, shall be final and binding.

- (c) If the Corporation and the Purchaser fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before the expiration of the Resolution Period, then any amounts remaining in dispute shall be submitted for resolution to the office of an independent accountant, which the Purchaser and the Corporation shall appoint by mutual agreement (the “**Independent Accountant**”). The Independent Accountant, acting as an expert and not an arbitrator, shall resolve disputed amounts and make any required adjustments to the Statement of Adjustments. The Parties agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the Parties and its decision for each disputed amount must be within the range of values assigned to each such item in the Statement of Adjustments and the Statement of Objections, respectively. The Independent Accountant shall make a determination as soon as practicable within 30 days (or such other time as the Parties shall agree in writing) after its engagement, and its resolution of the disputed amounts and its adjustments to the Statement of Adjustments shall be conclusive and binding upon the Parties.
- (d) The fees and expenses of the Independent Accountant shall be paid by the Corporation and the Purchaser based upon the percentage that the amount actually contested but not awarded to the Corporation or the Purchaser, respectively, bears to the aggregate amount actually contested by the Corporation and the Purchaser.

ARTICLE 4

TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Transfer of Excluded Assets to ResidualCo

On the Closing Date, the Corporation shall retain all of the assets owned by it on the date of this Agreement and any assets acquired by it up to and including Closing, including its Assumed Contracts, Permits and Licences and Books and Records (the “**Retained Assets**”), save and except for the Excluded Assets and Excluded Contracts, which the Corporation shall transfer to ResidualCo at or before the Closing Time or shall be vested in ResidualCo pursuant to the Approval and Vesting Order.

4.2 Transfer of Excluded Liabilities to ResidualCo

At or before the Closing Time, the Excluded Liabilities shall have been channeled to and assumed by ResidualCo, in accordance with the Pre-Closing Reorganization and pursuant to the Approval and Vesting Order. Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Corporation shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Corporation and its assets, undertakings, Business and properties from and after the Closing Time.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Corporation

Subject to the issuance of the Approval and Vesting Order, the Corporation hereby represents and warrants to and in favour of the Purchaser, and acknowledges that, as of the Closing Time, the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Corporation is a corporation incorporated and existing under the *Canada Business Corporations Act*, is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Corporation of this Agreement has been authorized by all necessary corporate action on the part of the Corporation.
- (c) No Conflict. The execution, delivery and performance by the Corporation of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Corporation.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Authorized and Issued Capital. Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will constitute all of the issued and outstanding shares in the capital of the Corporation and the Purchaser will be the sole registered and beneficial owner of the Post-Consolidation Shares, with good and valid title thereto, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Vesting Order. Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will be: (i) duly authorized and validly issued as fully paid and non-assessable, (ii) issued by the Corporation in compliance with all applicable corporate and securities laws and (iii) there will be no issued and outstanding Class A Common Shares or Class B Common Shares or other securities of the Corporation other than the Post-Consolidation Shares nor will there be any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for common shares or any other securities of the Corporation.
- (f) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, and certain outstanding options and conversion rights, which will be accelerated and exercised or terminated prior to Closing, no Person has any contractual right, option or privilege for the purchase or acquisition from the Corporation of any Class A Common Shares, Class B Common Shares or Retained Assets.
- (g) Health Canada Licences. The Health Canada Licences are in full force and effect. Except for the Purchaser's rights under this Agreement, no Person has any contractual right,

option or privilege for the purchase or acquisition of any interest in, or the creation of any Encumbrance in respect of, the Health Canada Licences.

- (h) Assumed Contracts. The Corporation has provided to the Purchaser correct and complete copies of each Assumed Contract listed in Schedule “A” together with all amendments, modifications and supplements thereto.
- (i) Brokers. Except for Hyde Advisory & Investments Inc., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Corporation.
- (j) No other Representations and Warranties. Except for the representations and warranties contained in this Section 5.1, neither the Corporation nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of the Corporation, including any representation or warranty as to the accuracy or completeness of any information regarding the Corporation furnished or made available to the Purchaser and its representatives or as to the future revenue, profitability or success of the Corporation, or any representation or warranty arising from statute or otherwise in law.

5.2 Representations and Warranties of the Purchaser

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

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the *Canada Business Corporations Act*, is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (f) HST Registrant: The Purchaser is, or will be on the Closing Date, an HST registrant.

- (g) Brokers. Except for CannDelta Inc., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Purchaser.
- (h) Sufficiency of Funds. The Purchaser has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the Transaction.
- (i) Independent Investigation. The Purchaser has conducted its own independent investigation, review and analysis of the Business, results of operations, prospects, condition (financial or otherwise) or assets of the Corporation, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, Books and Records, and other documents and data of the Corporation for such purpose. The Purchaser acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, the Purchaser has relied solely upon its own investigation and the express representations and warranties of the Corporation set forth Section 5.1; and (b) neither the Corporation nor any other Person has made any representation or warranty as to the Corporation or this Agreement, except as expressly set forth in Section 5.1.

5.3 As is, Where is

The representations and warranties of the Corporation shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser explicitly acknowledges, agrees and confirms that, at the Closing Time, the New Common Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "*as is, where is*" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, Encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever, including with respect to the New Common Shares, the Post-Consolidation Shares, the Retained Assets, the Business or the Corporation.

ARTICLE 6 COVENANTS

6.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article 8 on or before the Outside Date. For certainty, the Parties shall work together to promptly obtain Health Canada's approval of the Transaction.

6.2 Motion for Approval and Vesting Order

As soon as practicable after the satisfaction or waiver of the Appraisal Condition, the Corporation shall bring a motion for the Approval and Vesting Order, seeking relief that will: (i) vest all of the Liabilities of the Corporation in ResidualCo; (ii) authorize the Corporation to take all necessary actions and steps to: (A) issue the New Common Shares and vest the New Common Shares in the Purchaser; (B) consolidate the Existing Shares and the New Common Shares; and (C) cancel any fractional Existing Shares and New Common Shares existing after consolidation; and (iii) release the officers and directors of the Corporation, its advisor and the Proposal Trustee. The Corporation shall diligently use its commercially reasonable efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Corporation in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

6.3 Interim Period

From the date hereof until the Closing (the “**Interim Period**”), except as otherwise provided in this Agreement or consented to in writing by the Purchaser (which consent shall not be unreasonably withheld or delayed), the Corporation shall: (a) conduct the Business of the Corporation in the Ordinary Course; (b) use commercially reasonable efforts to maintain the properties and other assets of the Corporation in good working condition (normal wear and tear excepted) and ensure that none of the equipment and/or hardware present during the Purchaser’s visit to the Facility on December 21, 2021 is removed; (c) use commercially reasonable efforts to maintain and preserve intact the current organization and Business of the Corporation and to preserve the rights, goodwill and relationships of its Employees, customers, lenders, suppliers, regulators and others having business relationships with the Corporation; (d) not enter into any transaction other than in the Ordinary Course and consistent with past practice on terms which are arm’s length; and (e) provide the Purchaser prompt written notice of any material change in or affecting the Business, affairs, operations, assets, liabilities or capital of the Corporation.

6.4 Resignations

The Corporation shall deliver to the Purchaser written resignations, effective as of the Closing Date, of the officers and directors of the Corporation as requested by the Purchaser at least ten (10) Business Days prior to Closing (“**Resignations**”).

6.5 Terminated Employees

As soon as practicable following the execution of this Agreement, and in any event, no later than ten (10) Business Days prior to Closing, the Purchaser shall provide the Corporation with a list of Terminated Employees. As soon as practicable following the receipt of such list, the Corporation shall terminate the employment of any and all Terminated Employees. The Purchaser shall be entitled to conduct interviews with Employees during the Interim Period for the purpose of determining the Employees that will be retained by the Purchaser, if any.

6.6 ResidualCo

On the Closing Date, the Corporation shall convey the ResidualCo Shares to Miller Thomson to hold the ResidualCo Shares as agent and bare trustee on behalf of the Class A Shareholders and Class B Shareholders of the Corporation immediately prior to the Consolidation and Cancellation as their interests may be agreed or as they may be determined by the Court. For greater certainty, Miller Thomson shall not have any obligation or duties to take any actions, steps or otherwise in respect of the ResidualCo Shares, subject to direction from Michael Sioen, or Order of the Court in the Proceeding.

6.7 Further Assurances

Following the execution of this Agreement, each of the Parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances, and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE 7 CLOSING ARRANGEMENTS

7.1 Closing

Subject to the terms and conditions of this Agreement, Closing shall take place electronically (or as otherwise determined by mutual agreement of the Parties in writing) on the Closing Date, by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

7.2 Corporation's Closing Deliveries

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

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) share certificates representing the New Common Shares;
- (c) the Resignations, as required by the Purchaser;
- (d) all information and documents required to access the Corporation's bank accounts, including any and all signatures required to transfer signing authority for such accounts to a Person designated by the Purchaser;
- (e) confirmation, in form and substance satisfactory to the Purchaser, that Health Canada has approved the change of control contemplated by the Transaction such that the Health Canada Licences will be valid and in good standing following the Closing;
- (f) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Corporation contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Corporation has performed in all material respects the covenants to be performed by them prior to the Closing Time; and
- (g) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

7.3 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Corporation, the following:

- (a) the Cash Purchase Price;
- (b) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing

Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and

- (c) such other agreements, documents and instruments as may be reasonably required by the Corporation to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 8 CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of both Parties

The obligation of the Parties to complete the Transaction is subject to the following joint condition being satisfied, fulfilled or performed, which joint condition may not be waived by either Party:

- (a) Approval and Vesting Order. The Court shall have granted the Approval and Vesting Order in form and substance satisfactory to each of the Purchaser and the Corporation, and the Approval and Vesting Order shall not have been stayed, amended, appealed, modified, reversed or dismissed as at the Closing Date.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed:

- (a) Court Approval. The Approval and Vesting Order shall have been issued and entered by the Court and shall not have been vacated, set aside or stayed.
- (b) Health Canada Approval. The Purchaser shall have obtained approval in a form satisfactory to the Purchaser (acting reasonably) from Health Canada in connection with the change of control arising from this Agreement.
- (c) Corporation's Deliverables. The Corporation shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.2.
- (d) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 5.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (e) No Breach of Covenants. The Corporation shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Corporation on or before the Closing Date.
- (f) Corporation Employees. The Corporation shall have terminated the employment of the Terminated Employees, as requested by the Purchaser in its sole discretion.
- (g) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets and the proceeds from the Purchase Price; and (iii) the Corporation, its Business and property shall have been

released and forever Discharged of all Claims and Encumbrances (other than Assumed Liabilities, if any) such that, from and after Closing the Business and property of the Corporation shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.

- (h) Disclaim Excluded Contracts. The Corporation shall have sent notices of disclaimer for all such known Excluded Contracts and other agreements, and such known Excluded Contracts shall form part of the Excluded Assets. For certainty, the Corporation shall have disclaimed existing lease of the Facility with Luke & Blanche Sioen Farms Ltd.
- (i) Facility Lease. The Purchaser shall have successfully negotiated a new lease of the Facility that allows for the continued operation of the Business, on terms satisfactory to the Purchaser including, without limitation, annual rent of \$400 or less.
- (j) Facility Appraisal. The Purchaser shall have obtained an appraisal and building inspection of the Facility and the real property on which the Facility sits, and such appraisal shall confirm value equal to or greater than the Purchase Price (the “**Appraisal Condition**”).
- (k) Transitional Services. The Purchaser shall have entered into a transitional services agreement with Michael Sioen, in form and substance satisfactory to the Purchaser, confirming that Michael Sioen will act as a consultant to assist with the transition of the Business following the Closing.
- (l) CTLS Personnel. The Purchaser shall have ensured the continuity of security cleared staff, at the Purchaser’s discretion, to ensure the continuity of operations and ongoing regulatory compliance.
- (m) Health Canada Licences. The Health Canada Licences shall be in good standing at the Closing Time and shall remain in good standing immediately following and notwithstanding Closing.

8.3 Conditions Precedent in favour of the Corporation

The obligation of the Corporation to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed:

- (a) Court Approval. The Approval and Vesting Order shall have been issued and entered by the Court and shall not have been vacated, set aside or stayed.
- (b) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Corporation at the Closing all the documents and payments contemplated in Section 7.3.
- (c) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 5.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (d) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

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

- (a) by the mutual written agreement of the Corporation and the Purchaser;
- (b) by the Purchaser by written notice to the Corporation if:
 - (i) the Purchaser is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Corporation under this Agreement that would give rise to the failure of any of the conditions specified in Article 8 and such breach, inaccuracy or failure cannot be cured by the Corporation by the Outside Date; or
 - (ii) any of the conditions set forth in Section 8.1 or Section 8.2 shall not have been fulfilled by the Outside Date, unless such failure shall be due to the failure of the Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing;
- (c) by the Corporation by written notice to the Purchaser if:
 - (i) the Corporation is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Purchaser under this Agreement that would give rise to the failure of any of the conditions specified in Article 8 and such breach, inaccuracy or failure cannot be cured by the Purchaser by the Outside Date; or
 - (ii) any of the conditions set forth in Section 8.1 or Section 8.3 shall not have been fulfilled by the Outside Date, unless such failure shall be due to the failure of the Corporation to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by them before the Closing; or
- (d) by the Purchaser or the Corporation if:
 - (i) there shall be any law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or
 - (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

9.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder, except:

- (a) as set forth in this Article 9 and Article 10;
- (b) that nothing herein shall relieve any Party hereto from any Liability for any intentional breach of any provision hereof;
- (c) that the Corporation shall be entitled to keep the Deposit if this Agreement is terminated in accordance with Section 9.1(c); and
- (d) that the Deposit shall be returned to the Purchaser if this Agreement is terminated in accordance with Section 9.1(b), or if Closing does not occur on or before the Outside Date, provided that the Purchaser is not then in material breach of the provisions of this Agreement.

ARTICLE 10 MISCELLANEOUS

10.1 Notice

Any notice or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if: (i) delivered personally; (ii) sent by prepaid courier service; or (iii) sent by email or other similar means of electronic communication, in each case to the applicable address set out below:

- (a) in the case of the Purchaser, as follows:

12830353 Canada Inc.
87 Dunrobin Crescent
Vaughan, Ontario L4H 4A9

Attention: Peter Sharma
Email: punksharma@icloud.com

with a copy to:

Pomer & Boccia Professional Corporation
4000 Steeles Ave West, Suite 212
Woodbridge, Ontario L4L 4V9

Attention: David Pomer
Email: david.pomer@pomerandboccia.com

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

372 Burford-Delhi Townline Road
Norwich, Ontario N0J 1P0

Attention: Michael Sioen
Email: mike@ayandacanncorp.com

with a copy to:

Miller Thomson LLP
40 King Street West, Suite 5800
Toronto, Ontario M5H 3S1

Attention: Larry Ellis
Email: lellis@millerthomson.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

10.2 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by all of the Parties.

10.3 Survival

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

10.4 Benefit of Agreement

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

10.5 Entire Agreement

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

10.6 Independent Legal Advice

The Parties acknowledge having obtained independent legal advice from their respective solicitors, or having been given the opportunity to obtain independent legal advice, with respect to the terms of this Agreement prior to its execution, and each of the Parties further acknowledges and agrees that it understands the terms, and its rights and obligations under this Agreement.

10.7 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.8 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

10.9 Assignment by Purchaser

This Agreement may be assigned by the Purchaser without the prior written consent of the Corporation, provided that such assignee is a related party or subsidiary of the Purchaser and: (i) the Purchaser shall provide prior notice of such assignment to the Corporation; (ii) such assignee shall agree to be bound by the terms of this Agreement to the extent of the assignment; and (iii) the Purchaser shall continue to be responsible for all obligations of the Purchaser hereunder notwithstanding such assignment.

10.10 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 facsimile or by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

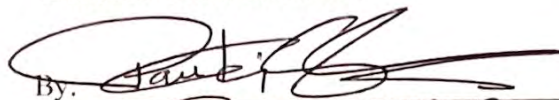
10.11 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

[Signature Page Follows]

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

12830353 CANADA INC.

By: 

Name: PANKAJ SHARMA

Title: CEO/PRESIDENT

I have authority to bind the corporation.

FEB 1, 2022

AYANDA CANNABIS CORPORATION

By: _____

Name: Michael Sioen

Title: President

I have authority to bind the corporation.

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

12830353 CANADA INC.

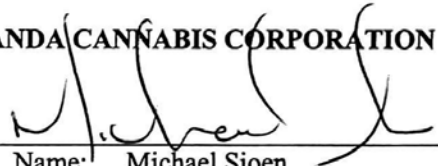
By: _____

Name:

Title:

I have authority to bind the corporation.

AYANDA CANNABIS CORPORATION

By:  _____

Name: Michael Sioen

Title: President

I have authority to bind the corporation.

EXHIBIT "A"
PRE-CLOSING AND CLOSING REORGANIZATION STEPS

Pre-Closing

1. ResidualCo shall be incorporated by the Corporation with nominal consideration for common shares.

Upon Closing

The following steps shall be deemed to happen concurrently:

2. Share Issuance, Consolidation, Cancellation:
 - a. The Corporation shall issue, assign and transfer the New Common Shares to the Purchaser in a number to be determined by the Purchaser, acting reasonably and in consultation with the Corporation and the Proposal Trustee, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price.
 - b. The Corporation's Articles shall be amended to, among other things: (i) consolidate the New Common Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the New Common Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
 - c. Any fractional New Common Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.
 - d. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof.
3. The Excluded Assets and Excluded Liabilities shall vest in ResidualCo pursuant to the Approval and Vesting Order. All Claims attaching to the Excluded Assets and Excluded Liabilities, including the Preserved Equity Claims, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.
4. The Corporation shall convey the ResidualCo Shares to Miller Thomson as agent and bare trustee for the holders of the Existing Shares.

SCHEDULE "A"
ASSUMED CONTRACTS

The following is a comprehensive list of the Assumed Contracts:

1. Contracts relating to the employment of any employees that are not Terminated Employees.

**[The Parties hereto acknowledge and agree that this Schedule is incomplete, but shall be finalized
prior to Closing]**

SCHEDULE "B"
EXCLUDED ASSETS

The following is a comprehensive list of the Excluded Assets:

1. Excluded Contracts.

**[The Parties hereto acknowledge and agree that this Schedule is incomplete, but shall be finalized
prior to Closing]**

SCHEDULE "C"
EXCLUDED LIABILITIES

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Corporation may be bound as at the Closing Time.
2. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.
3. Liabilities for Terminated Employees whose employment with the Corporation or its Affiliate is terminated on or before Closing.
4. Any and all Liabilities that are not Assumed Liabilities.

[The Parties hereto acknowledge and agree that this Schedule is incomplete, but shall be finalized prior to Closing]

SCHEDULE "E"
LIST OF TERMINATED EMPLOYEES

**[The Parties hereto acknowledge and agree that this Schedule is incomplete, but shall be finalized
prior to Closing]**

**SCHEDULE “D”
HEALTH CANADA LICENCES**

Attached.

Licence No. - N° de licence
LIC-7XU9IV6IQY-2020

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Ayanda Cannabis Corporation

Licensed Site / Lieu autorisé :
324 BURFORD DEHLI TOWNLINE ROAD
NORWICH, ON, CANADA, N0J 1P0

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses:

- Standard Cultivation
- Standard Processing
- Sale for Medical Purposes

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes:

- Culture standard
- Transformation standard
- Vente à des fins médicales

Indoor Area(s) / Zone(s) intérieure(s)

Ayanda MMC Facility

Activities	Activités
<ul style="list-style-type: none">• to possess cannabis• to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis• to sell cannabis in accordance with subsection 11(5) of the <i>Cannabis Regulations</i>• for the purpose of testing, to obtain cannabis by altering its chemical or physical properties by any means• to produce cannabis, other than obtain it by cultivating, propagating or harvesting it• to sell cannabis in accordance with subsection 17(5) of the <i>Cannabis Regulations</i>• to sell cannabis products in accordance with section 27 and Part 14, Division 1 of the <i>Cannabis Regulations</i>	<ul style="list-style-type: none">• avoir du cannabis en sa possession• obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis• vendre du cannabis en vertu du paragraphe 11(5) du <i>Règlement sur le cannabis</i>• afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques• produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte• vendre du cannabis en vertu du paragraphe 17(5) du <i>Règlement sur le cannabis</i>• vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du <i>Règlement sur le cannabis</i>

Outdoor Area(s) / Zone(s) extérieure(s)

Conditions

Ayanda Cannabis Corporation must meet the requirements set out in the Health Canada document entitled "Mandatory cannabis testing for pesticide active ingredients - Requirements".
The only cannabis products that Ayanda Cannabis Corporation may sell or distribute to (i) a holder of a licence for sale, and, (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; and cannabis plant seeds.
The only cannabis products that Ayanda Cannabis Corporation may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; and cannabis plant seeds.

Conditions

Ayanda Cannabis Corporation doit respecter les exigences énoncées dans le document de Santé Canada intitulé « Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».
Les seuls produits du cannabis que Ayanda Cannabis Corporation peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; et graines provenant d'une plante de cannabis.
Les seuls produits du cannabis que Ayanda Cannabis Corporation peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; et graines provenant d'une plante de cannabis.

Effective date of the licence:

This licence is effective as of **June 26, 2020**

Expiry date of the licence:

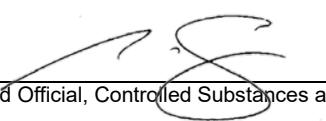
This licence expires on **June 26, 2023**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **26 juin 2020**

Date d'expiration de la licence:

La présente licence expire le **26 juin 2023**


Authorized Official, Controlled Substances and Cannabis Branch

Officiel autorisé, Direction générale des substances contrôlées et du cannabis

Canada Revenue
AgencyAgence du revenu
du Canada

July 6, 2020

Ayanda Cannabis Corporation
372 Burford Delhi Townline Road
Norwich, ON N0J 1P0

Dear Susan Dagge:

RE: Issuance of Cannabis Licence under the *Excise Act, 2001*

Your application for a cannabis licence under the *Excise Act, 2001* (Act) has been approved effective July 2, 2020.

Cannabis licence number

The following licence number should be recorded on all correspondence with the CRA:

77580 1921 RD0001

324 Burford Delhi Townline Road, Norwich ON N0J 1P0

Under the current circumstances, we are issuing your licence with minimal review. Accordingly, your licence has been approved for a period of 6 months. You will be contacted at a later date for further verification of the information and documentation provided during this application process. A more fulsome and detailed process will also be undertaken at the time of your renewal.

Renewal of Cannabis Licence

The expiry date for your licence will be **January 1, 2021**. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application **must** be submitted to your regional office not later than 30 days before the expiry date.

Acknowledgement of Security

We acknowledge receipt of the required security in the form of a certified cheque in the amount of \$46,440 (forty six thousand four hundred and forty dollars).

Obligations of a Cannabis Licensee

A cannabis licensee must continue to meet the conditions set out under the Act for the licence to remain valid. Please see EDN52, Obtaining and Renewing a Cannabis Licence for information about these conditions.

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

Further Approvals

Destruction of cannabis product

During the review of the cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16 of the Act, a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister of National Revenue (Minister). Your request has been approved. Please see attached Appendix A for more information. If this approved method of destruction changes, a request in writing must be submitted to the Regional Manager of Excise Duties and Taxes, and approval must be obtained prior to any destruction using the new, unapproved method.

As per section 187.1 of the Act, the Minister may refund to a cannabis licensee the duty paid on a cannabis product that is re-worked or destroyed by the cannabis licensee in accordance with section 158.16 if the licensee applies for the refund within two years after the cannabis product is re-worked or destroyed.

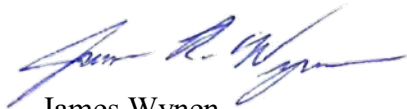
Subparagraph 158.3(a)(iv) of the Act provides that duty is not payable on a cannabis product that is destroyed by the cannabis licensee in a manner approved by the Minister.

Cannabis product taken for analysis

We also reviewed your request for approval of a method of taking cannabis products for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister. Your request has been approved. Please see attached Appendix B for more information. If this approved method of taking a cannabis product for analysis changes, a request must be submitted in writing to the Regional Manager of Excise Duties and Taxes, and approval must be obtained prior to any cannabis being taken for analysis using the new method.

Should you have any questions regarding the above or any other Excise Duties and Taxes matter, please call our toll free line at 1-866-667-9851. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,



James Wynen,
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs Division

Enclosures (2).

Appendix A

Request for approval of method of destruction

During the review of your cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16, a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister. Subparagraph 158.3(a)(iv) also states that duty is not payable on a cannabis product that is destroyed by a cannabis licensee in a manner approved by the Minister.

Based on the information that you provided, we understand the following:

- The location of the destruction will be at 324 Burford Delhi Townline Road in Norwich, Ontario;
- The method of destruction will be shredding, mixing with vinegar/sand and subsequently burying on said site.
- The method will be ongoing; and
- The controls in place will be controls detailed as per the Standard Operating procedure denoted with Health Canada.

You also indicated that you will maintain a record of all destructions conducted by using a Cannabis Destruction Record (Certificate of Destruction).

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization to destroy cannabis products under the following conditions (these conditions would apply to any cannabis products in your possession):

- Adequate records and information, including the date of destruction, type and quantity of cannabis products being destroyed, etc. must be kept/maintained;
- Once the destruction is complete, create a record/certificate of destruction, which should accompany any refund claims submitted for the destruction of duty-paid products; and
- All records for the destruction must be maintained at 372 Burford Delhi Townline Road in Norwich, Ontario.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Appendix B

Request for approval of a method of taking cannabis products for analysis

In addition to the review of your cannabis licence application, we considered your request for approval of a method of taking for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister.

Based on the information provided, we understand the following:

- The analysis will be conducted at an authorized Health Canada Testing facility;
- The third party will provide microbiological and analytical testing of cannabis and products derived from it so that the licensee can be assured of the quality and reproducibility of their products;
- The method will be ongoing; and
- The controls in place will be controls detailed as per the Standard Operating procedure denoted with Health Canada.

Please note that if the analysis will be conducted off-site by a third party, the intermediary testing facility will require authorization from Health Canada.

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization for taking cannabis products for analysis under the following conditions (these conditions would apply to any cannabis product in your possession):

- You must keep adequate records and information including the date taken for analysis, type and quantity of cannabis products taken, etc.;
- All records for the cannabis taken for analysis must be maintained at 372 Burford Delhi Townline Road in Norwich, Ontario.

December 21, 2020

Michael Sioen
Ayanda Cannabis Corporation
324 Burford Delhi Townline Rd
Norwich, ON N0J 1P0

Dear Michael Sioen:

RE: Renewal of Cannabis Licence under the Excise Act, 2001

We have reviewed your cannabis licence renewal application, and are pleased to inform you that your cannabis licence under the Excise Act, 2001 has been renewed effective January 2, 2021.

Cannabis licence number

The following licence number should be recorded on all correspondence with the CRA:

77580 1921 RD0001
324 Burford Delhi Townline Rd, Norwich ON N0J 1P0

Each of the physical business locations included in the licence application has been provided with a separate account number as follows:

Location	Account Identifier	Account Type	Premises Address
1	RD0001	Filing	324 Burford Delhi Townline Rd, Norwich ON

Acknowledgement of Security

A person renewing a cannabis licence under the Act is required to maintain security in a form satisfactory to the CRA and in an amount determined by the Regulations Respecting Excise Licences and Registrations. Please ensure your posted security remains valid, and is sufficient to ensure payment of the amount referred to in paragraph 160(b) of the Act (highest duty payable on your B300 excise duty return for any month). If you have questions in regards to the security requirement, please contact our office.

Renewal of Cannabis Licence

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the

requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your licence will be January 1, 2023. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

Obligations of a Cannabis Licensee

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

Methods of Destruction and Analysis

As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be

submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Maggie McNaughton at 289-556-6377. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,

Dan Reggio

Digitally signed by Dan
Reggio
Date: 2020.12.21 16:07:09
-05'00'

Dan Reggio
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs

This is **Exhibit “S”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990E7178EE432...

A Commissioner, etc.

February 16, 2022

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Attention: Michael Sioen, President and Chief Executive Officer

Re: Debtor-in-Possession Financing of Ayanda Cannabis Corporation

WHEREAS Ayanda Cannabis Corporation (the “**Borrower**”) filed a Notice of Intention to Make a Proposal under Section 50 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 on February 4, 2022 (the “**Proposal Proceeding**”);

AND WHEREAS on February 2, 2022, the Borrower and 12830353 Canada Inc. (“**128**”) entered into a share purchase agreement (the “**Purchase Agreement**”) that, among other things, sets out the terms and conditions pursuant to which 128 will acquire 100% ownership of the Borrower within the Proposal Proceeding by way of a reverse approval and vesting order (the “**Transaction**”);

AND WHEREAS the Borrower requires immediate funding to satisfy the cashflow requirements of the Proposal Proceeding, and to fund the Borrower’s short-term liquidity requirements and other general corporate purposes while the Borrower and 128 work to close the Transaction. For the purpose of providing such funding, Cardinal Advisory Limited (the “**DIP Lender**”) has agreed to advance to the Borrower a debtor-in-possession loan in the amount of \$400,000 pursuant to and in accordance with the terms and conditions contained herein;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements set forth below, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

SUMMARY OF TERMS FOR DIP FACILITY

- 1. Borrower:** Ayanda Cannabis Corporation
- 2. Lender:** Cardinal Advisory Limited
- 3. DIP Facility:** The principal amount of CAD \$400,000 (the “**DIP Facility**”).
- 4. Fees:** The Borrower shall pay a commitment fee in the amount of CAD \$15,000 on the DIP Termination Date (as defined herein), which shall be fully earned upon the execution of this Term Sheet.
- 5. Funding Conditions:** The DIP Facility will be available to the Borrower, subject to all other terms and conditions of this Term Sheet, immediately after the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issues an order (the “**DIP Order**”) in form and substance acceptable to the DIP Lender, acting reasonably, approving the terms of the DIP Facility and authorizing the Borrower to enter into this Term Sheet.
- 6. Release and Purpose of DIP Facility:** Forthwith after the DIP Order is granted, the DIP Facility shall be advanced by the DIP Lender to the Borrower by way of one single advance. The DIP Facility shall be used by the Borrower for short-term liquidity purposes and for other general

corporate purposes, including the payment of professional fees in connection with the Transaction and the Proposal Proceeding.

For greater certainty, the Borrower may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Borrower without the prior written consent of the DIP Lender and the Proposal Trustee.

7. Term and Repayment:

The DIP Facility shall terminate on the earliest to occur of (the “**DIP Termination Date**”):

- (a) June 30, 2022, or such other date as may be agreed to by the DIP Lender and the Borrower in writing;
- (b) three (3) business days following the date upon which the Transaction closes;
- (c) the early termination or refinancing of the DIP Facility or the receipt by the Borrower of any other debtor-in-possession financing;
- (d) the termination, expiration or conversion of the Proposal Proceeding;
- (e) any material breach of the terms of this Term Sheet, subject to a three (3) day cure period beginning on the day that the DIP Lender provides written notice of such breach; and
- (f) the repayment in full of all amounts owing under the DIP Facility.

Amounts outstanding under the DIP Facility, including all principal, accrued interest, fees and other amounts then unpaid with respect thereto, shall be due and payable in full on the DIP Termination Date, and the DIP Facility shall be automatically terminated with no further notice.

8. Interest:

Interest shall be payable on the full amount of the DIP Facility at a rate of ten percent (10%) per annum. Interest shall accrue monthly in arrears and be paid, in full, on the DIP Termination Date.

9. Security:

All present and future obligations of the Borrower to the DIP Lender under or in connection with the DIP Facility, this Term Sheet and any other documents in connection with the DIP Facility shall be secured by a charge on all present and future assets, property and undertakings of the Borrower, real and personal, tangible and intangible, whether now owned or hereafter acquired (the “**Borrower’s Property**”), pursuant to a Court ordered charge in the Proposal Proceeding, ranking subordinate only to an administration charge against the Borrower’s Property in the amount of \$300,000 to secure the fees and disbursements of the Proposal Trustee, its counsel, and counsel to the Borrower (the “**Administration Charge**”). The DIP Lender may take such steps from time to time as it deems necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge.

Notwithstanding the foregoing, the DIP Lender shall have a first-priority interest in the deposit paid by the Purchaser to the Borrower in connection with the Transaction (the “**Deposit**”). For greater certainty, if the Transaction does not

close and the Deposit is forfeited to the Borrower, the Borrower shall immediately pay the Deposit to the DIP Lender in partial satisfaction of the DIP Facility.

10. Costs and Expenses: The Borrower shall pay, on demand: (i) all fees, costs and expenses, including legal fees, reasonably incurred by the DIP Lender in connection with the negotiation, preparation and performance of this Term Sheet; and (ii) all of the DIP Lender's costs of realization or enforcement on a full indemnity basis, in each case in connection with or related to the DIP Facility, the DIP Lender's Charge, this Term Sheet or the Proposal Proceeding. The foregoing applies whether or not the Transaction is completed.

11. DIP Order: The DIP Order shall be in form and substance satisfactory to the DIP Lender, acting reasonably, and shall include:

- (a) provisions approving this Term Sheet and the DIP Facility;
- (b) provisions granting the DIP Lender's Charge in favour of the DIP Lender;
- (c) provisions authorizing the DIP Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the DIP Lender's Charge;
- (d) provisions providing that the DIP Lender's Charge shall be valid and effective to secure all of the obligations of the Borrower to the DIP Lender hereunder, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Borrower;
- (e) provisions declaring that the granting of the DIP Lender's Charge and all other documents executed and delivered to the DIP Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Lender's Charge, do not constitute conduct meriting an oppression remedy, settlement, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and
- (f) provisions restricting the granting of any additional liens or encumbrances on the assets of the Borrower, other than as permitted herein and in the DIP Order.

12. Covenants: From the date hereof until the DIP Termination Date, the Borrower will:

- (a) promptly on the receipt by the Borrower of the same, give the DIP Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the DIP Order, including (without limitation) any application to the Court for the granting of new or additional security that will or may have priority over the DIP Lender's Charge, or otherwise for the variation of the priority of the DIP Lender's Charge;

- (b) provide the DIP Lender, with the assistance of the Proposal Trustee, with any additional financial information reasonably requested by the DIP Lender, to the extent that it is readily available; and
- (c) not, without the prior written consent of the DIP Lender, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the DIP Facility, or create or grant any security (other than the Administration Charge and the DIP Lender's Charge) over any of its property, whether ranking in priority to or subordinate to the DIP Lender's Charge.

- 13. Further Assurances:** The Borrower will, at its own expense and promptly on demand by the DIP Lender at any time, do such acts and things and execute and deliver such deeds and documents as the DIP Lender may request to give effect to any of the provisions set out hereunder.
- 14. Assignment:** Neither the DIP Lender nor the Borrower shall assign the benefit of any of the provisions set out herein.
- 15. Governing Law:** The DIP Facility and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of Ontario and the laws of Canada applicable therein.
- 16. Acceptance:** The DIP Facility shall not become available to the Borrower until and unless the Borrower returns a copy of this Term Sheet to the DIP Lender (by electronic transmission or personal delivery), countersigned by the Borrower.

[Signature Page Follows]

Dated this 16th day of February, 2022.

CARDINAL ADVISORY LIMITED

By: 

Name: Bill Panagiotakopoulos

Title: President

I have authority to bind the Corporation.

ACCEPTANCE

TO: CARDINAL ADVISORY LIMITED

For good and valuable consideration received, Ayanda Cannabis Corporation accepts and agrees to comply with the provisions of the Term Sheet set out above.

Dated this 16 day of February, 2022.

AYANDA CANNABIS CORPORATION

By: 

Name: Michael Sioen

Title: Chief Executive Officer

I have authority to bind the Corporation.

This is **Exhibit “T”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990F7178FF432

A Commissioner, etc.



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

February 4, 2022

Private and Confidential

Cassels Brock & Blackwell llp
Suite 2100, Scotia Plaza
40 King Street West
Toronto, ON, M5H 3C2

Attention: Ted Frankel

Dear Mr. Frankel:

David S. Ward
Direct Line: 416.595.8625
Direct Fax: 416.595.8695
dward@millerthomson.com

Re: BIA Proposal Proceedings of Ayanda Cannabis Corporation

We write to you as counsel for Ayanda Cannabis Corporation ("**Corporation**").

We understand that you are counsel for Mr. Shanil Ramdhany.

Please be advised that on February 4, 2022 the Corporation initiated proposal proceedings ("**Restructuring Proceeding**") pursuant to section 50 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("**BIA**"). Richter Advisory Group Inc has consented to act as proposal trustee ("**Proposal Trustee**"). A copy of the relevant certificate of filing is attached hereto for your reference.

Additionally, in all of the circumstances, including the commencement of the Restructuring Proceeding, the Corporation has determined that it is necessary to terminate Mr. Shanil Ramdhany's engagement as Chief Scientific Officer and Quality Assurance Person. Please accept this letter as written notice of such termination effective immediately.

We ask that your client please promptly return any and all books and records (collectively, in both hard and soft form, the "**Records**") belonging to Corporation, including, but not limited to:

1. The Corporation's Key Investor Report filed by Mr. Ramdhany with Health Canada;
2. The Corporation's batch records;
3. The Corporation's sanitation records;
4. The Corporations Standard Operating Procedures;
5. Copies of the Corporation's monthly Cannabis Tracking and Licensing System ("**CTLS**") filing including any supporting files and records;
6. The Corporation's destruction records; and

7. Any and all records of correspondence and filings, including anything filed through CTLS that the Mr. Ramdhany had with Health Canada on behalf of the Corporation.

We are advised that the Records requested do not reside on Corporation's servers, and are not otherwise accessible to our client unless and until they are returned by Mr. Ramdhany. Further, the Records are required for the purposes of the Restructuring Proceeding and the continuation of the business. It is accordingly very important that the Records be returned as promptly as possible and we would be grateful for your client's cooperation in this regard. We are instructed to coordinate with you on the return of the Records, and any other company property that Mr. Ramdhany' may have in his possession, and would appreciate hearing from you as soon as possible so that we may do this.

At the same time, our client would be pleased to make arrangements for the return of any items of Mr. Ramdhany's personal property that may have been left on Ayanda's premises.

Separate from the above, we have your letter to us of January 17, 2022 and are aware of the claims for compensation that your client asserts. Such claims, which are denied, can be dealt with as appropriate in the context of the Restructuring Proceeding.

Please let us know if you would like to be added to the Service List in the Restructuring Proceeding as counsel for Mr. Ramdhany.

In the meantime, should you have any questions, please do not hesitate to reach out to us.

Yours truly,

MILLER THOMSON LLP

Per:



David S. Ward
Partner
DW/ et

60001953.1





Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 05 - London
Court No. 35-2802344
Estate No. 35-2802344

In the Matter of the Notice of Intention to make a proposal of:

Ayanda Cannabis Corporation

Insolvent Person

RICHTER ADVISORY GROUP INC / RICHTER GROUPE CONSEI

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 04, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 04, 2022, 15:10

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902



This is **Exhibit “U”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:
Erin Craddock
F4000E7478EE432...

A Commissioner, etc.



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

February 7, 2022

Private and Confidential

David S. Ward
Direct Line: 416.595.8625
Direct Fax: 416.595.8695
dward@millerthomson.com

Via email: nataliecain0@gmail.com

2150 Windam Road 19
LaSalette, Ontario
N0E1H0

Attention: Natalie Cain

Dear Ms. Cain:

Re: BIA Proposal Proceedings of Ayanda Cannabis Corporation (“Ayanda”)

We write to you as counsel for Ayanda to advise that Ayanda has filed a Notice of Intention to Make a Proposal under section 50 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**Proceeding**”). A copy of the relevant certificate of filing is attached hereto for your reference.

We understand that you provided services to Ayanda pursuant to an internship agreement dated July 1, 2020. For a limited period of time following the expiration of the internship agreement, you continued to provide certain administrative services to Ayanda.

In January, 2022, Ayanda wrote to you and provided you with a form of full and final release to formally document the consensual termination of its relationship with you. Ayanda has not received an executed copy of the release.

In the above circumstances, and for the avoidance of any doubt, this letter shall further confirm the expiration of your July 2020 internship, as well as the termination of any contractual relationship that you may formerly have had, or now claim to have, with Ayanda.

Any claims that you may have against Ayanda of any kind, can be dealt with as appropriate in the context of the Proceeding.

Please let us know if you would like to be added to the Service List in the Proceeding.

In the meantime, should you have any questions, please do not hesitate to reach out to us.

Page 2

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in blue ink that reads "David S. Ward". The signature is written in a cursive, slightly slanted style.

David S. Ward
Partner
DW/ et





Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 05 - London
Court No. 35-2802344
Estate No. 35-2802344

In the Matter of the Notice of Intention to make a proposal of:

Ayanda Cannabis Corporation

Insolvent Person

RICHTER ADVISORY GROUP INC / RICHTER GROUPE CONSEI

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 04, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 04, 2022, 15:10

E-File/Dépôt Electronique

Official Receiver

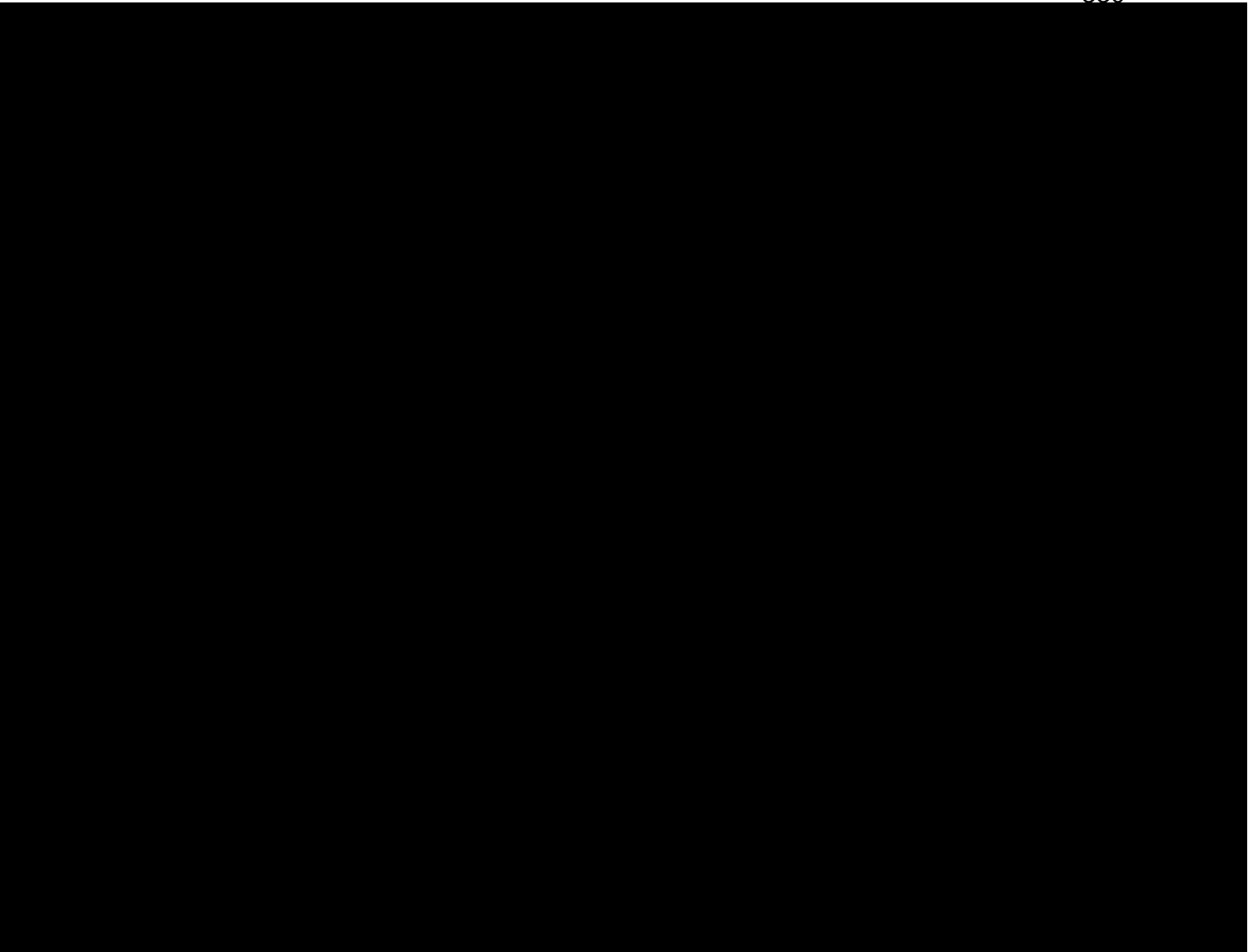
Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902



This is **Exhibit “V”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:
Erin Craddock
F1990E7178EE432...

A Commissioner, etc.



From: Massie, Sam
Sent: Tuesday, February 15, 2022 10:09 AM
To: Natalie Cain <nataliecain0@gmail.com>
Cc: Ward, David <dward@millerthomson.com>; Ellis, Larry <lellis@millerthomson.com>; Adam Sherman <ASherman@richter.ca>; Mitch Grossell <MGrossell@tgf.ca>; Frankel, Ted <tfrankel@cassels.com>
Subject: RE: [**EXT**] Re: Ayanda Cannabis Corporation - Destruction Records [MTDMS-Legal.FID9610163]

Hi Natalie,

Thank you for your email, we confirm that these documents satisfy the immediate CRA request.

We note that the balance of the destruction records remain outstanding, along with all other corporate records that were removed from the facility. We further note that we haven't received an answer to the questions contained in our email of February 12, 2022. Specifically, we asked that you and Mr. Ramdhany please:

- (a) explain and account *specifically* as to what unreturned records you and/or Mr. Ramdhany removed from Ayanda's premises on January 12, 2022, or at any other time;
- (b) advise for what reason, and on whose authority, such records were removed;

(c) explain why such records have not been returned as of today, despite repeated requests; and

(d) return, or make arrangements for the immediate return, of all Ayanda's books and records of any kind that you now have in your power, possession or control, including, particularly, all destruction records.

We look forward to receiving answers to these questions.

Best,
Sam

SAM MASSIE
Associate

Miller Thomson LLP

Scotia Plaza

40 King Street West, Suite 5800

P.O. Box 1011

Toronto, Ontario M5H 3S1

Direct Line: +1 416.595.8641

Fax: +1 416.595.8695

Email: smassie@millerthomson.com

millerthomson.com



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[Our COVID-19 preparedness and support commitment](#)

From: Natalie Cain [<mailto:nataliecain0@gmail.com>]

Sent: Sunday, February 13, 2022 9:00 PM

To: Massie, Sam <smassie@millerthomson.com>

Cc: Ward, David <dward@millerthomson.com>; Ellis, Larry <lellis@millerthomson.com>; Adam Sherman <ASherman@richter.ca>; Mitch Grossell <MGrossell@tgf.ca>; Frankel, Ted <tfrankel@cassels.com>

Subject: Re: [**EXT**] Re: Ayanda Cannabis Corporation - Destruction Records [MTDMS-Legal.FID9610163]

Hello Sam,

Thank you for your clarification of the court officer being informed of my claim. I will contact the Richter Trustee and it's counsel tomorrow, as per your suggestion.

Please find attached the documents requested for the CRA audit. I have tried to compile and provide this information in a comprehensive manner.

The Attachment contains the following pertinent information (Total 6 Pages):

Page 1/6:

Ample Organic Destruction Report Cover Page (QAP signed), including Destruction Lot: 132-Destruction.010921, the rest of document is accessible through Ample Organics software.

Page 2/6:

Destruction Record Log: Parent Lot - Destruction.010821 (Page 5/5) Included for context.

Page 3/6 and 4/6:

Destruction Record Log: Parent Lot - Destruction.010921 (Pages 1&2, total 2 pages).

Page 5/6:

Notes explaining plant destructions per the plant based tracking mechanism I designed with Shaun. This explains the plants destroyed in September Child Lots.

Page 6/6:

Visual evidence and further notes of Child Lot: DESTRUCT.160921.

I trust this is all in order for the CRA filing,
Natalie

On Sun, Feb 13, 2022 at 3:38 PM Massie, Sam <smassie@millerthomson.com> wrote:

Hi Natalie,

Thank you for your email.

Your email copies the court officer (Richter, in its capacity as proposal trustee) and its counsel. We would encourage you to be in direct contact with the Proposal Trustee tomorrow so that your personal information and indication of your claims on the creditor list can be updated as you and the Proposal Trustee may agree.

In the meantime, we look forward to receiving the promised destruction records today.

We ask that you and Mr. Ramdhany please also respond in writing to the balance of our questions in the email that you both received last night.

Best,

Sam

SAM MASSIE
Associate

Miller Thomson LLP

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Fax: +1 416.595.8695
Email: smassie@millerthomson.com
millerthomson.com



Please consider the environment before printing this email.

[Our COVID-19 preparedness and support commitment](#)

From: Natalie Cain [mailto:nataliecain0@gmail.com]
Sent: Sunday, February 13, 2022 2:31 PM
To: Massie, Sam <smassie@millerthomson.com>
Cc: Ward, David <dward@millerthomson.com>; Ellis, Larry <lellis@millerthomson.com>; Adam Sherman <ASherman@richter.ca>; Mitch Grossell <MGrossell@tgf.ca>; Frankel, Ted <tfrankel@cassels.com>
Subject: Re: [**EXT**] Re: Ayanda Cannabis Corporation - Destruction Records [MTDMS-Legal.FID9610163]

Hello Sam,

Please clarify that by adding me to the Proposal Trustee's employee list I am included on the creditor list for salaries owed to me. Please confirm the dollar amount owed to me for salaries due. I am no longer an employee of Ayanda and request my claims be addressed as an individual claimant, to have my claims be considered by the Proposal Trustee, in due course.

In the creditors list provided by Richter (*Ayanda Cannabis Corp-Notice to Creditors of Intention to Make a Proposal*) includes "EMPLOYEES" included in the creditors list, at the minimum of \$250. This document does not clarify names of the employee(s) and I expect to not have my claim lumped into claims of other employees, with no transparency of name and claim amount.

Thank you for addressing my additional claims against Ayanda. I have unpaid expenses that I have not claimed. I hereby claim the following expenses which were essential for operational activities:

Flammables-Cabinet \$200.00 (valued at \$600.00)

Liquidation City \$48.39

Home Hardware \$67.75

Home Hardware \$67.78

Canada Post \$27.27

Brant Tractor \$123.11

Total: \$534.30 (Note: This is more than 10% of my income paid thus far from employment at Ayanda, spent paying for expenses).

In the creditors list provided by Richter (*Ayanda Cannabis Corp-Notice to Creditors of Intention to Make a Proposal*) includes "MICHAEL SIOEN FARMS LTD" as a creditor. Michael Sioen Farms Ltd. sent me legal correspondence from Robert Fuller from the Brimage Law Group requesting repayment of a "bridge-loan" provided to me at the end of 2020, due to financial constraints incurred by me while serving a six month unpaid internship. This was to be repaid through the course of paid

employment. Robert Fuller demanded repayment by February 11th 2022 and threatened if not paid, they will “proceed to commence a lawsuit” for the unpaid amount together with costs and further interest.

Micheal Sioen and his counsel’s threat of costs and additional expenses is oppressive and cruel, considering I have been paid less than the demand amount of \$5000.00, in my 18 months of employment. If Ayanda paid the salaries owed to me I would have been able to repay the original amount in the provided time-constraints.

I am also claiming any additional costs, expenses, interest, etc. as stated by Robert Fuller that are incurred by MICHAEL SIOEN FARMS LTD due to Ayanda Cannabis Corporations non-payment of salaries owed to me.

Should Ayanda’s counsel not add me as an individual creditor for the salaries owed, in a transparent manner, to Richter’s Ayanda Cannabis Corp-Notice to Creditors of Intention to Make a Proposal, you are obstructing my ability to repay this demand and forcing incurred costs that otherwise would be settled to MICHAEL SIOEN FARMS LTD (MSF). MSF is listed in Ayanda Cannabis Corp-Notice to Creditors of Intention to Make a Proposal, as a creditor with over \$1,000,000 claim.

I stand firm that the “Cain Release” letter provided to me for signature by Miller Thompson, as a condition to pay salaries due to me, has been manipulative. The “Releasee” providing a legal release to confirm the amount of wages outstanding, and to confirm that payment of that amount would constitute full and final satisfaction of your claims, is not of concern. The release clearly defines **“Cain, together with her partners**, beneficiaries, heirs, executors, administrators, successors and assigns (referred to collectively as the “Releasor”).” This was a gross overreach by Ayanda and it’s counsel, in terms of my employment for Ayanda as an individual, where my partner as a Co-founder, Director and Officer, also has claims as an individual against the company, through the sale process of Ayanda.

I will reiterate that I was the lead individual responsible for Ample Organics Seed-to-Sale tracking system, with full management knowledge and approval. I was even allocated with Administrative access credentials within this program. Once again Ayanda’s attempts to downplay my key roles is repressive and untruthful, especially since my validated contributions to Ayanda is currently under question.

The CFO, Vicki Ringelberg boasted about completing the Ample Organics training first, but did not know the SOP’s and how they complement the Ample organics system. Thus one can never fulfill this role of inventory control without knowledge and competencies of the operating procedures. Vicki was reliant on the data I provide to her to compile essential regulatory reports. This all reiterates that Mike and Vicki were fully aware of me performing this key duty. Vicki was not present on-site to fulfill her role as CFO and was completely reliant on me fulfilling Inventory Control Roles (amongst others). Vicki and Mike were not familiar with inventory control SOP’s. The company did not allocate resources to fulfil this key role, distinct from the QAP role, as with other Licensed Producers (a major compliance issue with Health Canada). I took on this role to support Shaun in his Quality Management role and we both achieved a fully compliant Health Canada record during our tenure at Ayanda. The fact that we are both being treated in an unfair and unethical manner by Ayanda, while we added value to the company (by facilitating a compliant record with Health Canada and CRA), demonstrates malicious intent. We have both been without fair and adequate earnings since licensing of Ayanda in June 2020. This has impacted our livelihood, including the loss of our home and emotional torment.

With Ayanda not allocating sufficient headcount recourse for Inventory Control, the destruction records were created by me and I have not been compensated for this work. Ultimately I need to be compensated for the minimum amount of \$18,454.80 for salaries owed to me.

I requested to be included in the Richter Creditor list for above salaries owing to me for validated work completed (Mike has confirmed on-site hours owed to me via email on 21 January 2022).

I am not going to be taken advantage of by Mike, Vicki and Ayanda management any longer. Their collective actions have been against basic Labour Law for a consultant or employee. They continue to undermine my contributions to Ayanda, although I was personally thanked for giving 100% in an email from Mike, on January 21 2022, which Ayanda's counsel was cc'd on, noting my efforts to Ayanda.

Personal items were removed from the facility, including family photos, Shaun's degree certifications etc. As mentioned before, I had the records in my possession to close out 2021- Ample inventory reports, and assisted Shaun in completion of CTLS submission. I will remind you that during the entire 2021 calendar year no one else at Ayanda, besides Shaun and I had competencies to fulfil and execute the roles inventory control and Health Canada reporting. It was normal practice for me to work off-site, I am not even claiming the hundreds of additional hours I worked off-site. It is beyond insulting that Ayanda management and counsel continue to devalue my vital contributions.

As mentioned in my previous email I will show good faith, and I will release the requested document image to comply with the CRA audit. I asked to be included in the Richter Creditor list for salaries owing to me; you mentioned I am added to the Proposal Trustee's employee list, this doesn't confirm my request to be added as a creditor to the Ayanda Cannabis Corp-Notice to Creditors of Intention to Make a Proposal, nor confirms the amounts owed to me. Otherwise, simply pay salaries owed to me and documents I created will be given to Ayanda.

You can expect the requested destruction documents for CRA report today, with validation notes for the 265 plants destroyed in September 2021.

Natalie

On Sat, Feb 12, 2022 at 7:35 PM Massie, Sam <smassie@millerthomson.com> wrote:

Natalie,

Thank you for your email.

You have been included on the Proposal Trustee's employee list. If you feel that you have additional claims against the company, we are happy to include you on the creditor list and your claims will be considered by the Proposal Trustee in due course. We don't agree that there was anything manipulative about providing a release to confirm the amount of wages outstanding, and to confirm that payment of that amount would constitute full and final satisfaction of your claims. Of course we would have been happy to discuss any concerns around the release with yourself or counsel.

As I'm sure you're aware, the destruction records belong to Ayanda and are required to be kept at Ayanda's facility at all times in accordance with Ayanda's Cannabis Licence under the *Excise Act, 2001* and section 221 of the *Cannabis Regulations*. To the extent that your email implies that anyone at Ayanda had knowledge that the destruction records (or any other corporate records) would be removed from Ayanda's facility, that is incorrect. The removal of records was without the knowledge or consent of anyone at Ayanda.

Further, the record keeping, document control and reporting roles that you described in your email are ultimately the responsibility of Ayanda's Responsible Person which, until recently, was Shaun Ramdhany. The Responsible Person is able to delegate these reporting responsibilities to security cleared individuals with reporting level access. We understand that you are not security cleared, and were not granted reporting level access. Accordingly, you were not able to visit the facility without a security cleared individual. We further understand that your position consisted primarily of providing administrative support to Mr. Ramdhany, and that you did not visit the facility without Mr. Ramdhany. In light of the foregoing, we were surprised to learn from Mr. Ramdhany's counsel that the destruction records were in your possession.

In speaking with Ayanda's management team, we understand that Mr. Ramdhany and yourself visited Ayanda's facility on January 12, 2022. Ayanda's Master Grower had updated the destruction records before your arrival that day. When he attempted to update the records the following day, it was determined that they had been removed from the destruction area of the warehouse. The assumption, at the time, was that the records remained securely on site in Mr. Ramdhany's office. More recently, when the records became urgently required, the management team searched the facility for the records, including Mr. Ramdhany's office. The records were not to be found.

Ayanda has video footage of Mr. Ramdhany and yourself carrying various items out of Ayanda's facility on January 12, 2022. While it was perfectly appropriate for you to remove personal items from the facility, it would now appear that you also removed the destruction records, and possibly other records. No company records should have been removed.

The destruction records, which date back to with Ayanda's first grow and span approximately 14 months, need to be returned immediately. In particular, we need the signed destruction report for September where 265 vegetative plants were destroyed.

While Ayanda has the most urgent need for the destructions records, all corporate documents and records in your possession, or the possession of Mr. Ramdhany, should be returned at this time.

Again, and as previously advised, the destruction records are urgently required to fulfil outstanding deliverables to CRA in relation to a spot audit initiated by CRA's excise division. CRA has been in regular contact with Ayanda since February 7, 2022 and has repeatedly requested the production of these records. Any further delay in providing CRA with what has been requested will likely prompt additional (and unnecessary) regulatory requests, and could quite possibly put Ayanda's cannabis license at risk. Loss or

suspension of the license would obviously have catastrophic consequences for the business and the transaction.

Accordingly, by return email no later than tomorrow, we ask that you please:

- (a) explain and account *specifically* as to what unreturned records you and/or Mr. Ramdhany removed from Ayanda's premises on January 12, 2022, or at any other time;
- (b) advise for what reason, and on whose authority, such records were removed;
- (c) explain why such records have not been returned as of today, despite repeated requests; and
- (d) return, or make arrangements for the immediate return, of all Ayanda's books and records of any kind that you now have in your power, possession or control, including, particularly, all destruction records.

By copy of this correspondence, we are asking Mr. Ramdhany, by his counsel Mr. Frankel, to likewise explain and account for whatever Ayanda property he removed from Ayanda's premises on January 12, 2022, or at any other time. We invite Mr. Ramdhany to clarify on what basis the destruction records apparently left his possession, and were removed from site. Again, Mr. Ramdhany, as Responsible Person at the time, has ultimate responsibility for the oversight and safekeeping of all such records.

We await your response, and Mr. Ramdhany's response.

Best,

Sam

SAM MASSIE
Associate

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From: Natalie Cain [mailto:nataliecain0@gmail.com]
Sent: Friday, February 11, 2022 10:20 PM
To: Massie, Sam <smassie@millerthomson.com>
Cc: Ward, David <dward@millerthomson.com>; Ellis, Larry <lellis@millerthomson.com>; Adam Sherman <ASherman@richter.ca>; Mitch Grossell <MGrossell@tgf.ca>; Frankel, Ted <tfrankel@cassels.com>
Subject: [**EXT**] Re: Ayanda Cannabis Corporation - Destruction Records [MTDMS-Legal.FID9610163]

Hello Sam,

I have been taking on multiple roles at Ayanda, including inventory management (with Mike's knowledge), for all of 2021.

This function involved record keeping, inventory control and document control of destruction records, I have these records because I was referencing the data to close December inventory (after-which my employment was terminated).

For your information I was involved in gathering and providing the information required for 2021 CRA audit. Refer image below.



Also, I note the following:

1. that I am not included in the Richter creditor list for my services rendered to Ayanda for key cultivation and inventory control duties, which I had completed for Ayanda. As you may be aware by the importance of the destruction records etc, I have been fulfilling key roles at Ayanda, without due compensation.

2. I feel that the "Cain Release" letter provided to me for my signature by Miller Thompson, as a condition to pay salaries due to me, has been manipulative.

I find this all unfair, unethical and against Ontario Ministry of Labour standards.

I can provide the requested image copy of document required for this CRA audit, if either of the following basic requests are complied with:

1. Including me in the Richter Creditor list for salaries owing to me for validated work completed (Mike has confirmed on-site hours).

OR

2. Compensation for the key duties I fulfilled at Ayanda which ensured the license is held in good standing with Health Canada and CRA.

I appreciate if you would confirm the above.

In good faith and to facilitate the Ayanda licenses remaining in good standing, I will release the destruction record log for the Month request by CRA. Please confirm which month's destruction record is required. I will provide the image copy tomorrow.

Natalie

On Fri, Feb 11, 2022 at 5:56 PM Massie, Sam <smassie@millerthomson.com> wrote:

Ms. Cain,

We understand from Shaun Ramdhany's counsel that you are in possession of the destruction records of Ayanda Cannabis Corporation. These records are required to be kept at Ayanda's facility and we have been requesting their return for the last week.

The destruction records have been requested by the CRA in connection with a spot audit and, accordingly, need to be returned on an urgent basis.

We further understand from Mr. Ramdhany's counsel that you are in a position to send us copies of the destruction records in the next few hours. We were advised of this at 5:23 pm today. Can you please confirm that you are in the process of preparing these records and will have them to us tonight?

Regards,

Sam

SAM MASSIE
Associate

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This is **Exhibit “W”** to the
Affidavit of **MICHAEL SIOEN**
Sworn on February 22, 2022

DocuSigned by:

F1990E7178EE432...

A Commissioner, etc.

60369113.1





IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION

Estate/Court File No.: 35-2802344

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF MICHAEL SIOEN
(SWORN FEBRUARY 22, 2022)

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

David S. Ward LSO#: 33541W
Tel: 416.595.8625
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ecraddock@millerthomson.com

Counsel for Ayanda Cannabis Corporation

TAB 3

Estate/Court File No.: 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

AFFIDAVIT OF DAVID HYDE
(sworn February 22, 2022)

I, David Hyde, of the City of Hamilton, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am the Chief Executive Officer of Hyde Advisory & Investments Inc. ("**Hyde Advisory**"). As such, I have knowledge of the matters to which I hereinafter depose, which knowledge is either personal to me, obtained from a review of the documents referred to, or where indicated, I am advised by others in which case I verily believe such information to be true.

I. BACKGROUND

A. Hyde Advisory

2. Hyde Advisory, a consultancy firm, is comprised of trusted senior advisors to the Canadian and global cannabis industries. We have a wealth of experience in cannabis sector business investment, finance, operations, licensing, and regulatory compliance. Our cannabis sector work spans 19 countries and includes engagements with multi-national cannabis companies, new market entrants, foreign governments, cannabis business start-ups, R&D/testing companies, local governments, First Nations bands, and investment groups.

3. Hyde Advisory has nine years of cannabis sector consulting experience working on over 1,500 consultations with cannabis companies globally, including 21 cannabis M&A/restructuring consultations.

4. In furtherance of its cannabis sector services, Hyde Advisory markets investment and sale opportunities involving cannabis companies to perhaps the broadest and most comprehensive network of cannabis industry participants in Canada ("**Network**"). The Network is comprised of more than 2,000 domestic and international contacts, including closely held corporations involved in the cannabis industry, cannabis license holders looking to expand operations, foreign corporations looking to enter the market or expand their existing operations, private investors, executives of cannabis companies, well-known entrepreneurs, insurance professionals who have relationships with cannabis companies, partner consultants, family offices and high net worth individuals

5. In recent years, Hyde Advisory has advised on a total of 35 sales and investment solicitation processes in Canada, as well as several in the United States and Europe. In addition, Hyde Advisory has conducted over 500 cannabis consulting and due diligence advisory engagements.

B. Ayanda

6. Ayanda Cannabis Corporation ("**Ayanda**" or the "**Company**") is a Canadian corporation that carries on business as a cultivator of cannabis and cannabis products. Ayanda is licenced by Health Canada for, among other things, standard cultivation, standard processing, cannabis research, and sale for medical purposes ("**Health Canada Licences**").

7. Ayanda operates from a 55,000 square foot single-storey cultivation and processing facility located on 100 acres of farmland in Norfolk, Ontario ("**Facility**"). The Facility includes one clone room, two grow rooms, a research lab, a packaging room, and an extraction room. Approximately 15,000 sq. ft. of the Facility is currently utilized.

8. In terms of cannabis production, the Company cultivates 2,500 plants in three month grow cycles.

C. Cannabis Market in Canada

9. The Canadian cannabis industry is an extremely challenging operating environment. Following the legalization of recreational cannabis in Canada in October 2018, there was a dramatic increase in the number of licensed producers, a development that oversaturated the market. This led to an unprecedented level of competition among suppliers that drove down prices and profit margins.

10. These factors have been exacerbated by the increased costs and operating challenges arising from the ongoing global COVID-19 pandemic over the last two years.

11. The industry is highly regulated and highly taxed, factors that have served to further constrain the market. Canadian cannabis companies of all sizes, including many large and well-funded operations, have experienced significant difficulty in achieving profitability. A large number of cannabis companies have underperformed and sought unsuccessfully to raise capital, resulting in a number of business failures, insolvency proceedings and bankruptcies. Public company share prices have drawn well back from all-time highs as they have failed to achieve sales projections and profitability. Investor confidence in the sector is also near historical lows.

12. This has led to a consolidation of the industry as a whole. Cannabis companies that had seemingly endless access to capital a few years ago are now subject to insolvency proceedings. The assets of these companies are being purchased by larger cannabis companies for a fraction of their initial value.

II. INVESTMENT SOLICITATION ENGAGEMENT

13. On August 2, 2021, Shaun Ramdhany (“**Ramdhany**”), Chief Scientific Officer of Ayanda, contacted Hyde Advisory in regards to a potential engagement. He told me that he became aware of our firm through our social media presence, including our LinkedIn posts about cannabis merger, acquisition and investment opportunities. Ramdhany described the Company and told me that Ayanda was interested in soliciting additional investment.

14. The next day, on August 3, 2021, I had a telephone call with Ramdhany, Michael Sioen (“**Sioen**”, Chief Executive Officer of Ayanda), Loretta Sioen (a director of Ayanda), Yogan Appalsamy (a shareholder of Ayanda), and Kevin Keagan (a consultant to Ayanda) to begin a longer discussion that would allow me to familiarize myself with Ayanda’s current business and operations, as well as its longer-term strategic plans, including its desire to seek additional investment in the Company.

15. Following the call, my company sent Ayanda a non-disclosure agreement (“**NDA**”) so that we could continue and expand our discussions about Ayanda’s particular circumstances and about how an investment solicitation process might work. The purpose of the NDA was to protect the confidentiality of the financial and business information that Ayanda would need to provide as part of our engagement. Attached as **Exhibit “A”** is a copy of the NDA.

16. While Hyde Advisory agreed to work with Ayanda in August of 2021, no contractual arrangements were in put in place. We deferred such discussions until we could better determine the level of market interest in the Company on a preliminary basis, and whether or not (and how) we could potentially attract capital and add value.

17. By mid-2021, the capital market for medical cannabis companies was no longer attractive to investors and it was proving increasingly difficult to secure capital. We did not want to waste resources negotiating a success fee arrangement with Ayanda when there was a significant possibility that the market would not have an interest in investing in the Company.

18. On August 8, 2021, in furtherance of our engagement, I sent Ayanda a request for information (“**Information Request**”) so that we could gather high level foundational information about the Company to create an overview of the investment opportunity for potential investors (“**Investment Opportunity**”). Attached as **Exhibit “B”** is a copy of the Information Request.

19. Ramdhany provided the completed Information Request, including Ayanda’s financial statements, to Hyde Advisory in August 2021.

20. Following receipt of the Information Request, Hyde Advisory began actively contacting certain members of the Network regarding the Investment Opportunity.

21. Our initial outreach was focussed primarily on domestic entities, as well as three or four international investment vehicles. The parties that we contacted were identified by Hyde Advisory as potential sources of capital based on our knowledge of their investment objectives. It is not possible for me to provide the total number of potential

investors that Hyde Advisory presented the Investment Opportunity to because the conversations that our team members have with the Network are organic and we do not precisely track every opportunity discussed with an individual on a preliminary basis. Having said that, I estimate that we actively sought investment interest from at least two dozen cannabis industry participants and investors.

22. We spent one month canvassing our Network with the Investment Opportunity. During this period it became steadily apparent that there was little, if any, investment interest in Ayanda.

23. By way of further background, it was and remains particularly difficult to secure investment in a medical cannabis company. In addition to the constrained capital market for cannabis investment generally, medical cannabis companies typically take years of development and tens of millions of dollars of investment to become profitable. As a result, a medical cannabis start-up such as Ayanda presents as a challenging investment opportunity to market to many investors.

24. Further, the feedback we received was that Ayanda's business plan was considered to be somewhat "aspirational" in nature. This is because the company was focussed, in part, on trying to develop and bring new applications of cannabis to the medical sector, an objective not achieved to date. The Company has not completed its research on additional medical applications or sufficiently commercialized its operations to attract an overwhelming level of investor interest. While the Company was growing and cultivating a few cannabis crops, it had not yet received Health Canada approval to sell the dried flower. Consequently, it did not have any supply agreements with customers and had no revenues.

25. Ultimately, and despite extensive and best efforts to solicit investment in the Company, none of the sources of capital that we contacted expressed an interest in investing in Ayanda. Accordingly, on September 22, 2021, we advised the Company that while we remained committed to finding investors for the business, we had not yet received any serious interest in the Company.

III. SALE PROCESS

26. By early October 2021, our discussion with Ayanda shifted to focus on a sale process for a divestiture of the business. To this end, on or about October 8, 2021, I had the first of a series of meetings with Sioen and Loretta Sioen regarding a potential sale (“**Sale Opportunity**”). In preparation for the Sale Opportunity, I visited the Company’s facility to meet with management and employees to familiarize myself with the assets and operations.

27. On November 11, 2021, Ayanda agreed to retain Hyde Advisory to, among other things, run a sale process for the Company’s business pursuant to the terms of an Advisory and Success Fee Agreement, dated November 11, 2021 (“**Consulting Agreement**”). Attached as **Exhibit “C”** is a copy of the Consulting Agreement.

28. The key terms of the Consulting Agreement are as follows:¹

- a. Ayanda retained Hyde Advisory to provide Services in connection with, among other things, a potential sale of the Company’s business, shares, or assets, or a debt or equity investment in the Company (a “**Transaction**”);

¹ All capitalized terms not otherwise defined in this paragraph have the definitions given to them in the Hyde Agreement.

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- b. the Initial Term of the agreement is six months and the term could be renewed for successive six month terms, each a Further Term, by the parties;
 - c. the Company committed that Hyde Advisory would have timely access to Ayanda's information, management, and legal counsel;
 - d. Ayanda is obligated to pay Hyde Advisory a success fee if we introduce the Company to a Qualified Lead that completes a Transaction with the Company;
 - e. if the Company completes a Transaction during the Initial Term or a Further Term, Ayanda will pay Hyde Advisory a Success Fee equal to:
 - i. 2.5% of the Transaction Value up to \$3 million up to \$75,000); plus
 - ii. 4.0% of the Transaction Value between \$3 million and \$4 million up to \$40,000); plus
 - iii. 5.0% of the Transaction Value between \$4 million and \$6 million (up to \$100,000); plus
 - iv. 6.5% of the Transaction Value above \$6 million;² and
 - f. the Success Fee is payable within 15 days of closing of the Transaction.
29. Hyde Advisory's role, among other things, was to:
- a. conduct initial discussions with Ayanda's stakeholders and review a wide range of Company data in order to learn about the Company's business, its key selling features and the type of buyers/investors best-suited to the opportunity;

² In this case, "Transaction Value" equals the Purchase Price, as such term is defined in the Share Purchase Agreement, dated February 2, 2022.

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- b. gather key Company information and documentation/files to be shared with potential purchasers;
- c. review the corporate deck and other key Company presentation materials, and provide feedback aimed at optimizing these materials;
- d. contact a select strategic group of potential purchasers;
- e. identify additional purchasers who would have the industry knowledge and financial ability to consummate a transaction;
- f. market the opportunity in a disciplined manner and solicit expressions of interest;
- g. entertain discussions with Company representatives, potential purchasers, and other relevant stakeholder groups to facilitate a transaction;
- h. facilitate non-disclosure agreements between the Company and potential purchasers who enter into discussions about a transaction;
- i. assist in the population and management of a data room and the due diligence process;
- j. arrange and attend calls between the Company and potential purchasers and act as the Company's advisor during Transaction-related discussions;
- k. provide updates to the Company on the status of discussions with potential purchasers;
- l. coordinate and assist with management presentations;
- m. solicit letters of intent;
- n. assist with ad-hoc requests pertaining to the divestiture process;
- o. support the Company during transaction-related negotiations with one or more potential purchasers;

- p. review comparable transactions in the legal cannabis sector that could be used to inform transaction negotiations;
 - q. conduct various sales and marketing activities (all pre-approved by the Company) including some or all of:
 - i. reach-outs to pre-qualified buyers/investors in the Network;
 - ii. use of focused social media posts; and
 - iii. identification and solicitation of potential purchasers through the Network.
30. The divestiture process for Ayanda commenced with Hyde Advisory undertaking additional and more detailed due diligence on Ayanda commensurate with the information required to market the company for a potential acquisition. In-depth discussions with shareholders and the Company's management were held to facilitate a comprehensive understanding of the business prior to refining marketing materials and communicating with prospective purchasers.
31. This process ensured that Hyde Advisory had the ability to properly position Ayanda in the market, and completely articulate its investment attributes. Additionally, it allowed for the identification and anticipation of potential purchaser concerns on a variety of issues (e.g. growth sustainability, margin trends to supplier risk, etc.) so that we could develop and validate responses designed to preserve deal value.
32. Working closely with Ayanda's management, Hyde Advisory developed a comprehensive list of approximately 120 potential strategic and financial purchasers ("**Targeted Purchasers' List**"). The list included domestic and international purchasers, and was prepared based on an array of sources including:

- a. cannabis industry association membership listings;
 - b. analyst reports and research reports on the cannabis sector;
 - c. potential strategic purchasers were also identified based on our institutional knowledge of the industry and financial purchasers who might be willing and able to acquire Ayanda as an accretive acquisition; and
 - d. additional industry research was also conducted to identify purchasers for whom such an acquisition would be within their growth strategy and investment criteria. Relevant financial purchasers were then narrowed down for their ability to acquire the Company and either prior experience in the industry or their ownership of a portfolio company under which the Company could be tucked.
33. The Targeted Purchasers' List, which constituted a targeted subset of our comprehensive Network (described in paragraph 4, above), was shared and further refined and finalized based on discussions with Ayanda management.
34. Hyde Advisory worked with Ayanda's management to prepare a marketing profile and opportunity summary that was distributed to potential purchasers through a public electronic website listing ("**Website Listing**"). As is customary in these processes, the Website Listing outlined the acquisition opportunity available on an anonymized or "no-names" basis, and was posted on our website. A copy of the Website Listing is attached as **Exhibit "D"**.
35. The initial marketing strategy was strongly social media centric. We advertised the Sale Opportunity on LinkedIn, Twitter, and our Google business profile. Attached as

Exhibit “E” are samples of the LinkedIn, Twitter and Google business profile advertisements.

36. While not specific to the Sale Opportunity, Hyde Advisory promotes website engagement through regular Google ads campaigns. We also invest in and employ a high degree of search engine optimization to drive increased web traffic. Increased traffic to our website enables us to expose the Sale Opportunity to the market most broadly.

37. While I understand from Ayanda’s counsel that newspaper ads are common in insolvency sale processes, we did not run newspaper or other print media ads to promote the opportunity. In my experience, this is not productive and it is rarely if ever undertaken in pursuit of cannabis investment or divestiture transactions.

38. Hyde Advisory’s three person seller-side sales team disseminated the Sale Opportunity to approximately 40 potential purchasers on the Targeted Purchasers’ List. These 40 potential purchasers were “pre-qualified” in the sense that the Ayanda opportunity was considered to align with what we knew about the potential purchaser’s financial means and acquisition objectives. At the same time, we reached out to approximately twelve cannabis industry brokers, advisors and influencers, all of whom were encouraged to leverage their personal and professional networks to further market and disseminate the opportunity.

39. As the process proceeded, we directly engaged with approximately twelve potential purchasers, each of whom had questions and sought management contacts and additional information and due diligence opportunities. Of these parties, six potential purchasers executed non-disclosure agreements in November, 2021.

40. After signing the non-disclosure agreement, potential purchasers were provided with a package of more detailed information about Ayanda, so as to better understand and assess the opportunity. This round of “Level 1” disclosure included, for example, the Company’s floor plan, site plan, the Health Canada Licences, property surveys, and equipment lists.

41. Potential purchasers who expressed continued interest after receiving a “Level 1” package, were provided with “Level 2” information as a function of being granted access to a data room of the Company’s documents (“**Data Room**”). The Data Room was created and managed by Ayanda under our direction. We provided the Company with a checklist of documents with which to populate the Data Room and the Company was responsible for posting them. The Data Room consisted of financial, operational, legal, and supplier information to assist potential purchasers in conducting their more detailed due diligence. A total of three potential purchasers were provided with access to the Data Room.

42. Of those six potential purchasers who executed non-disclosure agreements, we facilitated site visits by three potential purchasers at Ayanda’s Facility in late November and early December 2021. With one exception, I personally attended the site visits with the potential purchasers. The visits were co-hosted with Company management, usually both Sioen and Ramdhany. Sioen and Ramdhany participated and contributed their site level knowledge to inform the interested parties.

43. Throughout the process, we facilitated management interviews, specific information requests, due diligence meetings, follow-up site visits, and Zoom and conference calls between the Company and prospective purchasers, as required.

44. To the greatest extent possible, Hyde Advisory conducted the sale process so as to create and maintain a “competitive tension” as between interested parties, all with a view to promoting interest in the asset and yielding the highest and best sale price for the Company.

IV. TERM SHEET

45. On or about December 21, 2021, Lucas McCann (“**McCann**”), a sales broker working with 12830353 Canada Inc. (“**Purchaser**”), advised Hyde Advisory that his client was considering preparing a letter of interest and non-binding term sheet for the purchase of Ayanda’s business.

46. McCann and Hyde Advisory are parties to an introduction agreement whereby McCann receives a percentage of any success fee received by Hyde Advisory when any purchaser it introduces to Hyde Advisory closes a deal with a seller.

47. On December 22, 2021, the Purchaser, on behalf of a nominee to be named, provided a term sheet to Hyde Advisory for the purchase of the Company’s business.

48. We continued to discuss the Sale Opportunity with other potential purchasers until a term sheet with the Purchaser was eventually signed.

49. Around the same time one other potential purchaser, a group of wealthy Ontario-based investors that had completed due diligence, expressed a continuing interest in the asset. There was hope for a time that this group would come forward with a competing proposal. Ultimately, this potential purchaser declined to submit an offer, having identified an alternative opportunity that presented a better strategic fit.

50. No other party delivered a letter of intent or made an offer. No other party expressed a serious interest in acquiring Ayanda.

51. By this point, given the breadth, duration, and activity level of the sale process, and considering that no other potential purchasers had come forward with an offer to acquire the Company, Hyde Advisory concluded that the continuation of the sale process was not likely to yield any other meaningful opportunities.

52. Additionally, Ayanda lacked any source of revenue or investment support, and its financial capacity to continue on as an operating entity was deteriorating and unsustainable. Based on this cost-benefit analysis, the consensus was that there was simply insufficient time and resources, and little or no up-side, in continuing to actively pursue a sale process.

53. In the above circumstances, Ayanda management resolved to shift their focus to concluding the best possible deal with the Purchaser. This decision was supported by Hyde Advisory.

54. It was further agreed that the best option to maximize value for the Company's stakeholders was for us to continue to assist with the Purchaser due diligence and related negotiations for a probable transaction.

55. In the course of the final negotiations with the Purchaser, and throughout the entire sales process, it was apparent to all involved that the preservation of Ayanda's Health Canada Licences was of paramount importance. The licences were important to all potential purchasers. For this reason, it was and remains critical to the completion of the deal and the preservation of enterprise value that the transaction be structured in a

way that allows the Health Canada Licences and the value associated with them to be carried forward unimpaired. The licences cannot be simply assigned and a new application process is impractical as it would create indeterminate, risk, delay, and cost.

56. Over three to four weeks, Sioen, Victoria Ringelberg (CFO of Ayanda), and Hyde Advisory worked together to negotiate and finalize deal terms and the purchase price with McCann and the Purchaser. At least six offers and counteroffers were exchanged between the parties.

57. On January 5, 2022, the Purchasers advised Ayanda that the purchase price was the last and best offer that the Purchaser would make. Ayanda accepted this advice and a binding term sheet was prepared and signed on January 7, 2022 (“**Term Sheet**”). Attached as **Exhibit “F”** is a copy of the Term Sheet with the purchaser price redacted. An unredacted copy of the Term Sheet has been filed with the Court as a Confidential Exhibit to the affidavit of Michael Sioen, sworn February 22, 2022.

58. Once the Term Sheet was signed, Hyde Advisory’s role in the process was effectively at an end. We were not involved in the negotiations leading to the ultimate share purchase agreement.

SWORN BEFORE ME via video-conference with the deponent in the City of Hamilton, Ontario, and the Commissioner in the Town of Whitby, Ontario this 22nd day of February, 2022

DocuSigned by:

Erin Craddock

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A Commissioner for taking Affidavits (or as may be)

DocuSigned by:

David Hyde

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David Hyde

Note: This affidavit was commissioned via simultaneous video-conference in accordance with the *Commissioners for taking Affidavits Act*, R.S.O. 1990, CHAPTER C.17, and the Law Society of Ontario: COVID-19 Response Statement interpretation of that Act, under which (i) the identity of the deponent was confirmed from government issued identification, (ii) the commissioner administered the oath or affirmation, (iii) the deponent affixed their electronic signature to the affidavit and transmitted the full electronic affidavit, as sworn or affirmed, including exhibits to the commissioner, (iv) the deponent confirmed their electronic signature to the commissioner, (v) the commissioner affixed their electronic signature to the affidavit including exhibits.

This is **Exhibit “A”** to the
Affidavit of **DAVID HYDE**
Sworn on February 22, 2022

DocuSigned by:

F1990E7178FF432

A Commissioner, etc.

MUTUAL NON-DISCLOSURE AGREEMENT

THIS AGREEMENT between AYANDA CANNABIS CORPORATION (hereinafter referred to as AYANDA) and HYDE Advisory & Investments Inc (hereinafter referred to as "HYDE Advisory") dated this 4th day of AUGUST, 2021.

WHEREAS:

- A. AYANDA and HYDE Advisory desire to exchange certain information, which is non-public, confidential, personal or proprietary in nature ("**Confidential Information**"), for the purposes of entering into or futhering a business relationship, investment, acquisition transaction or other business arrangement (the "**Business Purpose**");
- B. The parties hereto have agreed that the disclosure of Confidential Information (as hereinafter defined) between them in connection with the Business Purpose shall be governed by the terms and conditions set out in this Agreement.

NOW THEREFORE in consideration of the exchange of such Confidential Information, the parties have agreed to the following:

1. **Parties** - In this Agreement, references to a "Disclosing Party" mean a party disclosing Confidential Information, and references to a "Receiving Party" mean a party receiving Confidential Information.
2. **Confidential Information** - In this Agreement, the term "Confidential Information" means the following disclosed, generated or derived in connection with the Business Purpose (a) any information of whatever nature or form relating to the Disclosing Party and its affiliates or any customer of or supplier or lender of the Disclosing Party and its affiliates regardless of whether the Confidential Information was communicated orally, in writing or by electronic transmission, and (b) any summaries, notes, analyses, compilations, studies or other records that contain or otherwise reflect or have been generated, wholly or partly, or derived from such Confidential Information ("**Derivative Information**"). The term "Confidential Information" shall not include such portions of the Confidential Information which (i) are, or prior to the time of disclosure or utilization become, generally available to the public other than as a result of a disclosure by the Receiving Party or its Representatives (as hereafter defined), or (ii) are received by the Receiving Party from an independent third party who had obtained the Confidential Information lawfully and to its knowledge was not under an obligation of secrecy or duty of confidentiality owed to the Disclosing Party, or (iii) the Receiving Party can show were in its lawful possession before it received such Confidential Information from the Disclosing Party, or (iv) the Receiving Party can show was independently developed by the Receiving Party or on the Receiving Party's behalf.
3. **Non-Disclosure and Restricted Use** - The Confidential Information will be kept confidential and will not, without prior written consent of the Disclosing Party, or as expressly provided in this Agreement, be disclosed by the Receiving Party in any manner whatsoever, in whole or in part, and will not be used by the Receiving Party, directly or indirectly, for any purpose other than evaluating and completing the Business Purpose.
4. **Storage and Records** - The Receiving Party shall store the Confidential Information properly and securely and ensure that reasonable physical, technological and organisational measures are in place to protect the Confidential Information against unauthorised or unintended access, use or disclosure.



5. **Access Limited to Representatives** – The Receiving Party may reveal or permit access to the Confidential Information only to its agents, representatives (including lawyers, accountants and financial advisors), directors, officers and employees (each a “**Representative**”) who need to know the Confidential Information for the Business Purpose, who are informed by the Receiving Party of the confidential nature of the Confidential Information, who are directed by the Receiving Party to hold the Confidential Information in confidence and who agree to act in accordance with the terms and conditions of this Agreement. The Receiving Party will take all necessary precautions or measures to prevent improper access to the Confidential Information or use or disclosure of the Confidential Information by its Representatives and will be responsible for any breach of this Agreement by any of its Representatives. The Receiving Party will, in the event of a breach of the Agreement or any disclosure of Confidential Information by the Receiving Party or its Representatives, other than as permitted by this Agreement, through accident, inadvertence, or otherwise, notify the Disclosing Party of the nature of the breach promptly upon the Receiving Party’s discovery of the breach.
6. **No Disclosure of Transaction** – Neither party nor its Representatives may, without the prior written consent of the other party, disclose to any person the fact that the Confidential Information has been made available, that this Agreement has been entered into, that discussions or negotiations are taking place or have taken place concerning the Business Purpose or any other possible transaction or business arrangement between the parties or any of the terms, conditions or other facts with respect to the Business Purpose or any other such possible transaction or business arrangement, including the status thereof.
7. **Proprietary Rights** - The Receiving Party acknowledges that the Confidential Information is a proprietary asset of the Disclosing Party and its affiliates and agrees that as between the Receiving Party and the Disclosing Party, the Disclosing Party will retain proprietary rights in the Confidential Information and the disclosure of such Confidential Information shall not be deemed to confer upon the Receiving Party any rights whatsoever in respect of any Confidential Information.
8. **Return of Confidential Information** - Upon the request of the Disclosing Party, the Receiving Party and its Representatives will, at the Receiving Party’s own expense, promptly return all copies of the Confidential Information, except for that portion of the Confidential Information which consists of Derivative Information which will be destroyed and in the case of information stored in electronic form, it will be permanently erased. Notwithstanding the return or destruction of the Confidential Information, the Receiving Party and its Representatives shall continue to be bound by the confidentiality and other obligations hereunder.
9. **No Representation** – Although the Disclosing Party will endeavour to include in the Confidential Information data which the Disclosing Party believes to be reliable and relevant for the purpose of evaluating the Business Purpose, the Receiving Party acknowledges that the Disclosing Party makes no representation or warranty as to the accuracy or completeness of the Confidential Information. The Receiving Party also agrees that neither the Disclosing Party nor its Representatives shall have any liability, direct or indirect, to the Receiving Party as a result of errors in, omissions from or the use of Confidential Information by the Receiving Party or its Representatives and only those particular representations and warranties which may be made to the Receiving Party in a definitive agreement, if, as and when one is executed, and subject to such limitations and restrictions as may be specified in such definitive agreement, shall have any legal effect. Neither party will have any obligation to the other to proceed with a transaction or business arrangement or to negotiate a transaction.


10. **Required Disclosure** – In the event that the Receiving Party or any of its Representatives become legally compelled or are required by regulatory authorities having appropriate jurisdiction to disclose any of the Confidential Information, the Receiving Party will promptly provide the Disclosing Party with written notice so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. The Receiving Party will cooperate with the Disclosing Party on a commercially reasonable basis to obtain a protective order or other remedy. In the event that such protective order or other remedy is not obtained before the Receiving Party or its Representatives become compelled or required to disclose as aforesaid, or the Disclosing Party waives compliance with the provisions of this Agreement, the Receiving Party will furnish only that portion of the Confidential Information which is legally required to be disclosed and will exercise all commercially reasonable efforts to obtain reasonable assurance that confidential treatment will be accorded the Confidential Information so furnished.
11. **Acknowledgement** – This Agreement does not represent a commitment on the part of either party hereto to purchase the products or services of the other party nor a commitment to enter into any business venture with the other party nor an encouragement to expend funds in the development of any products or services. Further, this Agreement does not in any way prevent or constrain either party's use of any other provider of, or either party's current or future development of, products or services similar to the products or services provided by the other party hereto or the products or services which are the subject of the discussions anticipated by this Agreement.
12. **Certain Definitions** – In this Agreement, the term "affiliate" shall mean a person directly or indirectly controlling, or controlled by, or under common control with, the Receiving Party or the Disclosing Party, as the case may be, with "control" meaning the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the affairs or management of a person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise. The term "person" shall mean an individual, corporation, partnership, limited partnership, limited liability company, joint venture, estate, association, trust, unincorporated organization, or other entity of any kind or nature.
13. **Governing Law** – This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.
14. **Non-Waiver** – No failure or delay by either party, as the case may be, in exercising any right, power or privilege under this Agreement will operate as a waiver thereof unless such right, power or privilege expires by the terms of this Agreement, nor will any single or partial exercise preclude any other or further exercise of any right, power or privilege under this Agreement.
15. **Indemnity** – The Receiving Party shall indemnify and hold harmless the Disclosing Party and its Representatives from any direct damages, loss, cost or liability (including reasonable legal fees and the cost of enforcing this indemnity) arising out of or resulting from any breach of this Agreement by the Receiving Party or any of its Representatives provided that in no event shall the Receiving Party be liable for any indirect consequential, punitive or aggravated damages.
16. **Injunctive Relief** – The parties acknowledge that disclosure of the Confidential Information or other breach of this Agreement would cause serious and irreparable damage and harm, and that remedies at law would be inadequate to protect against breach of this Agreement, and agree in advance to the granting of injunctive relief in each other's favour for any breach of the provisions of this Agreement and to the specific enforcement of the terms of this Agreement,



without proof of actual damages, and without the requirement to post a bond or other security, in addition to any other remedy to which the parties would be entitled.

17. **Term** – The parties acknowledge that the confidentiality and non-use obligations in this Agreement pertaining to Confidential Information shall survive any termination or expiration of this Agreement for a period of two (2) years after disclosure by the Disclosing Party to the Receiving Party.
18. **Facsimile** – This Agreement may be executed and delivered by facsimile or electronic mail. A facsimile or electronic signature shall have the same legal effect as a manual signature. This Agreement may be validly executed in any number of counterparts, all of which taken together shall constitute one and the same agreement and each of which shall constitute an original.

The parties have executed this Agreement as of the date first written above.

Per: 
Name: SHAN RANDHARY
Title: Chief Scientific Officer

I have authority to bind the corporation.

HYDE ADVISORY & INVESTMENTS INC.

Per: 
David Hyde
Chief Executive Officer

I have authority to bind the corporation.

This is **Exhibit “B”** to the
Affidavit of **DAVID HYDE**
Sworn on February 22, 2022

DocuSigned by:
Erin Craddock
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A Commissioner, etc.

License Holder Sale-Investment Questionnaire (NOTE: Please complete one form per licensed site)

SECTION A: Licenses and Activities
What is the name of the licence holder and the name of any ParentCo?
What are the license(s) currently granted by Health Canada and when were they granted?
If it is a micro category of license, how easily can it be scaled up to a 'standard' license?
Is your focus on medicinal cannabis, recreational (adult-use) or both?
Do you have a recreational sales license/amendment or is this license pending? If yes, is it just dried flower and pre-rolls or the whole range of 2.0 products?
What activities are you currently undertaking with cannabis at the site?
What further/future activities with cannabis are in your short- to mid-term planning?
What was the date of your last Health Canada Inspection, if applicable?
If applicable, what were the results of your last Health Canada Inspection? How many 'Major' and 'Critical' Observations were received, respectively?
Do you have a CRA license in place or is a CRA license pending?
If applicable, what were the results of your last CRA audit?
Aside from GPP, do you meet any other standards or certifications at the site (e.g., EU-GMP, GAP/GACP, ISO, etc.)
Are you planning to apply for other licenses/amendments/certifications at the site?
SECTION B: Facility and Operations
Where is the facility located?
What type of zoning is in place (e.g., light industrial, agricultural)?
What type/size of site/facility is it? E.g size of land parcel, sq ft, standalone or multi-unit, number of buildings, warehouse, greenhouse, outdoor grow, etc?
Provide a breakdown of the areas where activities with cannabis take place (or can take place) under the licence (i.e., how many veg rooms, grow rooms, mother/clone rooms, harvest/trim rooms, dry/cure rooms, packaging rooms, processing rooms, extraction rooms, storage rooms, shipping/receiving, research/lab spaces, etc)?
Is the facility owned or leased?
Is the facility fully built-out or partially built out (e.g. just the initial phase)? Please provide details. How much is built out? Which rooms/activities are currently in play?
If facility is not fully built-out, what is left to be completed (e.g. finishes, HVAC, electrical), how long will it take, and how much will it cost?
Does the facility require upgrades or improvements? If so, what are the upgrades required and approximate cost (e.g., upgraded electrical, RO system, HVAC, etc?
Is the facility fully-operational? What activities are being conducted? How many staff are working at the site?
What is the <u>current production capacity</u> at the site/facility based on present operations (e.g., KG's grown per month, units packaged per month, etc.)?
Does the site/facility have room for further expansion? Provide details (e.g. extend existing building, add greenhouse, add/expand outdoor grow, etc...)
What is the <u>future production capacity</u> at the site post-build-out/post-expansion (e.g., KG's grown per month, units packaged per month, etc.)?
Are there security cleared individuals in each of the responsible roles as required under the license?
If no, which roles are not currently filled? How many total security clearance holders work at the facility?
How many staff currently work at the facility?
Does the facility come with equipment and physical assets? Please describe (e.g. grow tables, grow lights, extractor, trimmers, packaging line, etc..)

What size/capacity of electrical service is in place? Is it adequate for current operations only or will it support expansion?
What is the source of water (e.g city supply, well, etc...)? Has the water been tested?
Does the facility have a back-up emergency generator?
Are there any sub-lease- or royalty-type arrangements in place whereby a third party is working/operating at the site (e.g., for contract packaging, extraction, hash production, etc.)? If yes, please provide details.
SECTION C: Corporate Structure / Finances
What is the current organizational structure of the business? Please provide an org chart if available.
Is there one or more shareholder(s)/investor(s) who alone or in combination "control" the entity?
Is there a shareholders/partnership or equivalent agreement in place?
What is the current capital structure of licensee/applicant? Is there a cap table available?
How much capital has been invested in the licensed site to date?
If the site is not fully operational, how much additional capital is required to get the applicant licensed and/or render the business operational?
What are the historical revenues of the entity? 6 months? 12 months? 24 months?
What are the forecasted revenues of the entity? 6 months? 12 months? 24 months? Please provide forecast, if available including assumptions.
Do you have financial statements? If so, audited or unaudited? Can you provide quarterly financials for the last 2 years?
Does the entity have any debt? Short term v. long term? Secured or unsecured? If so, please provide a summary.
What is the current financial position of the entity?
What is the current monthly cash-flow generated by the business? If none, when do you anticipate generating cash flow? Positive cash flow?
What is the current monthly burn rate (i.e., operating costs) to operate the business?
Is the facility currently generating revenue? And if so, what is the current monthly run-rate? If not, when is revenue anticipated?
Describe the management structure and team.
If the facility is owned, do you have a third-party appraisal for the property, building(s), business?
What is the current value of the property/land/buildings overall?
If the facility is leased, what are the material terms of the lease (i.e., landlord; tenant; lease term; renewal terms, if any; monthly rent; additional expenses; restrictions on use; etc.). How long is the lease term?
Do you have an existing inventory of cannabis/cannabis products? If so, please provide a summary including asset value(s).
Do you have supply agreements and/or other sales contracts (e.g. business to business, provincial distribution agreements, export, etc.)? If yes, please provide a schedule of current agreements/contracts (e.g. list of provincial distributors being sold to, B2B contracts, export partners, etc.)
What are the existing investor(s)/shareholder(s) looking to do? Divest of the business? Sell shares or assets? Complete a sale or partial sale? Secure investment to fund continued operations or expansion?
What estimate of value do the existing investor(s)/shareholder(s) put on the business?
SECTION D: Documents
If available, please provide an electronic copy of your most recent marketing deck and/or business plan;
If available, please provide copies of your annual financial statements for the two most recent completed fiscal years;

If available, please provide copies of your quarterly financial statements for all quarters ended subsequent to your most recent annual financial statements; and
If available and if not included in your marketing deck/business plan, please provide a detailed revenue forecast for the next two calendar years.

[illegible]

This is **Exhibit “C”** to the
Affidavit of **DAVID HYDE**
Sworn on February 22, 2022

DocuSigned by:

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A Commissioner, etc.

ADVISORY AND SUCCESS FEE AGREEMENT

This Advisory and Success Fee Agreement (this “**Agreement**”) is made as of the 11th day of November, 2021 (the “**Effective Date**”).

BETWEEN:

HYDE ADVISORY & INVESTMENTS INC.

(the “**Consultant**”)

- and-

AYANDA CANNABIS CORPORATION

(together with its affiliates, associates, subsidiaries and any successors or assigns, collectively (the “**Company**”)

WHEREAS the Consultant is in the business of providing, directly or through a third party, a range of strategic support, regulatory compliance, licensing advisory, corporate due diligence and transaction facilitation services within the global cannabis industry (the “**Services**”).

AND WHEREAS THE COMPANY wishes to retain the Consultant to provide the Services in connection with a potential Transaction (as defined below) involving the Company and/or any subsidiary or affiliate thereof and/or any assets of the Company (each, an “**Asset**”) and a targeted list of potential interested parties (“**Candidates**”, each a “**Candidate**”).

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained and for other good and

valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Definitions

For purposes of this Agreement,

- a) **“Agreement”** means this Agreement;
- b) **“Candidate”** means a targeted list of potential interested parties identified by the Consultant;
- c) **“Protected List”** means the list of entities identified by the Company in Schedule “A” to this Agreement;
- d) **“Qualified Lead”** means, without limitation, one or more Candidates introduced to the Company by Consultant which is not on the Company’s Protected List;
- e) **“Success Fee”** has the meaning set out in Section 2(c) below;
- f) **“Transaction”** means, without limitation, any transaction or series of transactions in which the Company, or any subsidiary or affiliate thereof: (i) sells, directly or indirectly, any of the shares, assets, revenues, income or businesses or any Asset, or otherwise sells control of any Asset, regardless of the structure or form of the Transaction, to a Candidate; (ii) a sale of, or an acquisition by a Candidate of, all or substantially all the shares of the Company and/or any subsidiary or affiliate thereof by way of a negotiated purchase, private agreement, take-over bid or tender offer or other similar transaction; (iii) an amalgamation, merger, consolidation, reorganization, arrangement or other business combination involving the Company and/or any subsidiary or affiliate thereof and a Candidate; (iv) a sale of all or substantially all the assets of the Company and/or any subsidiary or affiliate thereof, to a Candidate; (v) a sale of, or acquisition by a Candidate of, control of the Company and/or any subsidiary or affiliate thereof; (vi) an equity investment into

the Company by a Candidate; (vii) a loan, debt or *quasi*-debt instrument to the Company by the Candidate, (viii) a reverse take-over or other similar transaction involving the Company and/or any subsidiary or affiliate thereof, and a Candidate; or (ix) any other type of transaction involving the exchange of consideration or value between the Company and a Candidate, other than commercial transactions entered into in the ordinary course of the Company's business consistent with past practice.

- g) **“Transaction Facilitation Services”** means, without limitation, activities undertaken by Consultant aimed at identifying and engaging in discussions with potential Candidates and other stakeholders in relation to a Transaction.
- h) **“Transaction Value”** means, without limitation, an amount equal to the sum of (without duplication): (i) the gross dollar amount received by or paid or payable to (whether in one or more tranches) the Company and/or its securityholders by any party involved in the Transaction, including amounts paid for securities and/or indebtedness issued or issuable and the aggregate fair market value of any securities or other non-cash consideration received by or paid or payable to the Company and/or to its securityholders (including, any joint venture interest delivered to, or retained by, the Company) in connection with the Transaction; (ii) the aggregate fair market value of any securities issued or issuable or other non-cash consideration paid or payable by the Company and/or any subsidiary or affiliate thereof in connection with the Transaction, and (iii) the aggregate amount of indebtedness and financial liabilities (for greater clarity, including accounts payable) of the Company and its subsidiaries and affiliates assumed by any party involved in the Transaction, and the aggregate amount of indebtedness and financial liabilities (for greater clarity, including accounts payable) of any party involved in the Transaction assumed by the Company and/or any subsidiary or affiliate thereof.

2. Remuneration

- (a) *The Company Discretion re. Deal Terms.* Any Transaction must be approved by the Company and the Company shall only be required to enter into a Transaction which is on terms and conditions wholly satisfactory to the Company in its sole discretion.
- (b) *Remuneration Trigger.* The Company's obligation to remunerate Consultant under this Agreement is triggered where Consultant introduces the Company to a Qualified Lead who completes a Transaction with the Company.
- (c) *Success Fee.* If during the Initial Term or a Further Term, a Transaction is completed, or the Company enters into an agreement in respect of a Transaction which is then subsequently completed, the Company will pay the Consultant a fee (the "**Success Fee**"), equal to:
 - (i) 2.50% of the Transaction Value up to \$3,000,000; plus,
 - (ii) 4.00% of the Transaction Value between \$3,000,001 and \$4,000,000; plus,
 - (iii) 5.00% of the Transaction Value between \$4,000,001 and \$6,000,000; plus
 - (iv) 6.50% of the Transaction Value above \$6,000,000.

The Success Fee is payable to the Consultant (or as it may otherwise direct), in cash. In the event that a Transaction is completed for all share consideration, the Company shall use its best efforts to ensure that there are sufficient shares that are free-trading in order to promptly pay the Consultant the Success Fee.

- (d) *Success Fee During Holdover.* Save and except in the event of a termination of this Agreement by the Company for a material breach of the Agreement by the Consultant (in which case this paragraph shall not apply) if, within six (6) months following the expiry or earlier

termination of the Initial Term or a Further Term, the Company completes a Transaction with a Qualified Lead, the Success Fee shall still be payable to the Consultant on completion of such Transaction.

- (e) *Timing of Payment.* The Success Fee shall be paid by the Company to the Consultant within fifteen (15) days after closing of the Transaction (closing of the Transaction being when funds are received by the Company, its subsidiaries or affiliates (as the case may be)). In the event the Transaction funds are received by the Company in one or more tranches, or upon post-closing conditional payments, the Success Fee shall be split and paid proportionately across each such tranche or conditional payment when such payment is received by the Company.
- (f) *Sales Taxes.* The Company will be responsible for HST and any other sales taxes applicable in respect of the Success Fee payable under this Agreement, payable in cash.
- (g) *Verification of Amount of Remuneration.* The Company acknowledges and agrees that once a Transaction has been closed, Consultant shall be permitted to inspect any and all of the Transaction documents within five (5) business days of a written request for said documents being delivered to the Company. The Company agrees to provide Consultant or Consultant's representative with access to such Transaction documents at the Company's offices during regular business hours.

3. Access to Information, and Disclosure and Use

- a) *Access to Information.* The Company will arrange for Consultant to have timely access to the Company's executive officers, legal counsel and such other personnel as Consultant may reasonably request, and to information regarding the Company as Consultant may reasonably request in carrying out this engagement. Upon receipt of such information, Consultant shall keep all information strictly confidential and shall not disclose any such information except to Consultant's

representatives on a need-to-know basis, without the Company's prior written consent. In addition, the Company will use its best efforts to keep Consultant informed with respect to all information and circumstances regarding the Transaction as may be relevant to Consultant properly performing its duties under this Agreement, and the Company will promptly provide Consultant with copies of all material documents relating to the Transaction. The Company agrees to provide, or arrange to have provided to Consultant such information, and the Company will update such information as appropriate. The Company agrees that Consultant may rely upon such information and that all such information will be true, accurate and complete in all material respects. The Company acknowledges that Consultant will be entitled to rely upon such information, and Consultant is entitled to assume, and is under no obligation to verify independently, the accuracy, completeness or reasonableness of such information. Further, Consultant is under no obligation to investigate any changes which may occur in such information after the date upon which it is provided to it. Notwithstanding the foregoing, the Company will advise Consultant promptly of any material change or change in a material fact, actual or contemplated, and of any material information of which the Company becomes aware which might reasonably be considered relevant to Consultant's engagement. The Company will advise Consultant promptly of any communication or notice received by the Company from, and of any proceeding initiated before or by, any applicable regulatory authority (including, without limitation, Health Canada and any stock exchange, if applicable) or court relating to the Transaction or which might otherwise be relevant to this engagement.

- b) *Disclosure and Use.* All opinions, advice and other materials provided by Consultant hereunder, are to be used solely by the Company's management team and board of directors in considering a Transaction and shall not be quoted from, summarized or otherwise disclosed, nor

will any reference to Consultant or to this engagement be made, without Consultant's prior written consent, not to be unreasonably withheld, provided it is understood that, with the prior written consent of Consultant, the Company may use the aforesaid advice and opinions in its disclosure to shareholders of the Company in seeking any required consent(s) to the proposed Transaction in a form and manner to be reasonably agreed to by the parties hereto.

- c) *Confidential Information.* The parties acknowledge and agree that during the course of this engagement, they will be exposed to Confidential Information (as hereinafter defined) and such Confidential Information may only be used by the Consultant or the Company, as the case may be, for purposes of evaluating a proposed Transaction. For purposes of this Agreement, "Confidential Information" shall include, but not be limited to: (i) all information or knowledge pertaining to the Company's or Consultant's business, affairs or operations including any financial information, technical information, personnel, intellectual property, data, designs, business plans, documents, materials, records, customers, counterparties and/or legal agreements; and (ii) the existence or identity of any Qualified Lead provided by Consultant to the Company, each of which is not otherwise generally known, or available, to the public.

4. Scope of Consultant's Services

- a) *Not Trading In, or Advising On, Securities.* Consultant is not trading in, or advising on, securities or commodities and is therefore not required to register with the Ontario Securities Commission. More broadly, Consultant is not in the business of providing investment advice and the Company is encouraged to retain trained and certified financial and/or investment professionals to provide this type of support and advice on any Transaction.
- b) *Sourcing of Qualified Leads.* Consultant will make best efforts to source

Qualified Leads who may wish to enter into a Transaction with the Company. Consultant has an extensive database of cannabis industry business contacts who collectively afford Consultant a unique and significant opportunity to identify Qualified Leads for the Company.

- c) *Strategic Advisory Services.* Consultant provides strategic support to a range of cannabis sector clients in the areas of business/licensing strategy, regulatory compliance, facility operations, corporate governance and acquisition due diligence. As part of the scope of Services under this Agreement, Consultant will provide the Company with high level strategic insights directed towards the selection of suitable Qualified Leads and alignment with licensing requirements, related to one or more prospective Transactions including, specifically, those services set out in Schedule “C” to this Agreement.
- d) *Consulting Services Outside this Agreement.* In the event the Company requires supplemental advisory services outside of those services included in Schedule “C” to this Agreement, and Consultant is equipped to provide the required services, a separate Consulting Agreement will be drawn up between the parties.

5. **Term, Termination and Survival.**

- a) *Term.* The initial term of this Agreement shall be for a period of six (6) months (the “**Initial Term**”), commencing on the Effective Date. Thereafter, the Agreement may be renewed for successive six (6) month terms (each a “**Further Term**”) by the parties, in writing, unless otherwise terminated by written notice from one party to the other at least thirty (30) days in advance of the end of the Initial Term or a Further Term.
- b) *Termination.* This Agreement may be terminated: (i) immediately by either party upon written notice to the other party if the other party commits a material breach of this Agreement or in the event the other party becomes insolvent, or initiates bankruptcy or wind-up

proceedings; (ii) immediately by either party upon written notice to the other party in the event the other party commits an act of fraud, dishonesty, gross misconduct or gross negligence in connection with this Agreement; or (iii) by written notice in accordance with paragraph 4(a) above. In all cases of termination, the Holdover period paragraph 2(d) above shall be binding on the Company.

- c) *Survival.* The provisions of section 2 (Remuneration), section 3 (Access to Information and Disclosure and Use), section 5 (Term, Termination and Survival), section 6 (Non-Circumvention and No Other Fees), section 7 (Nature of Relationship and Exclusivity), Section 8 and Schedule A (Indemnification), and section 9 (General Matters) shall survive such termination.

6. Non-Circumvention and No Other Fees

- a) *Non-Circumvention.* It is recognized that Consultant will expend time, specialized knowledge and resources in pursuit of a Transaction for the Company. The Company therefore agrees it shall not take any action, or fail to take any action, intended to circumvent or defeat, or having the effect of circumventing or defeating Consultant's right to receive a Success Fee under this Agreement. The Company agrees to compensate Consultant in the event that the Company's action or inaction defeats the parties' *bona fide* intentions to identify Qualified Leads and consummate a Transaction and Consultant suffers harm or a loss in connection therewith including, for greater certainty, the loss of the Success Fee that would otherwise have been payable.
- b) *No Other Fees.* Consultant represents that it is the sole party entitled to the Success Fee for any Transaction facilitated by Consultant and further agrees that no other party will look to the Company in connection with any other like fee in relation to a Transaction. Moreover, Consultant will not look to any other party to the Transaction for any additional fee in connection with such Transaction without the prior written consent of

the Company.

- c) *Assignment.* Consultant will not assign this Agreement without the prior written consent of the Company.

7. Nature of Relationship and Exclusivity

- a) *Independent Contractors.* The Company and Consultant agree that the relationship created by this Agreement shall be that of independent contractors. The parties further agree that they have not created a partnership and nothing contained in this Agreement shall in any manner whatsoever constitute any party the partner, agent or legal representative of any other party, nor create any fiduciary relationship between them for any purpose whatsoever.
- b) *Exclusivity.* The Company acknowledges and agrees that this is an exclusive engagement with Consultant for the Initial Term and as such, the Company shall not consult with or engage any other party for Transaction Facilitation Services during the Initial Term without the prior written consent of Consultant.

8. Indemnification

The Company agrees to indemnify Consultant and certain other parties in accordance with the provisions contained in Schedule B hereto, which schedule forms part of this Agreement.

9. General Matters

- a) *Entire Agreement.* This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations and understandings, both written and oral, between the parties with respect to the subject matter hereof. This Agreement may not be modified unless done so in writing and signed by both parties.

- b) *Inurement.* This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.
- c) *Applicable Law and Jurisdiction.* This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties further agree that any dispute or question, either of fact or of law, which may arise under this Agreement shall be resolved by the courts of the Province of Ontario and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.
- d) *Currency.* All dollar amounts expressed herein and payable as Success Fee are in Canadian dollars.
- e) *Counterparts.* This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which, when taken together, will constitute one and the same Agreement. Each of the parties to this Agreement will be entitled to rely on delivery of an electronic copy of this Agreement and acceptance by each party of any such electronic copy will be legally effective to create a valid and binding agreement between the parties to this Agreement in accordance with the terms of this Agreement.
- f) *Severability.* The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision thereof. Each Party agrees that no failure or delay by the other Party in exercising any right, power or privilege hereunder will operate as a waiver thereof.
- g) *Legal Advice.* The Company and Consultant confirm that they have been advised to obtain independent legal, tax and financial advice with respect to this Agreement (and the consequences related thereto) and have done so or have considered doing so and, in their sole judgment, have decided that it is not necessary.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date set out above.

HYDE ADVISORY & INVESTMENTS INC.

Per:

Name: David Hyde

Title: Director

I have authority to bind the corporation

AYANDA CANNABIS CORPORATION

Per:

Name:

Title:

I have authority to bind the corporation

SCHEDULE A – PROTECTED LIST

SCHEDULE B – INDEMNIFICATION

As consideration for Hyde Advisory & Investments Inc. (“**HAI**”) agreeing to provide the services described in the engagement agreement to which this schedule is attached (the “**Engagement**”), AYANDA CANNABIS CORPORATION (the “**Indemnitor**”) agrees to indemnify and hold harmless HAI, its subsidiaries and affiliates, and each of their respective directors, officers, employees, agents, advisors, and each other person, if any, controlling HAI or any of its subsidiaries or affiliates (collectively, the “**Indemnified Parties**” and each, an “**Indemnified Party**”), to the full extent lawful, from and against all expenses, losses, damages and liabilities of any nature (including the reasonable fees and expenses of their respective counsel, but not including any amount for lost profits) (collectively, “**Losses**”) that are incurred in investigating, defending and/or settling any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party (collectively, the “**Claims**”) or to which an Indemnified Party may become subject or otherwise involved in any capacity insofar as the Claims arise out of or are based upon, directly or indirectly, the Engagement together with any Losses that are incurred in enforcing this indemnity. This indemnity shall not be available to an Indemnified Party in respect of Losses incurred where a court of competent jurisdiction in a final judgement that has become non-appealable determines that such Losses resulted from the gross negligence or willful misconduct of the Indemnified Party.

If for any reason (other than a determination as to any of the events referred to above) this indemnity is unavailable to an Indemnified Party or is insufficient to hold an Indemnified Party harmless in respect of any Claim, the Indemnitor shall contribute to the Losses paid or payable by such Indemnified Party as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and the Indemnified Party on the other hand but also the relative fault of the Indemnitor and the Indemnified Party as well as any relevant equitable considerations; provided that the Indemnitor shall in any event contribute to the Losses paid or payable by an Indemnified Party as a result of such Claim, the amount (if any) equal to (i) such amount paid or payable, minus (ii) the amount of the fees actually received by the Indemnified Party, if any, under the Engagement.

The Indemnitor agrees that in case any legal proceeding shall be brought against, or an investigation is commenced in respect of, the Indemnitor and/or an Indemnified Party and an Indemnified Party or its personnel are required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with or by reason of the Engagement, the Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Indemnified Party for time spent by its personnel in connection therewith at their normal per diem rates together with such disbursements and out-of-pocket expenses incurred by the Personnel in connection therewith) shall be paid by the Indemnitor as they occur.

HAI will notify the Indemnitor promptly in writing after receiving notice of an action, suit, proceeding or claim against HAI or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, stating the

particulars thereof, will provide copies of all relevant documentation to the Indemnitor and, unless the Indemnitor assumes the defence thereof, will keep the Indemnitor advised of the progress thereof and will discuss all significant actions proposed. The omission to so notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have to an Indemnified Party except only to the extent that any such delay in giving or failure to give notice as herein required materially prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability under this indemnity which the Indemnitor would otherwise have incurred had HAI not so delayed in giving, or failed to give, the notice required hereunder.

The Indemnitor shall be entitled, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence of any Claim, provided such defence is conducted by experienced and competent counsel acceptable to the Indemnified Parties. Upon the Indemnitor notifying HAI in writing of its election to assume the defence and retaining counsel, the Indemnitor shall not be liable to an Indemnified Party for any legal expenses subsequently incurred by it in connection with such defence. If such defence is assumed by the Indemnitor, the Indemnitor throughout the course thereof will provide copies of all relevant documentation to HAI, will keep HAI advised of the progress thereof and will discuss with HAI all significant actions proposed.

Notwithstanding the foregoing paragraph, any Indemnified Party shall have the right, at the Indemnitor's expense, to separately retain counsel of such Indemnified Party's choice, in respect of the defence of any Claim if: (i) the employment of such counsel has been authorized by the Indemnitor; or (ii) the Indemnitor has not assumed the defence and employed counsel therefor promptly after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Indemnitor or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate for any reason, including for the reason that there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnitor (in which event and to that extent, the Indemnitor shall not have the right to assume or direct the defence on such Indemnified Party's behalf) or that there is a conflict of interest between the Indemnitor and the Indemnified Party or the subject matter of the Claim may not fall within the indemnity set forth herein (in any of which events the Indemnitor shall not have the right to assume or direct the defence on such Indemnified Party's behalf), provided that the Indemnitor shall not be responsible for the fees or expenses of more than one legal firm in any single jurisdiction for all of the Indemnified Parties. No admission of liability and no settlement of any Claim shall be made by the Indemnitor without the prior written consent of the Indemnified Parties affected (which consent may not be unreasonably withheld) unless such settlement includes an unconditional release of each Indemnified Party from any liabilities arising out of such Claim without any admission of negligence, misconduct, liability or responsibility by any Indemnified Party.

The Indemnitor hereby acknowledges that HAI acts as trustee for the other Indemnified Parties of the Indemnitor's covenants under this indemnity and HAI agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

The indemnity and contribution obligations of the Indemnitor hereunder shall be in addition to any liability which the Indemnitor may otherwise have (including under the Engagement), shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, permitted assigns, heirs and personal representatives of HAI and any other Indemnified Party. The foregoing provisions shall survive any termination of the Engagement.

Accepted and agreed to as of this 4th day of November, 2021.

AYANDA CANNABIS CORPORATION

By: _____

Title:

SCHEDULE C – SCOPE OF TRANSACTION FACILITATION SERVICES

While the precise scope of Transaction Facilitation Services will vary slightly based on the circumstances of each Transaction, the below list identifies those services which form part of this Agreement and are typically conducted by Consultant as part of a Transaction:

- Initial discussions with Company stakeholders and review of a wide range of Company data in order to learn about the Company's business, its' key selling features and the type of buyer(s)/investor(s) best-suited to the opportunity.
- Gathering of key Company information and documentation/files to be shared with Qualified Leads.
- Review of corporate deck and other key Company presentation materials, providing feedback aimed at optimizing these materials.
- Ongoing discussions with representatives from the Company, Candidates, Qualified Leads and other relevant stakeholder groups in pursuit of facilitating a Transaction.
- Facilitating non-disclosure agreements between the Company and Qualified Leads who enter into discussions about a Transaction.
- Arranging and attending calls between the Company and Qualified Leads and acting as the Company's advisor during Transaction-related discussions.
- Providing updates to the Company on the status of discussions with Qualified Leads.
- Discussing and accepting Letters of Intent ("LOI's") or Term Sheets from Qualified Leads to be brought to the Company for discussion.
- Supporting the Company during Transaction-related negotiations with one or more Qualified Bidders.
- Provision of strategic licensing advisory services pertaining to potential transactions between the Company and Qualified Leads.
- Review of comparable transactions (i.e., "comps") in the legal cannabis sector which can be used to inform Transaction negotiations.
- Various sales and marketing activities (all of which are pre-approved by the Company) including some or all of:
 - reach-outs to pre-qualified buyers/investors on the Hyde Advisory & Investments Inc. Candidates list;
 - use of focused social media posts (e.g., LinkedIn, Twitter);
 - identification and solicitation of potential Candidates through the extensive HAI professional network (e.g., past and present clients, licence holders, licence applicants, industry consultants, investment groups, etc.);
 - creation of a "sell sheet" to be shared with Qualified Leads (pre-approved by the Company);
 - facilitation of a "Bid Process" whereby the opportunity is advertised within cannabis investment circles to attract multiple offers;
 - creation of a marketing video (NOTE: if initial marketing and sales efforts do

not lead to a Transaction and the Company wishes to pursue this step. NOTE also that an extra fee will be levied to cover the video production costs).

This is **Exhibit “D”** to the
Affidavit of **DAVID HYDE**
Sworn on February 22, 2022

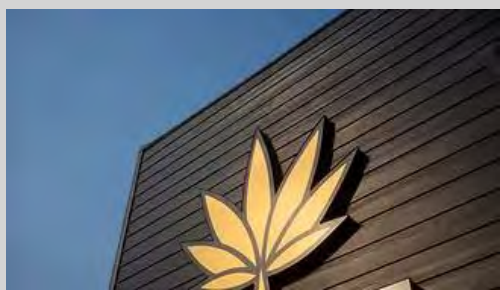
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A Commissioner, etc.

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Scalable, purpose-built cultivation, processing & research facility in SW Ontario offers turnkey opportunity at an affordable price

Licence(s) Held: Standard Cultivation, Standard Processing, Sale for Medical Purposes and Research Licence



Seeking outright divestiture of wholly-owned property, licences and business for \$6,500,000

- A wholly owned 50,000+ square-foot licensed cultivation, processing, medical sale & research facility sitting on a 2 acre site in South-West Ontario.
- Phase 1 currently operational with 15,000 square feet built out and comprised of 2 x full-scale grow rooms, 2 x rooms for mothering, cloning and veg, 3 drying rooms, trimming room, packaging room, secure storage, edible production room, licensed research area and shipping and receiving
- Post harvesting and processing space designed to meet EU-GMP standards
- Phase 2 is pending completion and consists of sufficient space to construct another 12 full scale grow rooms and extra processing space
- Currently operational, undertaking indoor propagation, cultivation, post-harvest, packaging and B-2-B sales
- Facility build out value is between \$5.5-\$6 million
- Land is included in the purchase price (market value of the land is \$450,000)
- Adjoining 100-acre parcel of land is available for purchase and suitable for outdoor cultivation in premium growing conditions
- Recreational sales amendment to be submitted shortly
- Existing inventory of dried flower for future sales is on hand
- Several pending supply agreement contracts
- Shareholders are seeking a full divestiture

[Contact Us](#)**6682104214**

Inquiry Form

Name/Title

Company Name

Phone





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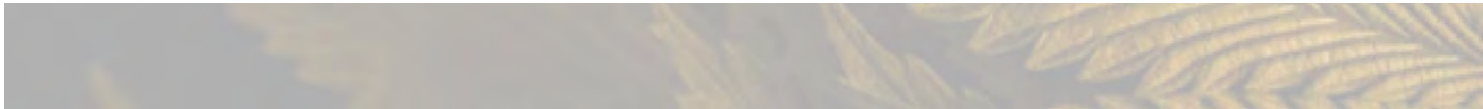
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Submit

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6682104214



This is **Exhibit “E”** to the
Affidavit of **DAVID HYDE**
Sworn on February 22, 2022

DocuSigned by:

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A Commissioner, etc.



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Barry Pogson

Cannabis M&A Consultant at Hyde Advisory & Investments Inc

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FOR SALE

50,000+ sq ft licensed cultivation facility with EU-GMP-designed post-harvesting area & research licence in SW Ontario offers turnkey opportunity at an affordable price

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**David Hyde, M.Sc, CPC**

Trusted Advisor to the Global Cannabis Industry

[View full profile](#)**David Hyde, M.Sc, CPC • 2nd**

Trusted Advisor to the Global Cannabis Industry

2mo •



Our client is divesting of its' scalable, turnkey, wholly-owned 50,000+ sq. ft. licensed cultivation, processing and medical sales facility and business located 90 minutes from Toronto, ON. Purpose-built, 15,000 sq. ft. initial phase is fully operational & comprises 2 x full-scale grow rooms, 2 x mother/clone and veg rooms, 3 drying rooms, trim room, packaging room, secure storage, lab room, edible production room, shipping and receiving and office space.

Post harvesting and processing space designed to meet EU-GMP standards. Also has a cannabis research licence. Phase 2 will support another 12 full scale grow rooms and further processing/storage space. Real estate and build-out value over \$6 million. Open to reasonable offers.

Check out our M&A listings here:

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Our client is divesting of its' scalable, turnkey, wholly-owned 50,000+ sq. ft. licensed cultivation, processing and medical sales facility and business located 90 minutes from Toronto, ON. Purpose-built, 15,000 sq. ft. initial phase is fully operational & comprises 2 x full-scale grow rooms, 2 x mother/clone and veg rooms, 3 drying rooms, trim room, packaging room, secure storage, lab room, edible production room, shipping and receiving and office space.

Post harvesting and processing space designed to meet EU-GMP standards. Also has a cannabis research licence. Phase 2 will support another 12 full scale grow rooms and further processing/storage space. Real estate and build-out value over \$6 million. Open to reasonable offers.

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David Hyde

@davidhyde2

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Trusted Advisor to 1
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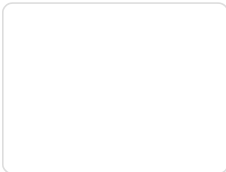
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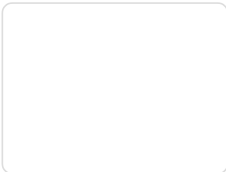


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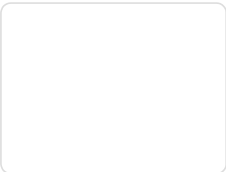
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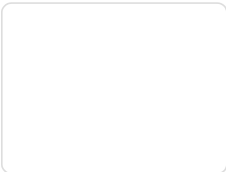
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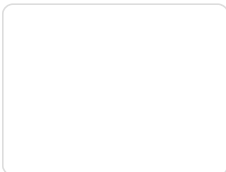
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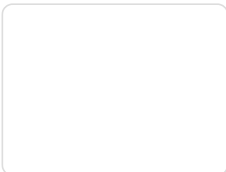
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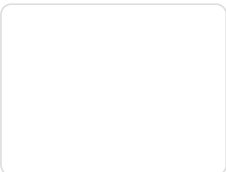
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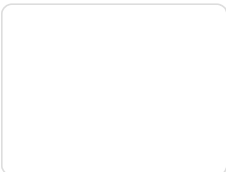
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This is **Exhibit “F”** to the
Affidavit of **DAVID HYDE**
Sworn on February 22, 2022

DocuSigned by:

F1990E7178EE432...

A Commissioner, etc.

**TERM SHEET
REGARDING THE PURCHASE OF AYANDA CANNABIS CORPORATION**

January 7, 2022

This binding term sheet (this "**Term Sheet**") is intended to summarize the principal terms of the transaction (the "**Transaction**") whereby 12830353 Canada Inc. on behalf of a nominee to be named (the "**Purchaser**") will purchase all of the issued and outstanding shares in the capital of Ayanda Cannabis Corporation (the "**Corporation**") from the shareholders thereof (collectively, the "**Vendor**" and together with the Purchaser, the "**Parties**"). For the purposes of this Term Sheet, the Vendor is represented by Michael Sioen, the majority shareholder of the Corporation.

**1. Acquisition of Shares
and Purchase Price**

Subject to the satisfaction of the conditions described in this Term Sheet, at the closing of the Transaction, the Purchaser will acquire all of the issued and outstanding Class A Common Shares and Class B Common Shares in the capital of the Corporation (the "**Shares**"), free and clear of all encumbrances.

The purchase price for the Shares shall be [REDACTED] (the "**Purchase Price**"), subject to adjustment, and satisfied as follows:

- (a) \$200,000 payable within three (3) business days of the execution of this Term Sheet (the "**Deposit**");
- (b) [REDACTED] payable at the closing of the Transaction (the "**Cash Purchase Price**"); and
- (c) the assumption of the \$1,000,000 secured loan owing by the Corporation to Michael Sioen Farms Ltd., to be repaid by the Purchaser within two (2) years of the closing of the Transaction.

The Deposit shall be held by the Corporation's counsel in trust and, upon close, shall be applied to the Purchase Price. If the Transaction does not close, and the Purchaser has not breached its obligations under the Definitive Agreement (as defined herein), the Deposit shall be returned to the Purchaser in full.

The Cash Purchase Price shall be subject to adjustment for: (i) cash balances in the bank accounts of the Corporation; (ii) deposits and prepaid expenses; and (iii) all dried flower inventory on hand at the closing of the Transaction, valued at \$1.00 / gram. The Vendor and the Purchaser shall negotiate in good faith to determine the value of such amounts at least five (5) days prior to the closing of the Transaction, and the Cash Purchase Price shall be increased accordingly.

The Parties acknowledge and agree that "dried flower inventory" shall not include dried flower that could be reasonably described as "shake" (broken or separated parts of the cannabis flower), plants, seed, oils, concentrates, distillates, input materials, starting materials, and ingredients not containing cannabis, all of which will be included in the transaction at no cost.

2. Definitive Agreement

As soon as reasonably practicable after the execution of this Term Sheet, and in any event on or before January 31, 2022, the Parties shall negotiate, finalize and execute a definitive share purchase agreement (the "**Definitive Agreement**") relating to the Purchaser's acquisition of the Shares. The Definitive Agreement will include the terms summarized in this Term Sheet and such other representations, warranties, conditions, covenants, indemnities and other terms that are standard and customary for transactions of this nature and are not inconsistent with this Term Sheet.

3. Conditions Precedent

The Purchaser's obligation to close the proposed Transaction will be subject to standard and customary closing conditions for a transaction of this nature.

which will be set out in the Definitive Agreement and will include, without limitation:

- (a) requisite approval of the shareholders of each Party, including the approval of 75% of the voting shareholders of the Corporation;
- (b) execution of the Definitive Agreement by both Parties, together with all ancillary documents;
- (c) confirmation that the Corporation's cannabis licence is in good standing and the Corporation's facility is operating in compliance with all applicable laws and regulations;
- (d) receipt of any and all consents and approvals in connection with the continued operation of the business of the Corporation in the normal course, including Health Canada's approval of the Transaction and the transfer of the Corporation's cannabis license to the Purchaser;
- (e) termination of the existing ground lease with Luke & Blanche Sioen Farms Ltd., and the execution of a renegotiated lease in form and substance satisfactory to the Purchaser. For certainty, the renegotiated lease shall allow the Purchaser to continue to operate the business in the ordinary course, and shall stipulate rent of \$400 / year or less;
- (f) completion of an appraisal and building inspection arranged by the Purchaser of the Corporation's facility and the real property on which the Corporation operates on or before February 28, 2022;
- (g) the continuity of security cleared staff (as defined by Health Canada's key personnel), at the Purchaser's discretion, to ensure the continuity of operations and ongoing regulatory compliance; and
- (h) confirmation of no material adverse change in the business, results of operations, prospects, condition (financial or otherwise) or assets of the Corporation.

The Transaction shall close upon the satisfaction or waiver of all conditions precedent contained in the Definitive Agreement, which shall occur on or before April 30, 2022. If the Transaction does not close on or before April 30, 2022, the Deposit shall be returned to the Purchaser in full.

4. Covenants of the Vendor During the period from the signing of this Term Sheet through the execution of the Definitive Agreement, the Vendor will ensure that the Corporation: (a) conducts its business in the ordinary course in a manner consistent with past practice; (b) maintains its properties and other assets in good working condition (normal wear and tear excepted) and ensures that none of the equipment and/or hardware present during the Purchaser's visit to the Corporation's facility on December 21, 2021 is removed; (c) uses its best efforts to maintain the business and employees, customers, assets and operations as an ongoing concern in accordance with past practice; (d) does not enter into any transaction other than in the ordinary course of its business and consistent with past practice on terms which are arm's length; and (e) gives the Purchaser prompt written notice of any material change in or affecting the business, affairs, operations, assets, liabilities or capital of the Corporation.

5. Representations and Warranties

The Definitive Agreement will contain standard and customary representation and warranties for a transaction of this nature.

6. Confidentiality

This Term Sheet and the contents herein are confidential and may not be disclosed by either Party without the prior consent of the other Parties, except as required by law. Any press release or public disclosure needs to be mutually agreed by both Parties.

7. Exclusivity

The Parties agree to deal exclusively with each other in negotiating and executing the documents contemplated by this Term Sheet. The Parties will


not solicit, encourage or initiate any offer or proposal from, or engage in any negotiations or enter into any agreement, commitment or understanding with any person, other than the other Parties, concerning the contents of this Term Sheet or any competing transaction for a period of 90 days after this Term Sheet is executed.

- 8. Jurisdiction / Governing Law** The Parties shall submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and agree to be bound to any suit, action or proceeding commenced in such courts and by any order or judgment resulting from such suit, action or proceeding.
- 9. Termination** This Term Sheet and the obligations of the Parties contained herein shall automatically cease and terminate if the Definitive Agreement is not entered into on or before January 31, 2022.
- 10. Expenses** The Parties agree to split expenses relating to the Transaction on a 50/50 basis, including the fees and expenses of financial, legal and other advisors, incurred in connection with the proposed Transaction.
- 11. Currency** All references to currency noted in this Term Sheet shall be a reference to Canadian dollars.
- 12. Miscellaneous** This Term Sheet may be executed in counterparts and delivered electronically. Each counterpart shall be deemed to be an original and all counterparts taken together shall constitute one agreement. The headings of the various sections of this Term Sheet have been inserted for reference only and shall not be deemed to be a part of this Term Sheet.

[Signature Page Follows]


IN WITNESS WHEREOF the Parties have executed this Term Sheet as of the date first written above.

12830353 CANADA INC., on behalf of
corporation to be named

By: 
Name: Pankaj Sharma
Title: Authorized Signatory

I have authority to bind the Corporation

AYANDA CANNABIS CORPORATION

By: 
Name: Michael Sioen
Title: President

I have authority to bind the Corporation

35

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION

Estate/Court File No.: 35-2802344

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF DAVID HYDE
(SWORN FEBRUARY 22, 2022)

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

David S. Ward LSO#: 33541W
Tel: 416.595.8625
dward@millerthomson.com

Larry Ellis LSO#: 49313K
Tel: 416.595.8639
lellis@millerthomson.com

Erin Craddock LSO#: 62828J
Tel: 416.595.8631
ecraddock@millerthomson.com

Counsel for Ayanda Cannabis Corporation

TAB 4

Estate/Court File No.: 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE CONWAY

)
)
)
)

TUESDAY, THE 1st

DAY OF MARCH, 2022

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

**ORDER
(Approval and Vesting Order)**

THIS MOTION, made by Ayanda Cannabis Corporation (the “**Corporation**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), for an order, among other things: (i) approving the Share Purchase Agreement (the “**SPA**”) between the Corporation and 12830353 Canada Inc., or its assignee (the “**Purchaser**”), dated February 2, 2022, and the transactions contemplated thereby (the “**Transactions**”), (ii) vesting all of the right, title and interest in and to the New Common Shares (as defined in the SPA) in the Purchaser; (iii) transferring and vesting all of the Corporation’s right, title and interest in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (as defined in the SPA) to and in a corporation to be incorporated (“**ResidualCo**”); and (iv) approving the Cannabis Consultant Agreement (as defined below), was heard this day by video conference due to the COVID-19 pandemic.

ON READING the Applicant’s Notice of Motion, the affidavit of Michael Sioen sworn February 22, 2022, the affidavit of David Hyde sworn February 22, 2022 and the First Report of Richter Advisory Group Inc., in its capacity as Proposal Trustee of the Corporation (the “**Proposal Trustee**”), to be filed, and on hearing the submissions of counsel for the Corporation, counsel for the Proposal Trustee, and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other

party, although duly served as appears from the affidavit of service of Darlene Moffett, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the SPA.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the SPA and the Transactions be and are hereby approved and that the execution of the SPA by the Corporation is hereby authorized and approved, with such minor amendments as the parties thereto may deem necessary, with the approval of the Proposal Trustee. The Corporation is hereby authorized and directed to perform its obligations under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions and for the conveyance of the New Common Shares to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Corporation to proceed with the Transactions (including, for certainty, the Pre-Closing Reorganization), and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Proposal Trustee's certificate to the Purchaser (the "**Effective Time**"), substantially in the form attached as Schedule "A" hereto (the "**Proposal Trustee's Certificate**"), the following

shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

- (a) first, all of the right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined below), shall continue to attach to the Excluded Assets and to the Proceeds (as defined below) in accordance with paragraph 8 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
- (b) second, all Excluded Contracts and Excluded Liabilities (which for certainty includes all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) of the Corporation (other than the Assumed Liabilities), including the obligations of the Corporation in connection with any proposal put forward in these proposal proceedings (“**NOI Proceedings**”), shall be channelled to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Contracts and Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Corporation, and the Corporation and all of its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situate (including, for certainty, the Transferred Assets and the Retained Assets, the “**Corporation’s Property**”) shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities and all related Claims and all Encumbrances affecting or relating to the Corporation’s Property are hereby expunged and discharged as against the Corporation’s Property;
- (c) third, all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or

commitments of any character whatsoever that are held by any Person (defined below) and are convertible or exchangeable for any securities of the Corporation or which require the issuance, sale or transfer by the Corporation, of any shares or other securities of the Corporation and/or the share capital of the Corporation, or otherwise relating thereto, shall be deemed terminated and cancelled; and

- (d) fourth, all of the right, title and interest in and to the New Common Shares shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including without limiting the generality of the foregoing: (i) any encumbrances or charges created in these NOI Proceedings (including the Administration Charge and the DIP Lender’s Charge); (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry systems; (iii) those Claims listed on Schedule “B” hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule “C” hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the New Common Shares are hereby expunged and discharged as against the New Common Shares.

6. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee’s Certificate, forthwith after delivery thereof in connection with the Transactions.

7. **THIS COURT ORDERS** that the Proposal Trustee may rely on written notice from the Corporation and the Purchaser regarding the fulfilment of conditions to closing

under the SPA and shall have no liability with respect to delivery of the Proposal Trustee's Certificate.

8. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the New Common Shares (including, for greater certainty, the Deposit and the Cash Purchase Price) (collectively, the "**Proceeds**") shall stand in the place and stead of the Corporation's Property, and that from and after the delivery of the Proposal Trustee's Certificate, all Claims and Encumbrances shall attach to the Proceeds and the Excluded Assets with the same priority as they had with respect to the Corporation's Property immediately prior to the sale.

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, the Corporation or the Proposal Trustee, as the case may be, is authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in the Corporation's records pertaining to past and current employees of the Corporation. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Corporation.

10. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time and without limiting the provisions of paragraph 5 hereof, the Purchaser and the Corporation shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, the Corporation (provided, as it relates to the Corporation, such release shall not apply to Taxes in respect of the business and operations conducted by the Corporation after the Effective Time), including without limiting the generality of the foregoing, all Taxes that could be assessed against the Purchaser or the Corporation (including its affiliates and any predecessor corporations) pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985 c. 1 (5th Supp.), or any provincial equivalent, in connection with the Corporation. For greater certainty, nothing in this

paragraph shall release or discharge any Claims with respect to Taxes that are transferred to ResidualCo.

11. **THIS COURT ORDERS** that except to the extent expressly contemplated by the SPA, all Contracts to which the Corporation is a party at the time of delivery of the Proposal Trustee's Certificate will be and remain in full force and effect upon and following delivery of the Proposal Trustee's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the Proposal Trustee's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Corporation);
- (b) the insolvency of the Corporation or the fact that the Corporation sought or obtained relief under the BIA;
- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transactions or the provisions of this Order, or any other Order of the Court in these NOI Proceedings; or
- (d) any transfer or assignment, or any change of control of the Corporation arising from the implementation of the SPA, the Transactions or the provisions of this Order.

12. **THIS COURT ORDERS**, for greater certainty, that (a) nothing in paragraph 11 hereof shall waive, compromise or discharge any obligations of the Corporation in respect of any Assumed Liabilities, and (b) the designation of any Claim as an Assumed Liability is without prejudice to the Corporation's right to dispute the existence, validity or

quantum of any such Assumed Liability, and (c) nothing in this Order or the SPA shall affect or waive the Corporation's rights and defences, both legal and equitable, with respect to any Assumed Liability, including, but not limited to, all rights with respect to entitlements to set offs or recoupments against such Assumed Liability.

13. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Corporation then existing or previously committed by the Corporation, or caused by the Corporation, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied in any Contract existing between such Person and the Corporation (including for certainty, those Contracts constituting Retained Assets) arising directly or indirectly from the filing of the Corporation under the BIA and implementation of the Transactions, including without limitation any of the matters or events listed in paragraph 11 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a Contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Corporation from performing its obligations under the SPA or be a waiver of defaults by the Corporation under the SPA and the related documents.

14. **THIS COURT ORDERS** that from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Corporation relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

15. **THIS COURT ORDERS** that from and after the Effective Time:

- (a) the nature of the Assumed Liabilities retained by the Corporation, including, without limitation, their amount and their secured or unsecured

status, shall not be affected or altered as a result of the Transactions or this Order;

- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;
- (c) any Person that prior to the Effective Time had a valid right or claim against the Corporation under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) shall no longer have such right or claim against the Corporation but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and
- (d) the Excluded Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Corporation prior to the Effective Time.

16. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these NOI Proceedings;
- (b) any application for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of ResidualCo and any bankruptcy order issued pursuant to any such application; and
- (c) any assignment in bankruptcy made in respect of ResidualCo;

the SPA, the implementation of the Transactions (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo, the transfer and vesting of the New Common Shares in

and to the Purchaser) and any payments by or to the Purchaser, ResidualCo or the Proposal Trustee authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of ResidualCo and shall not be void or voidable by creditors of ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

CANNABIS CONSULTANT

17. **THIS COURT ORDERS** that the success fee agreement between the Corporation and Hyde Advisory & Investments Inc. ("**Hyde Advisory**"), dated November 11, 2021 ("**Cannabis Consultant Agreement**"), be and is hereby approved and the Corporation is authorized to pay Hyde Advisory the success fee payable under the Cannabis Consultant Agreement on the Closing of the Transaction.

RELEASES

18. **THIS COURT ORDERS** that, at the Effective Time, (i) the current directors, officers, employees, and independent contractors who provided legal or financial services to the Corporation, (ii) legal counsel and advisors of the Corporation, and (iii) the Proposal Trustee and its legal counsel (collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part of any act or omission, transaction, dealing or other occurrence existing or taking place prior to the Effective Time and that relate in any manner whatsoever to the Corporation or any of its assets (current or historical), obligations, business or affairs, or these NOI

Proceedings, including any actions undertaken or completed pursuant to the terms of this Order, or arising in connection with or relating to the SPA or the completion of the Transactions (collectively, the “**Released Claims**”), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties; *provided that* nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 50(14) of the BIA.

GENERAL

19. **THIS COURT ORDERS** that, following the Effective Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the New Common Shares.

20. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

21. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist ResidualCo, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to ResidualCo and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist ResidualCo and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

22. **THIS COURT ORDERS** that each of ResidualCo and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

Schedule A – Form of Proposal Trustee’s Certificate

Estate/Court File No.: 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

RECITALS

A. On February 4, 2022, Ayanda Cannabis Corporation (the “**Corporation**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 198, c. B-3 (the “**BIA**”).

B. Pursuant to the terms of the NOI, Richter Advisory Group Inc. was named Proposal Trustee to the NOI (in such capacity, the “**Proposal Trustee**”).

C. Pursuant to the Approval and Vesting Order of the Court, dated March 1, 2022 (the “**Order**”), the Court approved the transactions (the “**Transactions**”) contemplated by the Share Purchase Agreement dated February 2, 2022 (the “**SPA**”) between the Corporation and 12830353 Canada Inc., or its assignee (the “**Purchaser**”) and ordered, *inter alia*, that: (i) all of the Corporation’s right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo; (ii) all of the Excluded Contracts and Excluded Liabilities shall be transferred to, assumed by and vest in ResidualCo; and (iii) all of the right, title and interest in and to the New Common Shares shall vest absolutely and exclusively in the Purchaser, which vesting is, in each case, to be effective upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming that the Proposal Trustee has received written confirmation in the form and substance satisfactory to the Proposal Trustee from the Purchaser and the Corporation that all conditions to closing have been satisfied or waived by the parties to the SPA.

D. Capitalized terms not defined herein shall have the meaning given to them in the Order.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Proposal Trustee has received written confirmation from the Purchaser and from the Corporation, in form and substance satisfactory to the Proposal Trustee, that all conditions to closing have been satisfied or waived by the parties to the SPA.

2. This Proposal Trustee's Certificate was delivered by the Proposal Trustee at _____ on _____, 2022.

Richter Advisory Group Inc., in its capacity as Proposal Trustee of the Corporation, and not in its personal capacity.

Per:

Name:

Title:

Schedule B – Claims to be Deleted or Expunged

Personal Property Security Act (Ontario) - File No. 777253887 registered in favour of Michael Sioen Farms Ltd. on October 13, 2021.

Schedule C – Permitted Encumbrances and Restrictive Covenants
(unaffected by the Vesting Order)

N/A

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER
(Approval and Vesting Order)**

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Counsel for Ayanda Cannabis Corporation

TAB 5

Estate/Court File No.: 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE CONWAY

)
)
)
)

TUESDAY, THE 1ST

DAY OF MARCH, 2022

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

ORDER

(Approval of Interim Financing, Administration Charge, and Stay Extension)

THIS MOTION, made by Ayanda Cannabis Corporation ("**Ayanda**" or the "**Company**"), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("**BIA**"), for an order, among other things: (i) approving a first priority administration charge in the aggregate amount of \$300,000; (ii) approving a debtor-in-possession term sheet ("**DIP**"), a DIP facility, and authorizing Ayanda to borrow up to \$400,000 and a related second priority charge in favour of the DIP lender; (iii) extending the time for Ayanda to file a proposal; (iv) directing certain former employees of the Company to return Ayanda's books and records; (v) sealing confidential exhibits to the affidavit of Michael Sieon, sworn February 22, 2022 ("**Sioen Affidavit**"); and (vi) approving the first report of Richter Advisory Group Inc., in its capacity as proposal trustee of Ayanda ("**Proposal Trustee**"), and the conduct and activities of the Proposal Trustee described therein, was heard this day by video conference due to the COVID-19 pandemic.

ON READING Ayanda's Notice of Motion, the Sioen Affidavit, the affidavit of David Hyde sworn February 22, 2022 and the First Report of the Proposal Trustee, dated February ●, 2022 ("**First Report**"), and on hearing the submissions of counsel for the Company, counsel for the Proposal Trustee, and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other party, although duly served as appears from the affidavit of service of Darlene Moffett, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.

PRE-FILING AMOUNTS

2. **THIS COURT ORDERS** that Ayanda shall be entitled but not required to pay all reasonable amounts incurred by Ayanda in the ordinary course prior to, on or after the making of this Order, provided that such amounts are consistent with the cash flow forecast appended to the First Report or are approved by the Proposal Trustee.

ADMINISTRATION CHARGE

3. **THIS COURT ORDERS** that the Proposal Trustee, Thornton Grout Finnigan LLP, and Miller Thomson LLP (collectively, the "**Professional Group**") shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by Ayanda as part of the costs of these proceedings, both before and after the making of this Order in respect of these proceedings and related matters. Ayanda is hereby authorized to pay the accounts of the Professional Group on a bi-weekly basis.

4. **THIS COURT ORDERS** that the Professional Group shall pass their accounts from time to time, and for this purpose, the accounts of the Professional Group are hereby referred to a judge of the Ontario Superior Court of Justice (Commercial List) at Toronto, Ontario.

5. **THIS COURT ORDERS** that the Professional Group shall be entitled to the benefit of and are hereby granted a charge (“**Administration Charge**”) on the current and future assets, undertakings, and property of Ayanda, of every nature and kind whatsoever (including all real and personal property), and wherever situate including all proceeds thereof (collectively, the “**Property**”), which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Professional Group, both before and after the making of this Order with respect to and incidental to these proceedings, including the reasonable fees and disbursements of the Professional Group incurred in preparation of the filing of Ayanda’s notice of intention to make a proposal pursuant to section 50 of the BIA. The Administration Charge shall have the priority set out in paragraphs 12 and 14 of this Order.

DIP FINANCING

6. **THIS COURT ORDERS** that Ayanda is hereby authorized and empowered to obtain and borrow under a credit facility (“**DIP Facility**”) from Cardinal Advisory Limited (“**DIP Lender**”), provided that borrowings under the DIP Facility shall not exceed \$400,000 unless permitted by further Order of the Court.

7. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between Ayanda and the DIP Lender,

dated as of February 16, 2022 (“**DIP Term Sheet**”), attached as Exhibit “S” to the Sioen Affidavit, subject to such minor amendments as may be acceptable to Ayanda and the DIP Lender, and approved by the Proposal Trustee.

8. **THIS COURT ORDERS** that Ayanda is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and Ayanda is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, costs, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

9. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (“**DIP Lender’s Charge**”) on the Property as security for Ayanda’s obligations to the DIP Lender under the DIP Term Sheet, which obligations include, without limitation, principal, interest, costs, and fees. The DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 12 and 14 of this Order.

10. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents.

11. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by Ayanda under the BIA with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

12. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge, (together, the "**Charges**") as among them, shall be as follows:

First – Administration Charge (up to the maximum of \$300,000); and

Second – DIP Lender's Charge (up to the maximum amount of \$400,000).

13. **THIS COURT ORDERS** that the filing, registration, or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title, or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

14. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**").

15. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, Ayanda shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless

Ayanda also obtains the prior written consent of the Proposal Trustee and the beneficiaries of the Charges affected thereby (collectively, the “**Chargees**”), or further Order of this Court.

16. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds Ayanda and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by Ayanda of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from Ayanda entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery, or performance of the Definitive Documents; and

- (c) the payments made by Ayanda pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

17. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge on Ayanda's interest in such real property leases.

EXTENSION OF TIME TO MAKE A PROPOSAL

18. **THIS COURT ORDERS** that the time to make a proposal is extended up to and including April 20, 2022.

RETURN OF COMPANY RECORDS

19. **THIS COURT ORDERS AND DIRECTS** that Shanil "Shaun" Ramdhany and Natalie Cain forthwith return any and all Company records, books, and documents in their possession and control to Ayanda.

SEALING

20. **THIS COURT ORDERS** that Confidential Exhibits "A", "B", "C", "D", and "E" to the Sioen Affidavit shall be sealed and kept confidential pending further order of this Court.

APPROVAL OF ACTIVITIES OF THE PROPOSAL TRUSTEE

21. **THIS COURT ORDERS** that the First Report and the activities, decisions, and conduct of the Proposal Trustee as set out in the First Report are hereby authorized and

approved; provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

GENERAL

22. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: ●

23. **THIS COURT ORDERS** that Ayanda and the Proposal Trustee and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to Ayanda’s creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

24. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

25. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

**(Approval of Interim Financing,
Administration Charge, and Stay Extension)**

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**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

Estate/Court File No.: 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD
(Returnable March 1, 2022)**

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